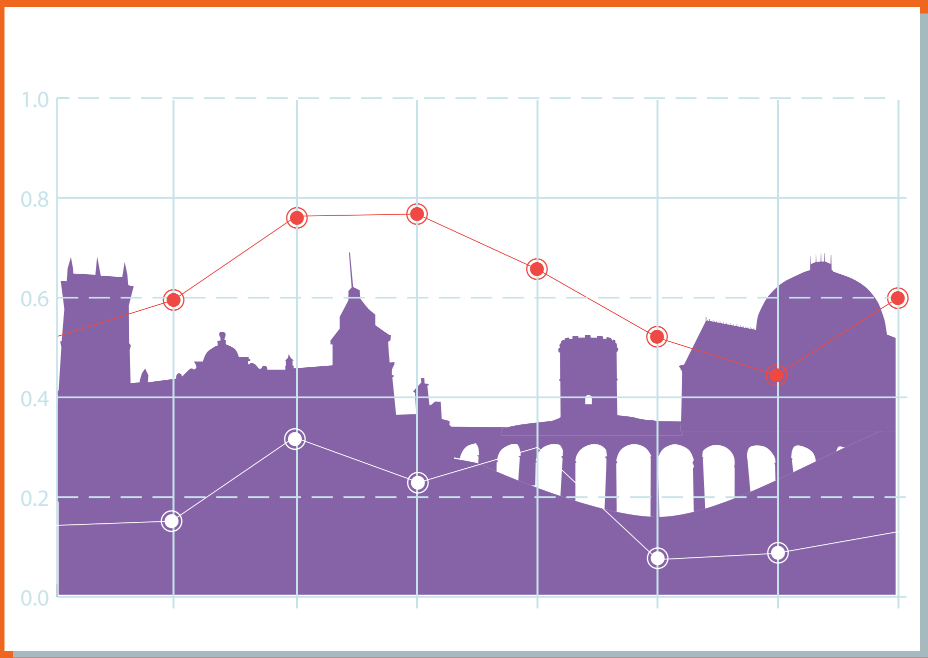
High Peak Borough Council

working for our community

Statement of Accounts
2015-2016



Contents

Chief Finance Officer's Narrative Report

The Council's Statement of Accounts for the year ended 31 March 2016, together with the accompanying notes, explain how the Council spent your council tax and other sources of funding on the provision of services during the year. The narrative report provides a financial summary focusing on the current financial challenges and opportunities as identified with the Council's Medium-Term Financial Plan (MTFP), details of the financial performance for 2015/16, a focus on the Council's Corporate Plan and performance framework, identification of the Council's key strategic partnerships and an explanation of the key financial statements.

Financial Summary

The Borough of High Peak has a current population of just over 91,000 and covers an area of 53,915 hectares situated in the County of Derbyshire. The Borough continues to face significant financial challenges as a consequence of austerity measures along with cost pressures within services and greater volatility in financing streams. The shift in Local Authority financing is increasing the emphasis on locally generated income streams and reducing the reliance on core Central Government funding. This increases the control and influence the Council has over income generated within the Borough but has also made it vulnerable to fluctuations within the local economy.

Future challenges and opportunities

The below paragraphs set out some of the more significant developments which have a potential impact on the financial position of the Authority.

Changes to Local Government Finance

In November 2015, the Chancellor's Autumn Statement set out the strategic direction for public expenditure, which outlined a number of changes to local government financing which will have a significant impact of the Council's finances over time. These included:-

- By 2020, Authorities will retain 100% of Business Rates revenues. As part of the current Business Rates retention system, Authorities are able to retain a proportion of any growth in Business Rates over and above a centrally established baseline. The Council's proportion is further increased by participation in the Derbyshire Business Rates Pool, which removes the growth levy payable to Government. There remains uncertainly surrounding how the new system will be phased in and in what form – a consultation document is due for release during 2016.

Therefore, no financial assumptions based on the new system have been included with the Council's financial plan at this stage - these will be fed into the plans once we have more certainty around how the system will operate.

- Proposals for consultation to amend the current New Homes Bonus (NHB) settlement which is currently a significant source of income to the Authority, include:
    - A reductions in the number of years for which the Bonus is paid from the current 6 to 4 from 2018/19;
    - Withholding the Bonus from areas where an Authority does not have a Local Plan in place;
    - Abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal;
    - Potentially adjusting the Bonus to reflect estimates of deadweight (i.e. only receiving NHB for growth over an assumed level of development)
- The Secretary of State for Communities and Local Government presented the local government finance settlement 2016/17 to the House of Commons on 17th December 2015. This was made in the context of the Chancellor's Autumn Statement / Spending Review and included a four year settlement for Revenue Support Grant (the Local Government core grant) which included the phasing out of the grant by the 2020.

The Government also announced in July 2015 far reaching legislative and financial changes for the social housing sector, which will have significant implications for High Peak Borough Council and in particular a negative impact on the Housing Revenue Account (HRA). The July 2015 Budget announcement included:

- Social housing rents to reduce by 1% per annum from April 2016 for 4 years.
- A provision for high-income (£30k household income) tenants to be charged a market or near market rent ('Pay to Stay') with the additional rent raised by local authorities to be returned to the Treasury.
- A review of lifetime tenancies in social housing to limit their use and ensure tenancies match household needs and make better use of the stock.

In October, the Government outlined within the Housing Bill that local authorities will have to make a fixed payment to government each year, based on an estimate for the income from selling high-value vacant homes. The bill requires Councils to consider selling all high-value property as it becomes vacant. There is no definition of high value at this stage, the Bill proposes that this will be done by ministers through regulation, which it says could vary for different areas.
As a consequence, the Council is undertaking a full review of the HRA during 2016/17 with a view to mitigating the financial impact of the changes.

Strategic Alliance – Staffordshire Moorlands District Council

In 2009 High Peak Borough Council entered into a "Strategic Alliance" (the Alliance) with our neighbours, Staffordshire Moorlands District Council. The primary aim of the Alliance is, through joint working, to drive through service improvements, whilst reducing costs in order to increase value-for-money and minimise future Council Tax increases. The arrangement – which has featured a fully integrated Joint Senior Management Team and widespread joint service delivery – crosses both county and regional boundaries. The Alliance sits at the heart of the Council's Efficiency and Rationalisation Strategy.

Efficiency Programme

2015-16 was the second year of the Council's current 3 year Efficiency and Rationalisation Programme, which targets £2.8m in financial savings by the end of 2017/18 via a number of specific projects:-

Efficiency Programme	3 Year Target Saving
Enhancing Income and Improving Trading	£356,000
Extending Shared Services	£125,000
Corporate Efficiency Projects	£1,384,000
Service Reviews	£485,000
Innovation & Growth	£150,000
Housing Revenue Account	£300,000
TOTAL	**£2,800,000**

One of the most significant efficiency projects which progressed during 2015/16 was the service review. This process aims to fundamentally change the way in which services work, adopting a multi-skilled, streamlined approach in order to become more efficient. Consequently service structures have been reviewed on this basis in order to achieve the savings target of £485,000 which will be fully realised over the next 3 years.

Future Budget Pressures

In addition to the existing efficiency programme, the current MTFP identifies a budget shortfall of £1.3 million by 2019/20. This will potentially be partially met from the new localised Business Rates retention system as discussed above. There are also potential savings that will generate from the significant projects and procurement activity taking place over the life of the MTFP.

The Borough is progressing a ‘channel shift’ project, which focuses on changing the way in which our customers interact with the Council with the enhanced use of technology. The aim of which is not only to achieve financial savings but also to improve the customer experience and streamline internal processes.

This project will potentially impact on the capital programme, requiring investment as part of the ICT Strategy. The savings generated from the project should cover the cost of borrowing and supporting the efficiency programme.

During the life of the MTFP, there will be a number of large scale procurement projects that will either be completed or the initial review work will be commenced. Such projects include the Facilities Management contract, expiring during 2016/17, work in preparation for the expiry of the Leisure Contract and a review of the provision of waste management.

These exercises will potentially have a significant financial impact on the Authority, and therefore further updates will be incorporated into future iterations of the Medium Term Financial Plan..

2015-16 Financial Performance

General Fund Revenue Spending

Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year. The financial planning process for 2015/16 was driven by the need to provide effective services while satisfying the on-going economic pressure to become ever more efficient in our use of resources.

What we planned to spend

The Council set an original net Revenue budget for 2015/16 of £10,247,190 for spending on services. Subsequently £138,300, an unused balance brought forward from 2014/15, was allocated to services to support additional activities. This increased the budget to £10,385,490. It was anticipated that financing available from external grants and retained Council Tax and Business Rates would be £10,377,110 leaving £8,380 to be funded from general reserves. These reserves are held both as a contingency and to prudently support spending over the medium term.

What we actually spent

The Authority’s actual performance against budget resulted in a £297,568 operating surplus in 2015/16, generated as set out in the table below.

External funding levels achieved were £364,941 above expectations with the majority arising from better than anticipated levels of retained business rates accruing to the year.

Actual spend on activities during 2015/16 was £452,138 higher than anticipated. Certain operational cost pressures were offset by calling on earmarked reserves so that the year saw a net use of reserves of £393,144. This produced, when adjusted for the £8,380 use of reserves originally budgeted, a further £384,764 contribution to the operating surplus. Adjusting the operating surplus for the actual use of reserves gives the figure by which the Authority's usable reserves decreased in the year, £95,576.

	Budget £	Actual £	Variance £
Activites	10,385,490	10,837,628	452,138
Funding - External	(10,377,110)	(10,742,051)	(364,941)
- Reserves	(8,380)	(393,144)	(384,764)
Operating Surplus in Year		297,567	297,567
Adding back the actual net use of reserves in Year			(393,144)
Gives the decrease in reserves generated in 2015/16			(95,577)

As illustrated below the consequences of the above was to reduce the Borough's usable revenue reserves to £6.961 million

Revenue Reserves	Brought Forward	2015/16 Net Change	2015/16 Revenue Balance	2015/16 Applied to Capital	Carried Forward
	£'000	£'000	£'000	£'000	£'000
Capital	850	0	850	(742)	108
Earmarked	2,876	(385)	2,491	0	2,491
General Revenue	3,331	289	3,620	-	3,620
	7,057	**(96)**	**6,961**	**(742)**	**6,219**

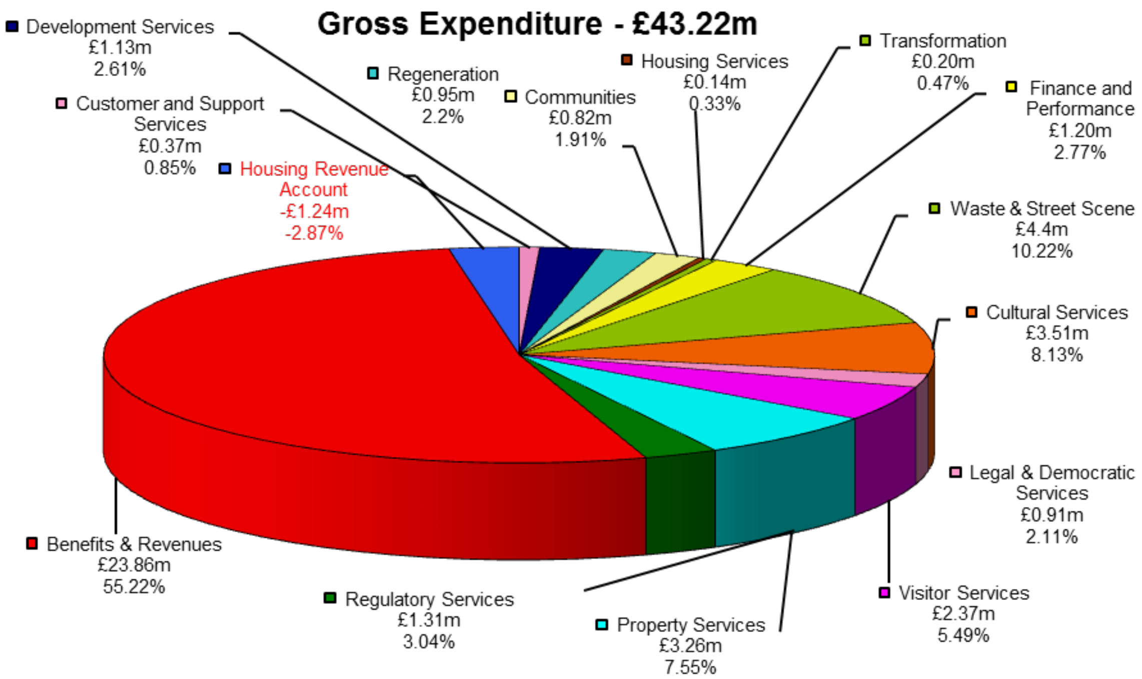
Both the capital and earmarked reserves have been built up over time to provide funding for future projects and specific activities in line with the Authority's medium term aims and objectives. During 2015/16 £742,000 of the Capital Support reserve was used to support the Authority's capital programme. The general revenue reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risk. Current risk based assessments set the Council's need for a revenue contingency at £1,300,000.

At the end of 2015/16 the reserve stood at £3.073million, which means that a surplus of £1.773million is potentially available to support future spending plans. Of this £245,000 has been earmarked for specific purposes, such as supporting the Borough's efficiency and capital programmes. A further £65,000 relates to a small number of projects that were not completed in 2015/16 where the budgets are to be applied in 2016/17. As illustrated in the table below this leaves £1.463 million of general reserves available to support future activities.

Revenue Reserves	Earmarked £000	General £000	Total £000
Year End	3,037	3,073	6,110
Redesignated	245	(245)	0
Minimum Contingency	0	(1,300)	(1,300)
Budget Carry Forward	0	(65)	(65)
	3,282	**1,463**	**4,745**

How the money was spent

The Income and Expenditure Statement *(page 24)* summarises the resources that have been generated and consumed in providing services and managing the Council this year. It shows a Gross Expenditure for the year of £43.22million across nine defined service areas. These are common to all councils to facilitate comparison, but they do not match the service areas around which this Council is organised. The chart below illustrates the profile

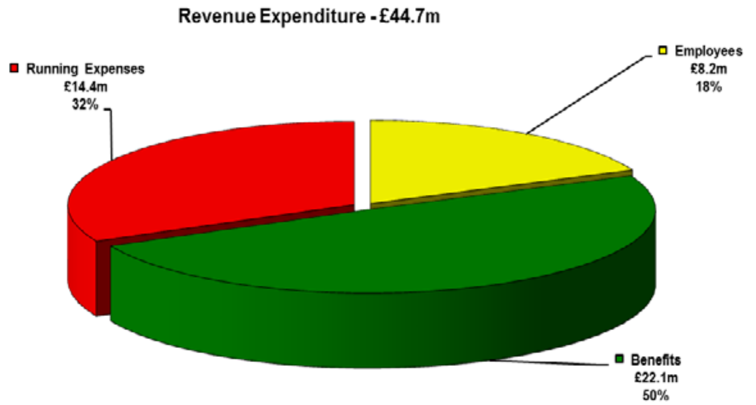


of total expenditure based on the structure of this Council.

Gross expenditure includes nominal charges made for the use of capital assets and future pension liabilities. Their inclusion is required to allow comparison between councils as to the true cost of providing services.

Statutory provisions however, require that such charges are excluded from the amount charged to Council Taxpayers. These charges are removed to determine actual revenue expenditure.

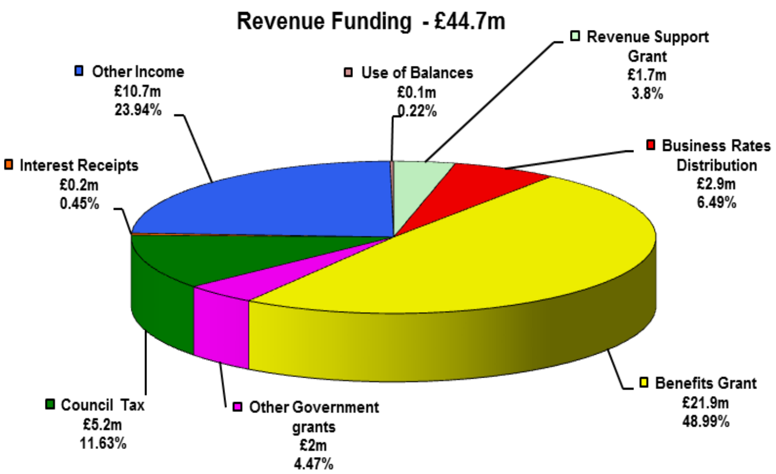
Revenue expenditure for the year was £44.7 million (excluding the Housing Revenue Account). Although this figure is not separately identified in any of the statements, it represents actual revenue resources applied during the year. The three main categories of spending are: employee costs, running expenses and housing benefit payments. Running expenses include the maintenance of buildings, vehicle costs and supplies and services.



The chart illustrates the proportion in which expenditure was incurred on these categories of expenditure. The largest element at £22.1million is the payment of benefits on behalf of Central Government.

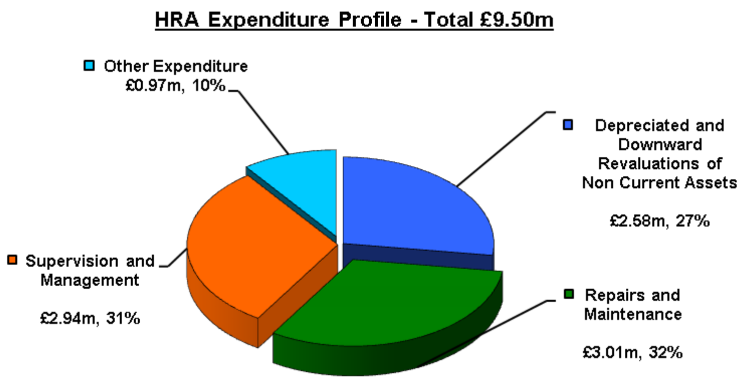
How it was paid for

Excluding the £21.9million Housing Benefits grant from Central Government, the chart illustrates the continuing shift in Local Government finance to generate income locally and become self financing. Of the remaining £22.8million in funding 82% (£18.8million) are locally generated income streams from Council Tax, Business Rates and fees and charges. Of the £2million 'other grants' £617,000 relates to New Homes Bonus grant – Government grant which the Authority benefits from as a result of growth in housing within the Borough.



Housing Revenue Account

The Housing Revenue Account (HRA) is a separate account, required by law, which bears the cost of managing, maintaining and improving Council houses.

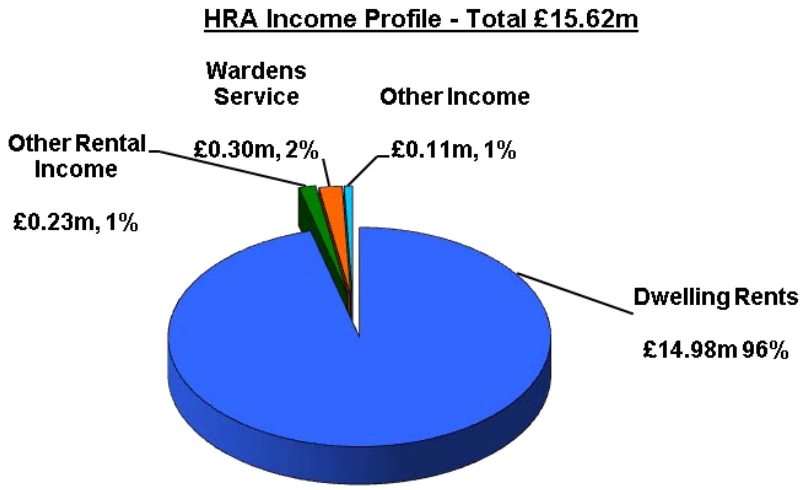


Gross revenue expenditure for the year was £9.50 million (£8.48 million 2014/15). Revaluation Gains of £9.74 million (£4.497 million 2014/15) have been credited to the income and expenditure account to offset previous losses bringing net spend to a negative £0.24 million. The gross expenditure is analysed below:

The Authority's dwelling stock value increased by £9.849 million. £9.746 million of the gain was credited to the HRA Income and Expenditure Account to reverse impairments that had been charged to the HRA in previous years; the remaining £0.103 million was transferred to the revaluation reserve. Revaluation losses of £0.772 million and impairments of £0.263 million have been charged to the HRA Income and Expenditure Account. The revaluation losses and impairment charge made to the HRA Income and Expenditure Account do not impact on rent levels as they are reversed out in the Movement in Reserves Statement.

Gross revenue income for the year was £15.62 million (£15.39 million 2014/15) and is analysed opposite :

After adjusting for notional charges such as those required by capital and pension accounting standards, the overall outturn on the Housing Revenue Account shows a surplus of £2,636,094 compared to an expected balanced budget. The major elements that make up this variance include:



Positive Changes:

- Reduced cost relating to supervision and management - £507,000
- Reduced costs relating to repairs and maintenance - £146,000
- Reduced costs relating to rent, rates and other taxes - £12,000
- Lower than expected contribution to bad debts provision £183,000
- Lower than expected contribution to HRA capital programme - £1,797,000
- Higher than expected income from rents - £119,000

Negative Changes:

- Higher than expected depreciation charges - £130,000

The surplus has been added to the HRA working balance. General HRA reserves therefore increased from £6.273 million to £8.909 million in 2015/16. This value of reserves is maintained to reflect the level of risk within the activities charged to the Housing Revenue Account.

The re-invigorated right to buy scheme allows the Council to retain a larger proportion of any receipts, to be used for the purpose of one for one replacement houses. During the year nineteen Council dwellings were sold under the scheme and £301,000 of additional receipts were retained. Receipts of £30,000 have been utilised bringing the balance in the reserve at the end of 2015/16 up to £636,000.

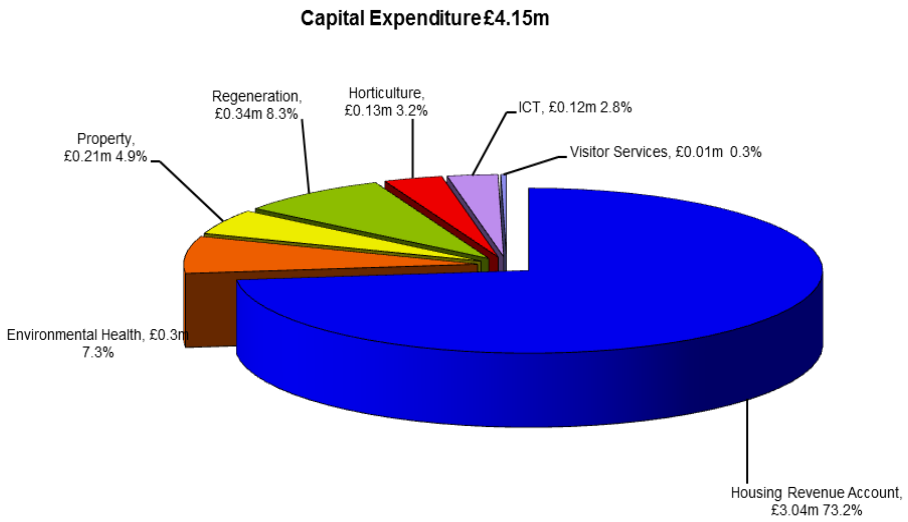
Capital Spending

Capital spending either maintains or creates new assets that will contribute to the Council's aims and objectives over more than one year. The Council therefore plans and budgets for capital expenditure by means of a rolling programme. This programme was last updated in February 2016 and covered 5 years 2015-16 to 2019-20 and included capital commitments of £35.7million (including £24.6million for the Housing Revenue Account) with estimated capital spending in 2015/16 of £5.9million (including £4.4million for the HRA).

How the money was spent?

The actual spending in 2015/16 was £4.15million. The major areas of capital expenditure and significant individual projects included:

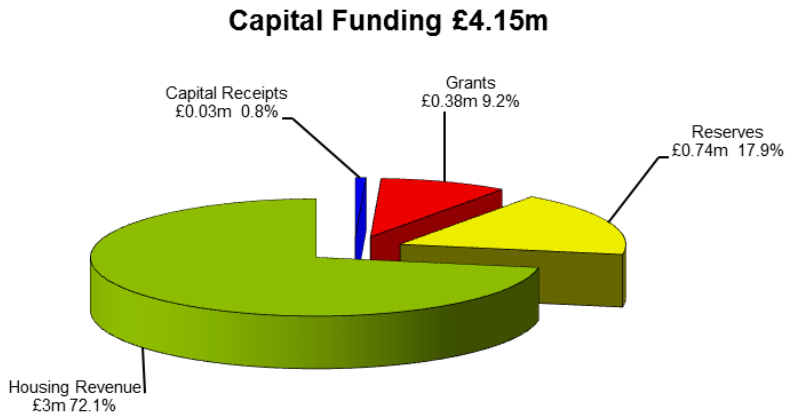
- Housing Revenue Account – General refurbishment of the Council's housing stock including kitchens and bathrooms, heating, roofing and disabled adaptations (£3.04 million).
- Environmental Health – disabled facilities and other property grants (£0.3 million)



- Property - works on a number of public buildings in accordance with the Authority's asset management plan, including Pavilion Gardens (£0.21 million)
- Regeneration – Conservation, Heritage and Market Town Regeneration schemes including the development of The Crescent, Buxton (£0.34 million)
- Horticulture – creation of two allotment sites and works at Whaley Bridge Memorial Park (£0.13 million)
- ICT – investment in tablets, telephones and servers (£0.12 million)

How was it paid for?

There are a number of sources by which the Council can fund capital expenditure. The funding of the 2015/16 programme is illustrated opposite:



- Grants and Contributions – such as Government grants supporting housing, and Lottery Funding supporting heritage schemes
- Borrowing – borrowing for capital purposes externally (e.g. from Public Works Loan Board or the market) or using internal resources
- Capital Receipts – Cash resources from the sale of capital assets.
- Housing Revenue – use of funds and balances generated within the Housing Revenue Account

The Balance Sheet Perspective

At the end of 2015/16 the Authority's net worth, as reported on the Balance Sheet, stood at a net asset value of £72.643million. When compared to an opening value of £44.470 million at the beginning of the year this represents an increase in net worth of £28.173million.

	31 March 2015 £000	31 March 2016 £000
Long Term Assets	161,581	176,373
Net Current Assets (debtors, stock, cash less creditors, other liabilities)	12,654	6,966
Pensions Liability	(46,939)	(37,902)
Other Long Term Liabilities and Provisions	(82,826)	(72,794)
Net Assets	44,470	72,643
Represented by: Usable Reserves	14,874	17,306
: Unusable Reserves	29,596	55,337

How can the Authority have experienced such an increase in value when its revenue activities during the year resulted in a net reduction in usable reserves of £96,000? The answer is a combination of an increased valuation of its non-current assets and a change in the Authority's long term pension liability as at the 31st March 2016.

- Non-current Assets – all the property plant and equipment owned by the Authority are professionally valued on a five year rolling cycle to ensure that their carrying value on the Balance Sheet reflects an up-to-date position. Among the properties re-valued in 2015/16 were some of the more significant assets held by the Council, such as its Leisure Centres, Pavilion Gardens and the Buxton Opera House. The cumulative impact of increased valuations and other movements across all general fund properties was to add some £7.5million to the net value of the Authority's Balance Sheet. A further £7million was added as a result of the annual valuation of the Authority's housing stock. This represents an average of around £1,700 per dwelling.

- Pension Liability – under financial accounting regulations the Authority's Balance Sheet must show the cumulative net value of its pension scheme if all the assets and liabilities became realisable or payable on the 31st of March. While in reality pension schemes continue over generations this snap shot measurement draws attention to any underlying long term strengths or weaknesses. The measurements applied to the Council's scheme at the end of 15/16 reduced the liability reported on the Balance Sheet by £9million to £37.9million. This in-year change was primarily owing to an increase in the value of inflation adjusted bond yields which are used as a principal measure of the scheme's assets and liabilities. As such it is an example of how market conditions at the time of measurement can have a material impact on the reported valuation. That said, the value of the pension as reported on the Balance Sheet is a significant liability for the council. However because this liability only falls due over the long term, measures have been put in place that ensure the Authority's continuing financial viability. At a national level Government has altered future scheme benefits and entitlements while locally both Council and employee contributions have increased.

- Borrowing – the reduction in Other Long Term Liabilities and Provisions between years reflects the reclassification of loans of around £10million as Short Term Liabilities which appear in the Net Current Assets figure.. It is an accounting requirement that loans maturing within 12 months of the Balance Sheet date are shown as Short Term Liabilities. The majority of these loans will be renewed in 2016/17 to satisfy the Authority's longer term borrowing requirement of around £77million. Around half of this exists to support the Borough's historic and on-going capital programme. It also provides funding against the £37.5million paid over to Central Government when the self-financing regime for the Housing Revenue Account was introduced in 2012.
  The increase in Net Current Assets between years is only £5million because the £10million of reclassified borrowing was offset by an improved cash position at the year end. At the 31st March 2016 the Borough was holding some £4million more in cash and short term investments than at the end of the previous year. Fluctuations of this kind in cash held and short term borrowing are a normal part of the Council's management of its cash flows.

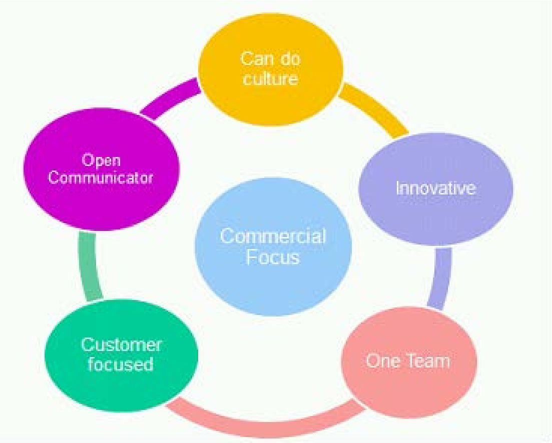
The Council's Corporate Plan

Following the local elections in May 2015, the Council developed a new Corporate Plan 2015-2019 which supports the Vision of 'Delivering excellent services to High Peak residents and demonstrating value for money'. The vision is articulated by four aims which are supported by a number of objectives which provide the framework for the delivery of individual service plans. These are summarised below:-

	Aim	Objectives
1	Help create a safer and healthier environment for our residents to live and work	• Effective relationship with strategic partners • Fit for purpose housing stock that meets the needs of tenants • Effective support of community safety arrangements • Provision of high quality leisure facilities
2	Meet its financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure our services are easily available to all our residents in the appropriate channels and provided 'right first time' • A high performing and highly motivated workforce • More effective use of Council assets

	Aim	Objectives
3	Support economic development and regeneration	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Promote tourism • High quality development and building control with an 'open for business approach'
4	Protect and improve the environment	• Effective recycling and waste management • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

Our Performance Framework, which measures our success in delivering the Corporate Plan has undergone a fundamental review in 2015/16 and now reflects the three pillars of value for money: economy, efficiency and effectiveness and is fully aligned to the Council's new corporate objectives.



Last year also saw the completion of Council-wide Service Reviews as part of the 'Shape' programme. This programme has led to significant changes to traditional ways of working, with the introduction of team hubs and a more agile, flexible approach that supports our One Team 2016 project across the Alliance. This new organisational landscape required a new set of core values that underpin and promote the new approach.

Our Performance in 2015/16

The Council used a range of financial and other indicators to measure performance in 2015/16. At the end of March, 63% of the dashboard performance indicators were achieved, which represented a significant improvement on the previous year. In terms of year on year trends, half of all our performance indicators show improved results on 2014/15.

Those dashboard targets that were achieved include; housing benefit processing, major and minor planning application processing, affordable homes delivered, major void re-let times, recycling indicators, leisure facility visitor numbers and compliant food premises. The seven dashboard indicators that were off-track include; percentage of calls answered, residual household waste, other planning applications processed in 8 weeks, minor void average re-let times, sickness absence, number of households living in temporary accommodation and fly-tipping incidents.

For those measures that fell below the target set for the year we have developed actions for improvement, where feasible, as part of our performance reporting to senior managers and members. As well as comparing performance over time and against target, we also compare our performance with other Councils nationally through local benchmarking clubs and through the Local Government Association's (LGA) online benchmarking tool 'Inform'.

Delivering against our Corporate Aims

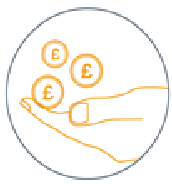
The Council's Corporate Plan has four key aims, and below we have highlighted some of our achievements last year in relation to each of them.

Help create a safer and healthier environment for our residents to live and work - This aim covers our objectives around housing, leisure, community safety and the effectiveness of our strategic partnerships. Last year we:

- ✓ Purchased two new quad bikes to support the County in snow clearance activities
- ✓ Supported the High Peak Sports Awards and the Derbyshire Sports ICON programme, which has seen international swimming success for local talent who are able to train at our facilities for free. Almost 800,000 visits were made to our centres last year

- ✓ Ran multi-agency training sessions on the new crime and policing powers with around 120 people attending four sessions across the Alliance and restructured our Community Safety Partnership to firmly embed the powers within partnership working. We also represented the Authority on task-and-finish groups in Derbyshire to help shape the County-wide approach to responding to the powers
- ✓ Delivered 40 affordable homes

Meet financial challenges and provide value for money – This aim covers our objectives around value for money, customer access, use of assets and a high performing and motivated workforce. Last year we:



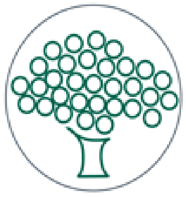
- ✓ Moved our housing teams from the Furness Vale site on time and under budget as part of our asset rationalisation programme
- ✓ Rolled out tablets to all Councillors to reduce printing and postage costs and move to a paperless approach for all member meetings
- ✓ Developed a Customer Access Strategy which underpins our approach to channel shift in order to create more choice and future cost-savings through increased self serve.

- ✓ Completed service reviews for all staff across the Council with new job descriptions, work hubs and new ways of working as joint teams across the Alliance
- ✓ Reduced the level of sundry debt arrears by £17,000

Support economic development and regeneration – This aim covers our objectives around tourism, flourishing town centres, encouraging new business and promoting an open for business approach in our development and building control functions. Last year we:

- ✓ Adopted the High Peak Local Plan in April 2016 – the first Authority in Derbyshire to do so – which sets the strategy for development within the Borough
- ✓ Continued to work in partnership on the £47m Crescent project, with work finally commencing on site to refurbish the Crescent, Natural Baths and Pump Room at the heart of historic Buxton
- ✓ Held over 100 events, received 600,000 visitors and achieved a 94% Trip Advisor rating for the Pavilion Gardens in Buxton
- ✓ Delivered an e-newsletter to a growing panel of businesses signposting funding advice and opportunities as part of our business engagement programme
- ✓ Determined 93% of ‘major’ planning applications on time and launched new weekly planning surgeries to provide advice and guidance for customers using our development service

Protect and improve the environment – This aim covers our objectives around waste and recycling, clean streets, environmental health, quality parks and open spaces, and car parking. Last year we:



- ✓ Achieved ‘green flag’ status for Whaley Bridge Memorial Park
- ✓ Worked with the Friends of Pavilion Gardens in a successful bid for £50,000 to redevelop the children's play area
- ✓ Carried out 100% of ‘high risk’ premises interventions for health and safety, food hygiene and housing disrepair
- ✓ Achieved an estimated 46% recycling rate and funding for kerbside recycling
- ✓ Met all of our hot spot inspection targets in relation to dog fouling, litter, and detritus levels

Explanation of the Financial Statements

The Statement of Accounts for the year ended 31st March 2016 has been prepared in accordance with the Accounts and Audit Regulations 2011. The format reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom and the Service Accounting Code of Practice (2015/16) (SeRCOP), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code of Practice on Local Authority Accounting complies with International Financial Reporting Standards (IFRS) which is a suite of accounting standards used across the world.

The Council's core financial statements, beginning at page 22, are listed below along with a brief explanation of their purpose: -

- ***Movement in Reserves Statement -*** this statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the council.

- ***Comprehensive Income & Expenditure Statement*** – this statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

- ***Balance Sheet*** - this explains the Council's financial position at the year-end. It provides details of the Council's balances and reserves and its long-term indebtedness. It also shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council; and

- ***Cash Flow Statement*** - this illustrates the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The Council is also required to produce two supplementary financial statements:-

- ***Housing Revenue Account (HRA)* -** This account reflects the statutory requirement for the Authority to maintain a separate revenue account for Council housing provision. It includes the receipt of income and the payment of expenditure associated with that service to determine a surplus or deficit for the year.

- ***Collection Fund Accounts* -** This reflects the statutory requirement for the Authority to maintain a separate account providing details of receipts of Council Tax and Business Rates and the associated payments to precepting authorities.

The 2015/16 Statement of Accounts shows that our finances remain sound. Revenue and capital spending is controlled by affordable budgets while assets and reserves exist to support services and the achievement of key priorities.

……………………………………..   Date: 30th June 2016

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA

Executive Director & Chief Finance Officer

CERTIFICATE OF APPROVAL BY AUDIT & REGULATORY COMMITTEE

I confirm that these accounts were approved by the meeting of the Audit and Regulatory Committee held 29th September 2016

……………………………………..   Date:

Councillor John Pritchard

Chair of the Audit & Regulatory Committee

High Peak Borough Council

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

High Peak Borough Council is required:

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

The Executive Director & Chief Finance Officer Responsibilities

The Executive Director (CFO) is responsible for the preparation of the Authority's Financial Statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its income and expenditure for the year (ended 31st March 2016).

In preparing this Statement of Accounts the Executive Director (CFO) 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 of practice.

The Executive Director (CFO) has also:

- Kept proper accounting records that were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Executive Director (CFO)

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31st March 2016 and its income and expenditure for the year.

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA

Executive Director & Chief Finance Officer
High Peak Borough Council

Statement of Accounting Policy

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

1. Accounting Policies

The Accounting Policies set out on pages 84 -94 have been applied in producing the statements. They are based on best practice and legislative requirements, including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom for 2015/16

2. Accounting Standards Issued, Not Adopted

The 2016/17 Code of Practice introduces changes to a number of the reporting standards to be applied to future Statements. Consideration has been given as to what the impact would have been on these Statements had they applied in 2015/16.

Employee Benefits (IAS 19): Defined Benefit Plans: Employee Contributions
Requires that contributions from employees or third parties be considered when accounting for defined benefit plans. Such contributions, where linked to service, are to be accounted for as a reduction of service cost.

Joint Arrangements (IFRS 11): Accounting for Acquisitions of Interests in Joint Operations
This amendment relates to the accounting for the acquisition of an interest in a joint operation that constitutes a business, as defined in IFRS 3 Business Combinations.

Property, Plant and Equipment (IAS 16) and Intangible Assets (IAS 38): Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments to the above standards explain that it is not appropriate to use revenue based methods to calculate depreciation or amortisation, because revenue generated by an activity that includes a use of an asset, generally reflects factors other than the consumption benefit.

Presentation of Financial Statements (IAS 1): Disclosure Initiative
The amendments to the Code for Local Authorities clarify, rather than significantly change the existing IAS 1 requirements

While the above would not have had a material impact on the figures within the 2015/16 Statements, the changes outlined below would have significantly altered the way they were presented

Changes to the formats of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
In 2016/17, there will be further changes to the presentation of the financial statements in two areas:

- Reporting on an organisational basis, breaking the mandatory link between the Service Reporting Code of Practice (SERCOP) and the Comprehensive Income and Expenditure Statement (CIES)
- Introduction of a new Funding Analysis as part of the narrative report, to provide a direct reconciliation between funding and budget, and the CIES. The Funding Analysis will be supported by a streamlined Movement In Reserves Statement (MIRS) and replaces the current segmental reporting note.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in part 1 of this section, the Authority has had regard to the materiality of the transactions being reported. It has also had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- The Authority has to review certain contractual arrangements to decide if they are in the nature of a lease and if so determine whether they are classified as Operational or Finance. These decisions are often based on judgements as to where the practical control of an asset lies
  - A review of the Authority's waste collection service, contracted out to Veolia Environmental Services Ltd, has determined that the contract does not contain an embedded lease for the thirty odd vehicles used and therefore they are not included on the Authority's Balance Sheet.

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Authority undertakes an annual assessment for indications of impairment of its assets. This assessment is performed by specialist staff with reference to external advice.

- An exercise is performed to assess whether capital spend restores or enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainly

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. A 1% change in the assessed carrying value of the Authority's pension liability equates to £379,020.
Asset Valuations	The valuations of property, plant and equipment reported in the Balance Sheet and the related depreciation charges made to the CIES are based on an estimation of their value and asset life. A firm of qualified valuers is engaged by the Authority to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment. A 1% change in the assessed carrying value of the assets equates to £1,762,710.

5. Restatement of Previous Years

There have been no changes in the accounting code and policies, as applied to these Statements that have required the restatement of comparative information from previous years.

Financial Statements

The core single entity financial statements applicable to all local authorities comprise:

- **Movement in Reserves Statement**
- **Comprehensive Income & Expenditure Statement**
- **Balance Sheet**
- **Cash Flow Statement**

The core financial statements are followed by supporting notes and the supplementary statements relating to:-

- **Housing Revenue Account**
- **Collection Fund**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, 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 Authority'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 and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement

	Notes	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2014		**(2,585)**	**(3,967)**	**(4,215)**	**(540)**	**(364)**	**(11,671)**	**(31,420)**	**(43,091)**
(Surplus) or deficit on the provision of Services		1,888	0	(6,505)	0	0	**(4,617)**	0	**(4,617)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	**0**	3,240	**3,240**
Total Comprehensive Income and Expenditure		**1,888**	**0**	**(6,505)**	**0**	**0**	**(4,617)**	**3,240**	**(1,377)**
Adjustment between accounting basis & funding basis under regulations	6	(2,580)	190	4,388	(530)	(52)	**1,416**	(1,416)	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(692)**	**190**	**(2,117)**	**(530)**	**(52)**	**(3,201)**	**1,824**	**(1,377)**
Transfers to/(from) Earmarked Reserves	11	495	(495)	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2014/15		**(197)**	**(305)**	**(2,117)**	**(530)**	**(52)**	**(3,201)**	**1,824**	**(1,377)**
Balance at 31 March 2015		**(2,782)**	**(4,272)**	**(6,332)**	**(1,070)**	**(416)**	**(14,872)**	**(29,596)**	**(44,468)**
(Surplus) or deficit on the provision of Services		2,531	0	(11,407)	0	0	**(8,876)**	0	**(8,876)**
Other Comprehensive Income and Expenditure		0	0	0	0	0	**0**	(19,299)	**(19,299)**
Total Comprehensive Income and Expenditure		**2,531**	**0**	**(11,407)**	**0**	**0**	**(8,876)**	**(19,299)**	**(28,175)**
Adjustment between accounting basis & funding basis under regulations	6	(2,435)	742	8,771	(698)	62	**6,442**	(6,442)	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**96**	**742**	**(2,636)**	**(698)**	**62**	**(2,434)**	**(25,741)**	**(28,175)**
Transfers to/ (from) Earmarked Reserves	11	(140)	140	0	0	0	**0**	0	**0**
(Increase)/Decrease in 2015/16		(44)	882	(2,636)	(698)	62	**(2,434)**	**(25,741)**	**(28,175)**
Balance at 31 March 2016 carried forward		**(2,826)**	**(3,390)**	**(8,968)**	**(1,768)**	**(354)**	**(17,306)**	**(55,337)**	**(72,643)**

Comprehensive Income & Expenditure Statement

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

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		Notes	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
1,869	(1,416)	453	Central Services to the Public		1,755	(1,466)	289
6,840	(3,565)	3,275	Cultural and Related Services		6,909	(3,565)	3,344
5,821	(1,948)	3,873	Environment and Regulatory Services		6,260	(1,981)	4,279
3,838	(1,113)	2,725	Planning Services		3,435	(1,076)	2,359
467	(1,243)	(776)	Highways and Transport Services		466	(1,241)	(775)
3,287	(15,389)	(12,102)	Local Council Housing - (HRA)		(1,243)	(15,377)	(16,620)
24,146	(23,400)	746	Other Housing Services		23,814	(23,025)	789
1,783	(1,679)	104	Corporate and Democratic Core		1,812	(1,030)	782
437	0	437	Non Distributed Costs		12	0	12
48,488	**(49,753)**	**(1,265)**	**Cost of Services**		**43,220**	**(48,761)**	**(5,541)**
		3,667	Other Operating Expenditure	3a			3,332
		4,560	Financing and Investment Income and Expenditure	3b			4,370
		(11,579)	Taxation and Non-Specific Grant Income and Expenditure	3c			(11,037)
		(4,617)	**Surplus (-) or Deficit on Provision of Services**				**(8,876)**
		(5,713)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	7			(9,420)
		8,953	Remeasurement of the net defined pension benefit liability	12			(9,879)
		3,240	**Other Comprehensive Income and Expenditure**				**(19,299)**
		(1,377)	**Total Comprehensive Income and Expenditure**				**(28,175)**

Balance Sheet

The Balance Sheet provides an overall summary of the financial position of the Council as at 31st March 2016. It shows the Council's balances and reserves and its long-term indebtedness, and the value as at the Balance Sheet date of the assets and liabilities recognised by the Council

31 March 2015 £000		Notes	31 March 2016 £000
160,331	Property, Plant & Equipment	7a	175,131
391	Heritage Assets		391
690	Investment Properties		715
30	Intangible Assets		34
0	Long Term Investments	13a	0
139	Long Term Debtors		102
161,581	**TOTAL LONG TERM ASSETS**		**176,373**
7,025	Short Term Investments	13a	7,972
64	Inventories		61
6,797	Short Term Debtors	9	4,846
6,601	Cash and Cash Equivalents	8	10,372
20,487	**TOTAL CURRENT ASSETS**		**23,251**
(314)	Cash and Cash Equivalents	8	(54)
0	Short Term Borrowings	13a	(9,777)
(7,071)	Short Term Creditors	10	(5,808)
(449)	Provisions		(646)
(7,834)	**TOTAL CURRENT LIABILITIES**		**(16,285)**
(81,958)	Long Term Borrowing	13a	(72,183)
(46,939)	Pensions Liability	5c	(37,902)
(556)	Deferred Liabilities	13a	(411)
(313)	Grants Receipts in Advance - Capital		(200)
(129,766)	**TOTAL LONG TERM LIABILITIES**		**(110,696)**
44,468	**TOTAL NET ASSETS**		**72,643**
14,871	Usable Reserves	11	17,306
29,597	Unusable Reserves	12	55,337
44,468	**TOTAL RESERVES**		**72,643**

The unaudited accounts were issued on 30th June and the audited accounts were authorised for issue on 29th September 2016.

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA
Executive Director & Chief Finance Officer

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2014/15 £000		Notes	2015/16 £000
4,617	Net Surplus/(Deficit) on the Provision of Services		8,876
1,966	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements		2,822
(2,206)	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(1,459)
4,377	**Net Cash Flows from Operating Activities**	16a	**10,239**
(3,277)	Investing Activities	16c	(3,643)
(252)	Financing Activities	16d	(2,565)
848	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**4,031**
5,439	Cash and Cash Equivalents at the Beginning of the Reporting Period		6,287
6,287	**Cash and Cash Equivalents at the End of the Reporting Period**		**10,318**

Notes to the Financial Statements

The notes to the core financial statements are shown below. Some are dictated by statute while others are included to add clarity.

1. Service Level Income & Expenditure - *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*. The service areas definitions are specified below:-

Central Services to the Public
This includes local tax collection, local land charges and community grants.

Cultural and Related Services
This includes expenditure on arts, recreation and sport, open spaces, tourism, and Pavilion Gardens.

Environmental and Regulatory Services
This includes expenditure on cemeteries, public conveniences, environmental health, community safety, flood defence, street cleansing and waste collection

Planning Services
This includes expenditure on building control, development control, planning policy and economic development.

Highways and Transport Services
This includes expenditure on car parking, engineering services, bus shelters and street naming.

Local Authority Housing
This reports the net cost of the Authority's Housing Revenue Account (HRA), which is a record of the revenue expenditure and income relating to the Council's housing stock. The HRA is reported as a supplementary statement (page 68)

Housing Services
This includes private sector housing, homelessness, housing benefits and welfare services.

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 cost of these activities are thus over and above those which would have been 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.

Non Distributed Costs
This includes pension costs for added years and early retirements.

Exceptional Item
This category only appears when it is necessary to separately report any items that are significantly outside the definition of normal service activity*:*

Amounts Reported for Resource Allocation Decisions
However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across a set of Service Areas based on the Authority's internal organisation, and not those defined above. These reports are prepared on a different basis from the accounting policies used in the financial statements:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to directorates.

The following tables show these internal service area records and reconcile them to the figures as reported in the statements.

Service Analysis: The income and expenditure of the Authority's principal services recorded in the budget reports for the year is as follows:

Service Income and Expenditure 2015/16	**Departmental Administration**	**Revenues & Benefits**	**Development Services**	**Regeneration**	**Communities**	**Customer Services**	**Housing Services**	**Transformation**	**Fiannce and Performance**	**Waste and Street Scene**	**Cultural Services**	**Human Resources**	**Legal and Democratic Services**	**Visitor Services**	**Regulatory Services**	**Property Services**	**Local Authority Housing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fees, Charges & other service income	(3)	(215)	(563)	0	(80)	(281)	(26)	(202)	(1,412)	(1,333)	(2,144)	0	(103)	(2,937)	(497)	(204)	(15,507)	**(25,507)**
Interest and Interest Income	0	0	0	0	0	0	0	0	(158)	0	0	0	0	0	0	0	0	**(158)**
Government Grants	0	(22,765)	0	(20)	(170)	0	(3)	0	(8)	0	(9)	0	(39)	(17)	(85)	0	(88)	**(23,204)**
Total Income	**(3)**	**(22,980)**	**(563)**	**(20)**	**(250)**	**(281)**	**(29)**	**(202)**	**(1,578)**	**(1,333)**	**(2,153)**	**0**	**(142)**	**(2,954)**	**(582)**	**(204)**	**(15,595)**	**(48,869)**
Employee Expense	619	517	586	340	269	620	28	142	1,605	523	1,032	89	346	1,003	492	268	3,375	**11,854**
Interest and Capital Provisions	0	0	0	0	0	0	0	0	786	0	0	0	0	0	0	0	0	**786**
Other Service Expenses	60	22,474	73	184	368	224	87	795	2,666	3,261	1,989	2	508	1,088	190	1,636	3,124	**38,729**
Total Expenditure	**679**	**22,991**	**659**	**524**	**637**	**844**	**115**	**937**	**5,057**	**3,784**	**3,021**	**91**	**854**	**2,091**	**682**	**1,904**	**6,499**	**51,369**
Net Expenditure	**676**	**11**	**96**	**504**	**387**	**563**	**86**	**735**	**3,479**	**2,451**	**868**	**91**	**712**	**(863)**	**100**	**1,700**	**(9,096)**	**2,500**

Service Income and Expenditure 2014/15	**Departmental Administration**	**Revenues & Benefits**	**Development Services**	**Regeneration**	**Communities**	**Customer Services**	**Housing Services**	**Transformation**	**Finance and Performance**	**Waste and Street Scene**	**Cultural Services**	**Human Resources**	**Legal and DemocraticSe rvices**	**Visiotr Services**	**Regulatory Services**	**Property Seevices**	**Local Authority Housing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Fees, Charges & other service income	(3)	(190)	(646)	0	(82)	(273)	(26)	(202)	(2,104)	(1,412)	(2,090)	0	(98)	(2,999)	(469)	(163)	(15,527)	**(26,284)**
Interest and Interest Income	0	0	0	0	0	0	0	0	(98)	0	0	0	0	0	0	0	0	**(98)**
Government Grants	0	(23,224)	0	(5)	(132)	(29)	(5)	0	(6)	0	(9)	0	(11)	0	(1)	0	(86)	**(23,508)**
Total Income	**(3)**	**(23,414)**	**(646)**	**(5)**	**(214)**	**(302)**	**(31)**	**(202)**	**(2,208)**	**(1,412)**	**(2,099)**	**0**	**(109)**	**(2,999)**	**(470)**	**(163)**	**(15,613)**	**(49,890)**
Employee Expense	572	528	506	390	228	664	28	64	1,656	495	1,072	226	314	946	543	216	2,981	**11,429**
Interest and Capital Provisions	0	0	0	0	0	0	0	0	951	0	0	0	0	0	0	0	0	**951**
Other Service Expenses	59	22,890	118	226	382	253	87	773	2,721	3,228	2,017	4	298	1,036	124	1,518	3,015	**38,749**
Total Expenditure	**631**	**23,418**	**624**	**616**	**610**	**917**	**115**	**837**	**5,328**	**3,723**	**3,089**	**230**	**612**	**1,982**	**667**	**1,734**	**5,996**	**51,129**
Net Expenditure	**628**	**4**	**(22)**	**611**	**396**	**615**	**84**	**635**	**3,120**	**2,311**	**990**	**230**	**503**	**(1,017)**	**197**	**1,571**	**(9,617)**	**1,239**

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £000	2015/16 £000
Net expenditure in the Service Analysis	1,239	2,500
Net expenditure of services and support services not included in the Analysis	0	0
Amounts in the CIES not reported to management in the Analysis	(918)	(6,496)
Amounts included in the Analysis not included in the CIES	(1,586)	(1,545)
Cost of Services in CIES	**(1,265)**	**(5,541)**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Service Analysis £000	Services and Support services not in Analysis £000	Amount not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(25,507)	0	0	0	0	0	**(25,507)**
Profit on Financial Instruments valuation	0	0	0	0	0	(26)	**(26)**
Income from Council Tax	0	0	0	0	0	(5,690)	**(5,690)**
Income from Business Rates	0	0	0	0	0	(2,879)	**(2,879)**
Interest and Investment Income	(158)	0	0	0	158	(199)	**(199)**
Government grants and contributions	(23,204)	0	0	0	0	(2,424)	**(25,628)**
Capital Grants and Contributions	0	(265)	0	0	0	(44)	**(309)**
Total Income	**(48,869)**	**(265)**	**0**	**0**	**158**	**(11,262)**	**(60,238)**
Employee expenses	11,854	(683)	0	0	0	1,492	**12,663**
Other service expenses	38,729	0	0	0	0	0	**38,729**
Support Service recharges	0	0	0	0	0	0	**0**
Depreciation, amortisation and impairment	0	(5,548)	0	0	(917)	0	**(6,465)**
Interest Payments	786	0	0	0	(786)	3,102	**3,102**
Precepts & Levies	0	0	0	0	0	523	**523**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	414	**414**
(Gain) or Loss on Disposal of Non-current Assets	0	0	0	0	0	2,396	**2,396**
Total expenditure	**51,369**	**(6,231)**	**0**	**0**	**(1,703)**	**7,927**	**51,362**
(Surplus) or deficit on the provision of services	**2,500**	**(6,496)**	**0**	**0**	**(1,545)**	**(3,335)**	**(8,876)**

2014/15 Comparatives

2014/15	Service Analysis £000	Services and Support services not in Analysis £000	Amount not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(26,284)	0	0	0	0	0	**(26,284)**
Income from Council Tax	0	0	0	0	0	(5,575)	**(5,575)**
Income from Business Rates	0	0	0	0	0	(2,596)	**(2,596)**
Interest and Investment Income	(98)	0	0	0	98	(122)	**(122)**
Government grants and contributions	(23,508)	0	0	0	0	(2,956)	**(26,464)**
Capital Grants and Contributions	0	(184)	0	0	0	(451)	**(635)**
Total Income	**(49,890)**	**(184)**	**0**	**0**	**98**	**(11,700)**	**(61,676)**
Employee expenses	11,429	(1,005)	0	0	0	1,586	**12,010**
Other service expenses	38,749	0	0	0	0	0	**38,749**
Support Service recharges	0	0	0	0	0	0	**0**
Depreciation, amortisation and impairment	0	(462)	0	0	0	0	**(462)**
Interest Payments	951	0	0	0	(951)	3,095	**3,095**
Precepts & Levies	0	0	0	0	0	518	**518**
Payments to Housing Capital Receipts Pool	0	0	0	0	0	331	**331**
(Gain) or Loss on Disposal of Non-current Assets	0	0	0	0	0	2,818	**2,818**
Total expenditure	**51,129**	**(1,467)**	**0**	**0**	**(951)**	**8,348**	**57,059**
(Surplus) or deficit on the provision of services	**1,239**	**(1,651)**	**0**	**0**	**(853)**	**(3,352)**	**(4,617)**

2. Net Cost of Services

The following transactions, included in the Cost of Services in the Comprehensive Income & Expenditure Statement, are considered in more detail;

a. Trading Operations
b. Member Allowances
c. Officer Remuneration
d. Related Party Transactions
e. Audit Costs
f. Joint Arrangements

2a. Trading Operations

The Council operates the following trading accounts and their financial performance is shown in the table below.

		2014/15		2015/16	
Trade Waste		£000	£000	£000	£000
The provision of commercial waste collection service	Turnover	(624)		(668)	
	Expenditure	582		528	
	Net Deficit/ (Surplus)		(42)		(140)
Markets					
The overriding objective of the Market service is to support the local economy and attract tourism	Turnover	(142)		(161)	
	Expenditure	157		122	
	Net Deficit/ (Surplus)		15		(39)
Pavilion Gardens					
Includes café, bar, restaurant, and events provision. The overriding objective is to support the local economy and attract tourism	Turnover	(1,630)		(1,573)	
	Expenditure	1,819		1,902	
	Net Deficit/ (Surplus)		189		329

2b. Members' Allowances

The Council paid the following amounts to members of the council during the year

	2014/15	2015/16
	£	£
Salaries	0	0
Allowances	169,741	172,786
Expenses	15,259	15,225
Total	**185,000**	**188,011**

2c. Officer Remuneration

Remuneration paid to the Authority's senior employees:

Under the management arrangements for the Alliance, costs and responsibilities for senior posts are shared equally between the High Peak BC and Staffordshire Moorlands District Council. In line with the regulations, the remuneration of these officers is included in the disclosure within the Statement of Accounts of the Authority by whom they are employed and paid.

Senior Officers with salary between £50,000 and £150,000 during 2015/16**:**

2015/16	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£	£
Executive Director	96,272	0	963	97,235	11,705	108,940	54,470	54,470
Head of Regulatory Service	62,932	0	963	63,895	7,803	71,698	35,849	35,849
Visitor Services Manager	60,169	0	963	61,132	0	61,132	24,453	36,679
Asset Manager	57,913	0	963	58,876	7,108	65,984	21,775	44,209
	277,286	**0**	**3,852**	**281,138**	**26,616**	**307,754**	**136,547**	**171,207**

As can be seen from the table above, there is a recharge to Staffordshire Moorlands D.C. of £136,547 for the posts paid by High Peak BC. However, as the Joint Chief Executive and a number of Directors and Senior Officers are employed and paid by Staffordshire Moorlands, there is a recharge back to High Peak BC of £474,938 as detailed in the following two tables.

2015/16	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Executive Director & Chief Financial Officer	120,798	0	6,188	126,986	20,052	147,038	73,519	73,519
Executive Director & Monitoring Officer	115,562	0	3,373	118,935	19,181	138,116	69,058	69,058
Organisational Development & Transformation Manager	65,510	0	964	66,474	10,874	77,348	38,674	38,674
Head of Operational Services	65,497	0	964	66,461	10,873	77,334	38,667	38,667
Audit Services Manager	51,686	0	3,354	55,040	8,580	63,620	31,810	31,810
Democratic & Community Services Manager	53,856	0	1,032	54,888	8,940	63,828	31,914	31,914
Finance & Procurement Manager	51,700	0	964	52,664	8,572	61,236	30,618	30,618
Legal Services Manager**	97,128	0	964	98,092	7,280	105,372	52,686	52,686
	621,737	**0**	**17,803**	**639,540**	**94,352**	**733,892**	**366,946**	**366,946**

** Legal Services Manager post was made redundant during 2015/16 with termination payments of £53,277 included in the above. A further £39,896 is payable to the Pension Fund, in respect of this redundancy, in the form of additional future contributions, £19,948 of which is recoverable from High Peak BC.

Senior Officer over £150,000 during 2015/16:

2015/16	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Chief Executive Officer								
S Baker	157,775	0	33,220	190,995	26,191	217,186	107,992	109,194

2014/15 Comparatives

Senior Officers with salary between £50,000 and £150,000 during 2014/15:-

2014/15	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£	£
Executive Director	93,748	0	1,311	95,059	11,625	106,684	53,342	53,342
Environmental Health Manager**	84,707	0	281	84,988	6,039	91,027	45,514	45,513
Head of Regulatory Service	58,905	0	966	59,871	7,304	67,175	33,588	33,587
Visitor Services Manager	58,701	0	1,078	59,779	0	59,779	23,912	35,867
Homes & Communities Manager	55,000	0	1,158	56,158	6,854	63,012	0	63,012
Asset Manager	54,645	0	947	55,592	6,776	62,368	20,581	41,787
	405,706	**0**	**5,741**	**411,447**	**38,598**	**450,045**	**176,937**	**273,108**

** Environmental Health Manager left the Authority in 2014/15 with termination payments of £37,568

Recharge from Staffordshire Moorlands D.C:-

2014/15	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Executive Director & Chief Financial Officer	119,328	0	4,879	124,207	19,808	144,015	72,008	72,007
Executive Director & Monitoring Officer	114,080	0	3,585	117,665	18,937	136,602	68,301	68,301
Planning Applications Manager **	110,925	0	2,274	113,199	1,630	114,829	57,415	57,414
Organisational Development & Transformation Manager	63,912	0	963	64,875	10,609	75,484	37,742	37,742
Head of Operational Services	60,254	0	963	61,217	10,002	71,219	35,610	35,609
Democratic & Community Services Manager	50,436	0	1,339	51,775	8,372	60,147	30,074	30,073
Regeneration Manager	48,621	0	2,659	51,280	8,071	59,351	29,676	29,675
Audit Services Manager	48,264	0	2,644	50,908	8,012	58,920	29,460	29,460
	615,820	**0**	**19,306**	**635,126**	**85,441**	**720,567**	**360,286**	**360,281**

** Planning Applications Manager post was made redundant during 2014/15 with termination payments of £99,978 included in the above. A further £85,342 is payable to the Pension Fund, in respect of this redundancy, in the form of additional future contributions, £42,671 of which is recoverable from High Peak BC.

Senior Officer over £150,000 during 2014/15

2013/14	Salary, Fees and Allowances	Bonuses	Expenses Allowances	Total (exec Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£	£
Chief Executive Officer								
S Baker	157,775	0	11,543	169,318	26,191	195,509	97,765	97,744

Termination benefits paid to the Authority's non-senior employees:

The Authority, in conjunction with Staffordshire Moorlands DC, entered into a joint Voluntary Redundancy process during 2010/11, whereby the contracts of a number of employees were approved for termination. Although many of those affected left the Authority during 2011/12, further departures have occurred each year since then. There were seventeen such departures in 2015/16; this is reflected in the table below:

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band £000	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0-£20,000	0	0	1	11	1	11	17	150
£20,001 - £40,000	0	0	0	4	0	4	0	116
£40,001 - £60,000	0	0	0	2	0	2	0	97
£60,001 - £80,000	0	0	1	0	1	0	73	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**2**	**17**	**2**	**17**	**90**	**363**

Of the total exit package costs referred to above, £47,990 was paid in 2015/16 by Staffordshire Moorlands DC in respect of redundancies involving shared staff (£44,904 in 2014/15)

High Peak BC is also liable for £52,163 in redundancy costs incurred in 2015/16 by Staffordshire Moorlands DC (£61,218 in 2014/15) and £208,252 in associated future pension fund costs.

2d. Related Party Transactions

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.

Related Parties:

Central Government - has effective control over general operations of the Council. It provides the statutory framework, provides the majority of funding and prescribes the terms of many transactions with other parties (such as housing benefit).

Local Authorities – such as Derbyshire County Council, Derbyshire Police and Fire Authority and local Town and Parish Councils issue precepts on the Council which are shown in the Collection Fund. The County administers the Authority's pension fund. There are other transactions with these authorities involving service provision and funding.

Subsidiary, associated companies or joint ventures.
– The Strategic Alliance with Staffordshire Moorlands District Council involves development of joint working at all levels including shared resources and staff. The two authorities however retain their political and financial independence and accountability.

Members - have direct control over the Council's financial and operating policies. The Council also nominates Members to sit on outside bodies. Several Council Members are also Members of Derbyshire County Council, local parish councils, or various local voluntary organisations, which the Council supports financially such as High Peak Theatre Trust.
Three charitable organisations, where Members have declared an interest, received Authority funding that could be considered a material proportion of their total turnover;

Charity	Funding £000
High Peak Citizens Advice Bureau	78
High Peak Theatre Trust	55
Crossroads Derbyshire	111

Council members make disclosures of relevant interests to the Council's Monitoring Officer, and also have to make declarations on individual committee decisions. The Register of Member Interests is open to public inspection, subject to prior notice, at The Glossop One Stop Shop at the Municipal Buildings, Glossop.

Officers – have scope, in some circumstances, to influence Authority policy. The Chief Executive Officer maintains a record of officer interests, which together with the Authority's standards and procedures, acts as a guard against undue influence.

Related Party Transactions:
Material transactions with Central and other Local Government organisations are separately reported throughout the Statements, including the analyses of precepts, grants and pension contributions. There are no material transactions or evidence suggesting undue influence in relation to Members or Officers.

2e. External Audit Costs

The costs set out below have been incurred 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 Authority's external auditors.

	2015/16 £000	2014/15 £000
Fees payable to the appointed auditors for external audit services carried out for the year	47	62
Fees payable to the external auditor for the certification of grants claims and returns for the year	9	15
Fees payable in respect of other services provided by the external auditors during the year	16	17
Total	**72**	**94**

2f. Joint Arrangements

The Council actively pursues working in partnership with other organisations where this can improve efficiency and effectiveness in achieving key priorities. Some of the more significant joint arrangements are detailed below:

Staffordshire Moorlands District Council - Strategic Alliance

On 11th June 2008, the strategic Alliance between High Peak Borough Council and Staffordshire Moorlands District Council was formally sealed at a signing ceremony in the presence of both Council leaders. The aim of the Alliance is not only to produce savings through joint procurement and working, but to draw on the expertise of both authorities to improve service provision.

Any costs and savings, incurred and accruing in an accounting period, are accounted for by the relevant Authority. The Alliance related expenditure of HPBC amounted to £2,344,243 in 2015/16 (£2,960,183 in 2014/15). The corresponding income received from SMDC was £2,949,610 in 2015/16 (£2,245,431 in 2014/15).

	Paid by HPBC to SMDC £000	Paid by SMDC to HPBC £000
Contribution to Employee Costs	1,867	1,440
Contribution to Other Costs	477	1,509
Total	**2,344**	**2,949**

3. Corporate Income and Expenditure

The following transactions, included in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Other Operating Expenditure
b. Financing & Investment Income & Expenditure
c. Taxation and non-specific grant income
d. Grant income

3a. Other Operating Expenditure –

2014/15 £'000		2015/16 £'000
518	Parish Council Precepts	523
331	Payments to the Government Housing Capital Receipts Pool	413
2,818	(Gains)/Losses on asset disposal or capital derecognition	2,396
3,667	**Total**	**3,332**

3b. Financing and Investment Income and Expenditure –

2014/15 £'000		2015/16 £'000
3,095	Interest payable and similar charges	3,102
1,587	Pensions interest cost and expected return on pensions assets	1,493
(122)	Interest receivable and similar income	(199)
0	Income and expenditure in relation to investment properties and changes in their fair value	(26)
0	Other investment income	0
4,560	**Total**	**4,370**

3c. Taxation and Non-Specific Grant income –

2014/15 £'000		2015/16 £'000
(5,575)	Council Tax income	(5,690)
(1,867)	Business Rate Retention	(2,014)
(3,686)	Non ringfenced Government Grants	(3,289)
(451)	Capital Grants and Contributions	(44)
(11,579)	**Total**	**(11,037)**

3d. Grant Income

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

	2015/16 £000	2014/15 £000
Credited to Taxation and Non-specific Grant Income		
Revenue Support Grant	(1,962)	(2,440)
Council Tax Freeze Grant	(59)	(59)
New Homes Bonus	(617)	(458)
Business Rates Support Grants	(651)	(729)
	(3,289)	**(3,686)**
Capital Grants		
Whaley Bridge Memorial Park	(44)	(140)
Other Grants & Contributions	0	(311)
Total	**(44)**	**(451)**
Credited to Services		
Housing Benefits	(22,277)	(22,809)
Decent Homes/Private Sector & Disabled Facilities Grant	(238)	(184)
New Burdens Grant	(50)	(113)
Domestic Abuse Grant	(89)	0
Shared Amenities	(80)	(80)
Local Strategic Partnership	(110)	(87)
LCTRS Admin Grant	(92)	(101)
IER Section 31 Grant	(39)	(38)
Second Homes Grant	(115)	(65)
Other Third Party Funds	(381)	(214)
Total	**(23,471)**	**(23,691)**

4. Termination Benefits

Now included within Note 2c (Officer Remuneration) above.

5. Retirement Benefits

The impact of accounting for retirement benefits on the Council's Statement of Accounts is considered in the following sections;

a. Participation in Pension Schemes
b. Transactions relating to retirement benefits
c. Assets and Liabilities in relation to retirement benefits
d. Scheme history
e. Basis for estimating assets and liabilities
f. Sensitivity to changes in actuarial assumptions

5a. Participation in Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement 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 entitlements. Employees of High Peak Borough Council are admitted to the Derbyshire County Council Pension Fund, which is administered by Derbyshire County Council under the Regulations governing the Local Government Pension Scheme (LGPS). Decisions relating to the administration of the Fund are delegated to the Pensions Committee, a body made up of elected members. Further information can be found in the Pension Fund section of the County Council's website (www.derbyshire.gov.uk)

The LGPS is a funded as well as a defined benefit scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employer contribution rates are set by Hymans Robertson, the Pension Fund's professionally qualified and independent actuary, and are based on triennial valuations of the Fund. The Fund is currently undergoing valuation as at 31st March 2016 and this will set the required employer contribution rates for the 3 years commencing 1st April 2017. As the Fund is effectively underwritten by the employers, any deterioration in performance can have serious long term financial consequences for the Council. Steps have been taken nationally to mitigate this risk to the local taxpayer, by reforming the LGPS and introducing a greater element of future cost sharing between the scheme employers and the scheme beneficiaries.

5b. Transactions relating to post-retirement benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of 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:

Local Government Pension Scheme	**£000**	**£000**
	2015/16	**2014/15**
Cost of Services:		
Current service cost	(1,983)	(1,611)
Past service costs (incl curtailments)	(51)	(42)
Net Interest		
Interest cost on defined benefit obligation	(3,637)	(4,180)
Interest income on plan assets	2,144	2,593
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	**(3,527)**	**(3,240)**
Remeasurements of the net defined benefit comprising:		
Changes in financial assumptions	10,174	(14,498)
Other experience	1,856	1,015
Return on assets excluding amounts included in net interest	(2,083)	4,530
Total post employment benefit charged to the Comprehensive Income & Expenditure Statement	**6,420**	**(12,193)**
Movement in Reserve 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	3,527	3,240
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers contributions payable to scheme	**2,617**	**2,660**

5c. Assets and Liabilities in Relation to Retirement Benefits

The pension liability reported on the Balance Sheet shows the Council's projected liability on its share of the Derbyshire Pension Fund. This represents the underlying commitment to pay retirement benefits in the long run. It is actually a net figure comprising the following overall assets and liabilities for the Council's share of the Scheme.

High Peak Borough Council share of Pension Fund assets and liabilities:

Year Ended	31-Mar-16	31-Mar-15
	£'000	£'000
Present Value of Defined Benefit Obligation	(104,704)	(114,201)
Fair Value of Employer Assets	66,802	67,262
Net Asset / (Liability) arising from Defined Benefit Obligation	**(37,902)**	**(46,939)**

The £9.037 million decrease in the net liability between years is primarily due to rising real bond yields and can be reconciled by reference to the individual changes in liabilities and assets set out in the following two tables**.**

Reconciliation of Liabilities (obligations):

Year Ended	31-Mar-16	31-Mar-15
	£'000	£'000
Opening Defined Benefit Obligation	**114,201**	**98,020**
Current service cost	1,983	1,611
Interest cost on defined benefit obligation	3,637	4,180
Plan participants' contributions	391	395
Total remeasurements	(12,030)	13,483
Unfunded benefits paid	(130)	(139)
Benefits paid	(3,399)	(3,391)
Past service cost (incl curtailments)	51	42
Closing Balance at 31 March	**104,704**	**114,201**

Reconciliation of fair value of Employer Assets:

Year Ended	31-Mar-16	31-Mar-15
	£'000	£'000
Opening Fair Value of Scheme Assets	**67,262**	**60,614**
Interest on plan assets	2,144	2,593
Plan participants' contributions	391	395
Contributions by the employer	2,487	2,521
Contributions in respect of unfunded benefits	130	139
Return on Assets (excl amounts included in net interest)	(2,083)	4,530
Unfunded benefits paid	(130)	(139)
Benefits paid	(3,399)	(3,391)
Closing balance at 31 March	**66,802**	**67,262**

The profile of the scheme's liabilities is summarised in the table below:

Profile of Liabilities	Liability split 31.3.2016	Weighted Average Duration
Active members	37.10%	24.9
Deferred members	19.20%	23.8
Pensioner members	43.70%	11.9
Total	**100.00%**	**17.7**

* The Weighted Average Duration is a reflection of the average time until payment of all expected future discounted cash flows. It is determined based on membership and the financial and demographic assumptions used in the most recent actuarial valuation. The shorter the duration, the more 'mature' the employer.

5d. Scheme History

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Present value of liabilities:					
Present value of defined benefit obligations	(70,873)	(81,078)	(98,020)	(114,201)	(104,704)
Fair value of employer assets	39,595	44,279	60,614	67,262	66,802
Surplus / (Deficit)	**(31,278)**	**(36,799)**	**(37,406)**	**(46,939)**	**(37,902)**

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £37.902 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which now stands, after taking into account these pension costs, at an overall balance of £72,643 million.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit in the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In the year ending 31 March 2017, the Council expects to make a contribution of £2,687,000 into the Fund

5e. Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about salary levels, mortality rates, etc.
The scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Their estimates for the County Council Fund are 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

Financial Assumptions as at	31st March 2015 (% per annum)	31st March 2016 (% per annum)
Salary Increase Rate	3.30%	3.20%
Pension Increase Rate	2.40%	2.20%
Discount Rate	3.20%	3.50%

Mortality Assumptions

	31st March 2015		31st March 2016	
Longevity beyond age 65	Males	Females	Males	Females
Current Pensioners	22.0 Years	24.2 Years	22.0 Years	24.2 Years
Future Pensioners	24.1 Years	26.6 Years	24.1 Years	26.6 Years

Commutation Assumptions

An allowance is included for 50% (50% in 2014/15) of future retirements to elect to take additional tax-free cash up to HMRC limits and 75% of the maximum tax-free cash for post- April 2008 service.

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

	31st March 2015		31st March 2016	
Asset category	Fund Value £'000	Asset Distribution %	Fund Value £'000	Asset Distribution %
Equity Securities				
Consumer	5,327	8	5,493	8
Manufacturing	6,741	10	6,231	10
Energy & Utilities	4,911	7	3,807	6
Financial Instruments	5,226	8	5,238	8
Health & Care	3,008	5	2,898	4
Information Technology	1,353	2	1,865	3
Other	6,729	10	6,834	10
Debt Securities				
Corporate Bonds (investment grade)*	3,249	5	3,698	6
UK Government	8,206	12	7,483	11
Other	1,781	3	1,333	2
Private Equity				
All	329	0	906	1
All*	171	0	274	0
Real Estate				
UK Property*	3,262	5	3,983	6
Investment Funds and Unit Trusts				
Equities	11,756	18	12,691	19
Equities *	407	1	181	0
Infrastructure	187	0	762	1
Infrastructure *	351	0	386	1
Cash and Cash Equivalents				
All	4,268	6	2,739	4
Total	**67,262**	**100**	**66,802**	**100**

* denotes asset prices not quoted in an active market

5f. Sensitivity to Changes in Actuarial Assumptions

The assumptions made by the actuary are subject to change between valuation dates as a result of variations in such factors as longevity, investment return and inflation. The table below illustrates the sensitivity to such changes and the consequent impact on the employer liability:

Sensitivity Analysis -change in assumptions at 31/3/2016	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10.00%	10,658
1 year increase in member life expectancy	3.00%	3,141
0.5% increase in the Salary Increase Rate	2.00%	2,555
0.5% Increase in the Pension Increase Rate	8.00%	8,014

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 Authority in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2015/16	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(1,904)	0	0	0	0	1,904
Charges for depreciation - HRA	0	(1,555)	0	0	0	1,555
Impairment / Revaluation losses charged to CIES	(32)	(1,032)	0	0	0	1,064
Impairment Written Back - Revaluation Gain	160	9,746	0	0	0	(9,906)
Movements in the fair value of Investment Properties	26	0	0	0	0	(26)
Amortisation of intangible assets	(19)	0	0	0	0	19
Capital Grants and contributions applied to capital	309	9				(318)
Revenue expenditure funded from capital under statute	(555)	(39)	0	0	0	594
Amounts of non-current assets written off on disposal or sale	0	(702)	0	0	0	702
Derecognition of non-current assets written off on disposal or sale	(100)	(2,736)	0	0	0	2,836
Transfer to MRR	0	1,555	0	(1,556)	0	1
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	1,556	0	(1,556)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	726	0	0	0	0	(726)
Voluntary provision for the financing of capital investment	134	1,249	0	0	0	(1,383)
Employers Contribution to pension schemes	3,065	(380)	0	0	0	(2,685)
Adjustments primarily involving the Capital Grants unapplied Account						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	62	(62)
Capital Expenditure from the unapplied capital grants account	0	0	0	0	0	0
Use of Earmark Capital Reserve to fund capital expenditure	742	1,442	0	0	0	(2,184)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the Comprhensive Income and Expenditure Statement	0	1,166	(1,166)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	30	0	0	(30)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	0	(25)	25	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(412)	0	413	0	0	(1)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts						0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES.	0	0	0	0	0	0
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(58)	63	0	0	0	(5)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,527)	0	0	0	0	3,527
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(270)	0	0	0	0	270
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	22	10	0	0	0	(32)
Total Adjustments	**(1,693)**	**8,771**	**(698)**	**0**	**62**	**(6,442)**

2014/15 Comparative Figures	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(1,845)	0	0	0	0	1,845
Charges for depreciation - HRA	0	(1,469)	0	0	0	1,469
Impairment / Revaluation losses charged to CIES	(298)	(269)	0	0	0	567
Impairment Written Back - Revaluation Gain	0	4,497	0	0	0	(4,497)
Amortisation of intangible assets	(28)	(6)	0	0	0	34
Capital Grants and contributions applied to capital	571	0	0	0	0	(571)
Revenue expenditure funded from capital under statute	(852)	0	0	0	0	852
Amounts of non-current assets written off on disposal or sale	(641)	(605)	0	0	0	1,246
Derecognition of non-current assets written off on disposal or sale	(155)	(2,990)	0	0	0	3,145
Transfer to MRR	0	1,470	0	(1,470)	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	1,432	0	(1,432)
Reversal of items relating to retirement benefits	0	0	0	0	0	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	734	0	0	0	0	(734)
Voluntary provision for the financing of capital investment	164	1,249	0	0	0	(1,413)
Employers Contribution to pension schemes	2,931	(271)	0	0	0	(2,660)
Adjustments primarily involving the Capital Grants unapplied Account						
Application of grants to capital financing, transferred to Capital Adjustment Account Adjustment Account	64	0	0	0	(64)	0
Capital Expenditure from the unapplied capital grants account	0	0	0	0	12	(12)
Use of Earmark Capital Reserve to fund capital expenditure	190	1,834	0	0	0	(2,024)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the Comprhensive Income and Expenditure Statement	720	861	(1,581)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	712	0	0	(712)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals.	(8)	0	8	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(332)	0	332	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprhensive Income and Expenditure Statement	0	0	(1)	0	0	1
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(115)	121	0	0	0	(6)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,240)	0	0	0	0	3,240
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(244)	0	0	0	0	244
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(6)	4	0	0	0	2
Total Adjustments	**(2,390)**	**4,426**	**(530)**	**(38)**	**(52)**	**(1,416)**

7. Capital

This note is broken down into a number of sections covering:

a. Property, Plant & Equipment
b. Assets Held for Sale
c. Valuation information
d. Capital expenditure & financing
e. Information on assets held
f. Commitments on capital contracts
g. Assets Held under Leases–Authority as Lessee
h. Assets Held for Leases – Authority as Lessor

7a. Property, Plant & Equipment

The table below analyses capital expenditure, disposals, revaluations and depreciation charged on the property, plant and equipment assets of the Council.

Movements in 2015/16	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At April 2015	117,608	37,875	3,740	2,062	4,117	2,598	**168,000**
Additions	2,999	10	75	44	0	407	**3,535**
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	103	2,311	0	0	2,419	0	**4,833**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	7,329	(33)	0	0	0	0	**7,296**
Derecognition - Disposals	(710)	0	0	0	0	0	**(710)**
Derecognition - Other *	(2,736)	(83)	(206)	0	(56)	0	**(3,081)**
Other movements in Cost or Valuation	0	(15)	0	0	(24)	39	**0**
At 31 March 2016	**124,593**	**40,065**	**3,609**	**2,106**	**6,456**	**3,044**	**179,873**
Accumulated Depreciation & Impairment							
At April 2015	(1,646)	(3,859)	(1,726)	(7)	(44)	(387)	**(7,669)**
Depreciation Charge	(1,470)	(1,586)	(392)	0	(11)	0	**(3,459)**
Depreciation written out to the Revaluation Reserve	0	4,532	0	0	57	0	**4,589**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,378	161	0	0	0	0	**1,539**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	5	0	0	0	0	0	**5**
Derecognition- Disposals	0	0	0	0	0	0	**0**
Derecognition- Other	8	45	200	0	0	0	**253**
Other movements in Depreciation & Impairment	0	1	0	0	(1)	0	**0**
At 31 March 2016	**(1,725)**	**(706)**	**(1,918)**	**(7)**	**1**	**(387)**	**(4,742)**
Net Book Value							
at 31st March 2016	**122,868**	**39,359**	**1,691**	**2,099**	**6,457**	**2,657**	**175,131**
at 31st March 2015	**115,962**	**34,016**	**2,014**	**2,055**	**4,073**	**2,211**	**160,331**

* *De-recognition Other* – this represents the value of capital expenditure in the year which has been written out in accordance with the Council's de-recognition accounting policy because it is deemed to have had no impact on the value of assets as reported in the balance sheet.

The Property, Plant & Equipment 2014/15 comparative figures are illustrated below:-

Comparative Movements in 2014/15	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At April 2014	115,043	33,796	3,871	1,927	4,592	2,279	161,508
Additions	3,267	467	162	135	93	320	4,444
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	(1,597)	4,385	0	0	32	0	2,820
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	4,496	(513)	0	0	0	0	3,983
Derecognition - Disposals	(611)	(107)	(293)	0	(600)	0	(1,611)
Derecognition - Other	(2,990)	(154)	0	0	0	0	(3,144)
Other movements in Cost or Valuation	0	1	0	0	0	(1)	0
At 31 March 2015	**117,608**	**37,875**	**3,740**	**2,062**	**4,117**	**2,598**	**168,000**
Accumulated Depreciation & Impairment							
At April 2014	(1,641)	(3,786)	(1,616)	(7)	(114)	(387)	**(7,551)**
Depreciation Charge	(1,385)	(1,502)	(403)	0	(24)	0	**(3,314)**
Depreciation written out to the Revaluation Reserve	1,348	1,165	0	0	42	0	**2,555**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	164	0	0	0	0	**164**
Impairment losses/(reversals) recognised in the Revaluation Reserve	294	45	0	0	0	0	**339**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(269)	41	0	0	0	0	**(228)**
Derecognition- Disposals	7	14	262	0	52	0	**335**
Derecognition- Other	0	0	31	0	0	0	**31**
Other movements in Depreciation & Impairment	0	0	0	0	0	0	**0**
At 31 March 2015	**(1,646)**	**(3,859)**	**(1,726)**	**(7)**	**(44)**	**(387)**	**(7,669)**
Net Book Value							
at 31st March 2015	**115,962**	**34,016**	**2,014**	**2,055**	**4,073**	**2,211**	**160,331**
at 31st March 2014	**113,402**	**30,010**	**2,255**	**1,920**	**4,478**	**1,892**	**153,957**

Depreciation

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

- Council Dwellings - 50 to 70 years
- Buildings - Up to 50 years
- Vehicles, Plant, Furniture & Equipment - 3 to 15 years
- Infrastructure - 25 years

7b. Assets Held for Sale

The Council does not currently have any assets classified as ‘assets held for sale’.

7c. Valuation Information

The Council carries out a rolling programme that ensures that all Property required to be measured at current value or fair value as appropriate is revalued at least every five years. All valuations were carried out by Urban Vision Partnership Limited, the Council’s valuing agents. 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. The effective date of each revaluation was either the 1st of April 2015 or 31st March 2016.

The significant assumptions applied in estimating the valuations are:

- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

The valuation report and annual assessment for “indications” of impairment have been undertaken by Stephen Gwatkin MRICS (Senior principal surveyor), Urban Vision.

A number of the more significant general fund assets held by the Council were revalued in 2015/16; including Pavilion Gardens, Buxton Opera House and all Leisure Centres and Swimming Pools. The valuation of these assets produced a net gain of £5.689m.

Following the adoption of IFRS 13 all surplus assets were re- valued at 31st March 2016. These assets were previously valued at existing use ignoring any value attributable to alternative use of the land and/or property; assessment is now made at fair value, highest and best use at level 3 (under the **fair value hierarchy** - see note 25 for fair value levels explanations). There were no transfers between Levels 1, 2 and 3 during the year.

The value of surplus assets increased by £2.476m as a result of the change in valuation base from fair value existing use to what is in effect market value. The most notable impact was on the value of land at Roughfields, Hadfield which recorded a net book gain of £1.8m. It would require a 10% change in valuation estimation to give a £645,000 increase/reduction in the value recorded for all surplus assets.

There were no general fund asset disposals during the year.

Vehicles, plant, furniture and equipment are carried at depreciated historical cost as a proxy for current value.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Community Assets £'000	Total £'000
Carried at Historical cost			3,609		2,106	**5,715**
Valued at Current Value as at:						
31st March 2016	124,593	35,913		6,456		**166,962**
31st March 2015		1,934				**1,934**
31st March 2014		236				**236**
31st March 2013		0				**0**
31st March 2012		1,982				**1,982**
Total	**124,593**	**40,065**	**3,609**	**6,456**	**2,106**	**176,829**

The value of the Authority's dwelling stock above is net of the nationally set vacant possession discount factor of 34% – see note 4 of the HRA supplementary statement (page 75).

7d. Capital Expenditure and Financing

The amount of capital expenditure incurred in the year was £4,152,000. Details are shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	**82,030**	**83,639**
Capital Investment		
Property, Plant and Equipment	3,535	4,447
Intangible Assets	23	0
Revenue Expenditure Funded from Capital under Statute	594	852
	4,152	**5,299**
Sources of Finance		
Capital Receipts	(31)	(713)
Government grant and other contributions	(381)	(2,205)
Sums set aside from revenue:		
Direct Revenue (Including Reserves)	(3,740)	(1,834)
Minimum Revenue Provision	(2,109)	(2,146)
Impairment and revaluation losses on HRA non-dwellings	0	(10)
	(6,261)	**(6,908)**
Closing Capital Financing Requirement	**79,921**	**82,030**
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)	0	547
Revaluation loss on HRA Non-dwellings	0	(10)
Minimum Revenue Provision	(2,109)	(2,146)
Increase/ (Decrease) in Capital Financing Requirement	**(2,109)**	**(1,609)**
Net capital investment in year excluding finance leases added to Balance Sheet	*4,152*	*5,299*

Minimum Revenue Provision (MRP)

The Council is obliged to make an annual charge to revenue for un-financed capital expenditure. The charge is known as Minimum Revenue Provision (MRP). The requirement is based on a simple duty for an Authority to make an amount of MRP, which it considers to be "prudent". In 2015/16 the Council made MRP of £2,108,939
This is inclusive of £1,249,367 relating to housing debt liabilities taken on by the Council following the introduction in April 2012 of the new Self Financing regime; and £133,849

relating to the Council's liability to repay the principal element on vehicles acquired under finance leases.

7e. Information on Assets Held

The main assets held by the Council are:

Fixed Asset	31-Mar 2016 (Number)	31-Mar 2015 (Number)
Council Dwellings	4,021	4,040
HRA Garages	582	582
Sports Centres and Pools	4	4
Offices and Admin Buildings	3	3
Depots	6	6
Car Parks	24	24
Public Conveniences	22	25
Principal Parks	7	7
Recreation / Play Areas	29	29
Cemeteries	4	4
Industrial / Commercial Sites	8	8
Markets	5	5
Historic Buildings	4	4
	4,719	4,741

Three Public Conveniences have been de-recognised so that only those which are open and available to the public are now recorded in the list above.

7f. Construction Contracts & Capital Commitments

At 31 March 2016, the Council had no construction contracts in progress.

At 31 March 2016 the Council had not entered into any contracts for the construction or enhancement of Property, Plant and Equipment in 2016/17 and future years. At 31 March 2016, commitments of this nature amounted to nil

However, there is one significant project committed in the capital programme with contracts yet to be agreed:

Scheme	Estimated Values	Period Investment will Take Place
Octagon ringbeam replacement at Pavilion Gardens, Buxton	1,600	2016-17

7g. Assets Held under Leases - Authority as the Lessee:

Finance Leases

The Council has acquired a number of sweep, parks and environmental health vehicles under finance leases. The assets acquired under these leases are carried as Vehicles, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2016	31 March 2015
	£000	£000
Vehicles, Plant, Furniture and Equipment	623	690

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

	31 March 2016	31 March 2015
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
• current	145	134
• non-current	411	556
Finance costs payable in future years	121	177
Minimum lease payments	**677**	**867**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	£000	£000	£0	£000
Not later than one year	191	191	145	134
Later than one year and not later than five years	486	597	411	483
Later than five years	0	79	0	73
	677	**867**	**556**	**690**

Operating Leases

As well as some land and property held on operating lease the Authority contract hires its fleet of vehicles and certain items of equipment. The Council acquired a number of housing vehicles under new 3-5 year operating leases during 2015/16. The associated Operating Lease and Contract Hire rentals paid in 2015/16 amounted to £0.165m (£0.145m in 2014/15).

The minimum lease payments due under operating leases in future years are:

	31 March 2016	31 March 2015
	£000	£000
Not later than one year	144	55
Later than one year and not later than five	376	143
Later than five years	999	1,004
	1,519	**1,202**

7h. Assets Held under Leases - Authority as the Lessor:

Operating Leases

The Authority leases out assets under operating leases.

The Council acts as a lessor of commercial property, shops and market stalls. Income from these sources in 2015/16 totalled £0.189m (£0.199m in 2014/15).

The future minimum lease payments receivable under operating leases in future years are:

	31 March 2016 £000	31 March 2015 £000
Not later than one year	54	64
Later than one year and not later than five years	214	213
Later than five years	3,465	3,646
	3,733	**3,923**

The minimum lease payments receivable are at current rental levels.

8. Cash and Cash Equivalents

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

	31 March 2016 £000	31 March 2015 £000
Cash held by the Council	5	5
Bank Current Accounts	2,350	1,494
Short-term deposits	8,017	5,102
Cash and Cash Equivalents Current Assets	**10,372**	**6,601**
Bank Overdraft	(54)	(314)
Cash and Cash Equivalents Current Liabilities	**(54)**	**(314)**
Total Cash and Cash Equivalents	**10,318**	**6,287**

9. Debtors

An analysis of the bodies and individuals owing money to the Council is as below:

	31 March 2016 £000	31 March 2015 £000
Central Government bodies	972	1,490
Other Local Authorities	1,653	2,682
Other entities and individuals	3,044	3,505
LESS Bad Debt Provisions	(823)	(880)
Total Short Term Debtors	**4,846**	**6,797**

10. Creditors

An analysis of the bodies and individuals to whom the Council owes money is as below:

	31 March 2016 £000	31 March 2015 £000
Central Government bodies	(628)	(2,162)
Other local authorities	(2,117)	(2,137)
Other entities and individuals	(3,063)	(2,772)
Short Term Creditors	**(5,808)**	**(7,071)**

11. Usable Reserves

This note sets out the amounts included in Usable Reserves:

	Balance at 1 April 2014 £'000	Transfers out 2014/15 £'000	Transfers In 2014/15 £'000	Balance at 31 March 2015 £'000	Transfers out 2015/16 £'000	Transfers in 2015/16 £'000	Balance at 31 March 2016 £'000
General Fund Contingency Reserve	2,587	(547)	744	2,784	0	44	2,828
General Fund Earmarked Reserve:							
Capital Investment Reserve	703	0	147	850	(742)	0	108
Business Grant Incentive - Crescent Contingency	1,190	(190)	0	1,000	0	0	1,000
Election Reserve	168	0	46	214	(133)	40	121
Local Plan Initiatives	50	0	0	50	(50)	0	0
LDF Inquiry Costs	14	0	0	14	(14)	0	0
Insurance Reserve	477	(2)	50	525	0	0	525
Pension	220	0	0	220	0	0	220
Land Charges	84	0	0	84	0	21	105
Planning Appeals	50	0	50	100	(22)	0	78
Efficiency and Rationalisation	150	0	200	350	(350)	100	100
Localising CTB	85	0	0	85	0	0	85
IT Strategy	0	0	100	100	0	0	100
Regeneration Growth Project Support	0	0	0	0	0	70	70
Asset Health & Safety Requirements	0	0	0	0	0	120	120
WW1 Commemorations	0	0	0	0	0	9	9
Staff Conference	0	0	0	0	0	10	10
Other Earmarked Reserves	776	(186)	90	680	(145)	202	737
Total	**3,967**	**(378)**	**683**	**4,272**	**(1,456)**	**572**	**3,388**
HRA Reserves							
Housing Revenue Account	4,194	0	2,079	6,273	0	2,637	8,910
Major Repairs Reserve	21	0	37	58	0	0	58
Total HRA	**4,215**	**0**	**2,116**	**6,331**	**0**	**2,637**	**8,968**
Capital Reserves							
Capital Receipts Reserve	538	(713)	1,243	1,068	(30)	730	1,768
Capital Grants Unapplied	364	(12)	64	416	(62)	0	354
Total Capital Reserves	**902**	**(725)**	**1,307**	**1,484**	**(92)**	**730**	**2,122**
Total Usable Reserves	**11,671**	**(1,650)**	**4,850**	**14,871**	**(1,548)**	**3,983**	**17,306**

The Council's Revenue Reserves are either held as a contingency or are earmarked for specific purposes.

A brief description of the significant reserves is given below:

Reserve	Nature of Reserve
Earmarked Reserves – Other	These are revenue reserves established on a short term basis for Council and Third Party funds to support future initiatives
Capital Investment Fund	To fund the cost of prudential borrowing.
Business Grant Incentive -Crescent Indemnity Fund	To ensure that the Council has adequate funds to support business development and meet any potential liability, such as that arising out of the works at Buxton Crescent.
Insurance Fund	To cover the cost of uninsured losses, to reduce risks, and to smooth out fluctuations in premium costs.
General Fund Contingency	Both as a contingency and to hold temporary balances to be fed back into the short term budgetary process.
Housing Revenue Account	Resources available to meet future running costs for council houses
IT Strategy	To support the implementation of the Authority's IT Strategy
Pensions Fund	Towards future pension liabilities
Localising Council Tax Benefits	To support the potential costs of localising Council Tax Benefit
Land Charges and Planning Appeals	To cover costs incurred as a result of appeals against Land Charge fees and Planning decisions
Efficiency and Rationalisation	To support the on-going efficiency programme
Local Plan Initiatives	Resources available to expedite the development of the Authority's Local Plan.
Regeneration Growth Project Support	Resources available to support projects to enhance Economic Development within the Borough
Asset Health & Safety Requirements	To help meet the Borough's Health & Saftey commitments
WW1 Commemorations	To fund events marking the anniversary of WW1
Staff Conference	To meet the bi-annual costs

12. Unusable Reserves

The total unusable reserves included on the balance sheet are shown in the table below, and each reserve is explained in more detail:

31 March 2015 £000		31 March 2016 £000
12,181	Revaluation Reserve	20,978
67,232	Capital Adjustment Account	75,374
(2,365)	Financial Instruments Adjustment Account	(2,361)
5	Deferred Capital Receipts Reserve	4
(46,939)	Pensions Reserve	(37,902)
(381)	Collection Fund Adjustment Account	(652)
(136)	Accumulated Absences Account	(104)
29,597	**Total Unusable Reserves**	**55,337**

Revaluation Reserve

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

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

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

2014/15 £000	Revaluation Reserve		2015/16 £000
7,009	**Balance at 1 April**		**12,181**
5,733	Upward revaluations of assets	9,432	
(20)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(12)	
5,713	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		9,420
	Increase(decrease) in asset values		9,420
(541)	Difference between fair value depreciation and historical cost depreciation	(622)	
0	Accumulated gains on assets sold/scrapped/Other Movements	(1)	
(541)	Amount written off to the Capital Adjustment Account		(623)
12,181	**Balance at 31 March**		**20,978**

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 Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2014/15 £000	Capital Adjustment Account	2015/16 GF	2015/16 HRA	2015/16 Total
64,453	**Balance at 1 April**			**67,232**
	Reversal of items relating to capital expenditure debited or credited to the CIES			
(3,314)	• Charges for depreciation of non-current assets	(1,903)	(1,556)	**(3,459)**
(269)	• Impairment	0	(263)	**(263)**
(298)	• Revaluation losses on Property, Plant and Equipment	(32)	(769)	**(801)**
4,497	• Impairment Reversal - Revaluation Gain	160	9,746	**9,906**
(34)	• Amortisation of intangible assets	(19)	0	**(19)**
(852)	• Revenue expenditure funded from capital under statute	(554)	(39)	**(593)**
(1,246)	• Amounts of non-current assets written off on disposal or sale	0	(702)	**(702)**
(3,145)	• Derecognition of non current assets	(100)	(2,736)	**(2,836)**
(4,661)				**1,233**
542	Adjusting amounts written out of the Revaluation Reserve	570	53	**623**
(4,119)	Net written out amount of the cost of non-current assets consumed in the year			**1,856**
	Capital financing applied in the year:			
713	• Use of capital Receipts Reserve to finance new capital expenditure	0	30	**30**
1,432	• Use of Major Repairs Reserve to finance new capital expenditure	0	1,556	**1,556**
571	• Capital grants and contributions credited to the CIES that have been applied to capital financing	309	9	**318**
12	• Applications of grants to capital financing from the Capital Grant Unapplied Account	62	0	**62**
190	• Use of earmarked capital Receipts Reserve to finance new capital expenditure	742	0	**742**
2,146	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	860	1,249	**2,109**
1,834	• Use of HRA Balances to finance new capital	0	1,443	**1,443**
6,898				**6,260**
0	Movements in the market value of Investment Properties debited or credited to the CIES			**26**
0	Other Movements (Finance Lease De -recognised)			**0**
0	HRA Reform Debt Settlement			**0**
67,232	**Balance at 31 March**			**75,374**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term outstanding on the new loan.

2014/15 £000	Financial Instrument Adjustment Account		2015/16 £000
(2,371)	**Balance at 1 April**		(2,365)
0	Premiums incurred in the year and charged to the CIES	0	
6	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	4	
6	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		4
(2,365)	**Balance at 31 March**		(2,361)

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 Authority 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 any benefits earned to be financed as the employer makes contributions to the pension fund (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 Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000	Pension Reserve	2015/16 £000
(37,406)	**Balance at 1 April**	(46,939)
(8,953)	Remeasurement of the net defined benefit liability	9,947
(3,240)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(3,527)
2,660	Employer's pension contributions and direct payments to pensioners payable in the year	2,617
(46,939)	**Balance at 31 March**	(37,902)

Deferred Capital Receipts Reserve

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

2014/15 £000	Deferred Capital Receipts Reserve	2015/16 £000
6	**Balance at 1 April**	**5**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
(1)	Transfer to Capital Receipts Reserve upon receipt of cash	(1)
5	**Balance at 31 March**	**4**

Collection Fund Adjustment Account

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

2014/15 £000	Collection Fund Adjustment Account	2015/16 £000
(137)	**Balance at 1 April**	**(381)**
(244)	Amount by which council tax and business rates income credited to the CIES is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(271)
(381)	**Balance at 31 March**	**(652)**

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, for example 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.

2014/15 £000	Accumulated Absences Account		2015/16 £000
(134)	**Balance at 1 April**		**(136)**
134	Settlement or cancellation of accrual made at the end of the preceding year	136	
(136)	Amounts accrued at the end of the current year	(104)	
(2)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		32
(136)	**Balance at 31 March**		**(104)**

13. Financial Instruments

The Council has carried out an analysis of all its financial assets and liabilities with regard to the Code and the results are set out in the following sections:

a. Categories of Financial Instruments
b. Re-classification
c. Fair Value of Assets and Liabilities
d. Income, Expense, Gains and Losses
e. Impairment Review
f. Risk Analysis

13a. Categories of Financial Instruments

Accounting regulations require that "financial instruments" (investment, borrowing, debtors and creditors of the Council) shown on the Balance Sheet are further analysed into various defined categories. The following categories of financial instrument are carried in the Balance Sheet (inclusive of accrued interest where applicable):

	Long Term		Current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Investments				
Loans and Receivables				
Fixed Deposits	0	0	7,972	7,025
Cash	0	0	10,372	6,601
Total Investments	**0**	**0**	**18,344**	**13,626**
Debtors				
Loans and Receivables	102	138	3,132 *	4,107 *
Total Debtors	**102**	**138**	**3,132**	**4,107**
Borrowings				
Financial liabilities at amortised cost				
Fixed Loans	72,183	81,958	9,777	0
Cash (overdrawn)	0	0	54	314
Total borrowings	**72,183**	**81,958**	**9,831**	**314**
Other Long-Term Liabilities				
PFI and finance lease liabilities	411	556	145 **	134 **
Total other long-term liabilities	**411**	**556**	**145**	**134**
Creditors				
Financial liabilities at amortised cost	0	0	3,597 *	3,088 *
Total Creditors	**0**	**0**	**3,597**	**3,088**

** Current Debtors/ Creditors: the above table includes 'trade' debtors/creditors only, statutory debtors of £2.54m (£3.57m in 14/15) and statutory creditors of £2.07m (£3.848m in 14/15) are excluded. The current debtors figure is also gross of the bad debt provision of £0.8m (£0.88m in 14/15), which is included in the balance sheet.*
*** Current Deferred Liabilities – are included within the creditors figure on the balance sheet*

13b. Reclassification

No financial instruments were reclassified during 2015/16.

13c. Fair Value of Assets and Liabilities

There are no financial assets or liabilities carried in the balance sheet at fair value on a recurring basis. Therefore, all financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors and are carried on the balance sheet at amortised cost. This includes Certificates of Deposit (CDs) which are considered to be fixed investments. Their fair values can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB new borrowing rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures.
- For other market debt and investments prevailing market rates have been used to provide the fair value, i.e. the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- For the valuation and disclosure of fair values of financial assets and liabilities the rates quoted were obtained from Capita Asset Services (the Council's Advisors) using Level 2 Valuations; except for the Certificates of Deposit, for which rates were obtained from King & Shaxson using Level 1 valuations.

The fair values are calculated as follows:

		31-Mar-16		31-Mar-15	
	Fair Value Hierarchy	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and Receivables					
Cash		10,372	10,372	6,601	6,601
Fixed Term deposits excluding CDs	Level 2	5,460	5,464	7,026	7,036
Fixed Term deposits CDs	Level 1	2,512	2,513	0	0
Debtors		3,132	3,132	4,107	4,107
Total		**21,476**	**21,481**	**17,734**	**17,744**
Long Term Debtors		102	102	138	138
Total		**21,578**	**21,583**	**17,872**	**17,882**
Financial Liabilities at Amortised Cost					
PWLB - maturity	Level 2	63,911	73,671	63,910	72,828
Market Loans	Level 2	12,999	17,661	12,998	17,178
Local Authority Loans	Level 2	5,050	5,225	5,050	5,201
Bank overdraft		54	54	314	314
Creditors		3,597	3,597	3,088	3,088
Finance Lease Liability (short-term)		145	145	134	134
Total		**85,756**	**100,353**	**85,494**	**98,743**
Long Term Creditors		411	411	556	556
Total		**86,167**	**100,764**	**86,050**	**99,299**

The fair value of the loans and receivables is £5,453 higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans in the market at the Balance Sheet date. This represents the notional future gain (based on economic conditions at 31 March 2016) attributable to the commitment to receive interest below current market rates.

The fair value of the financial liabilities is £14.6m higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is more than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

The fair value of the Public Works Loan Board (PWLB) loans of £73.7million measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing rates.

However, the Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from markets. A supplementary measure of the additional interest that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £63.9million would be valued at £73.7million. But, if the Authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £85.9million.

The Market loans carrying value on the balance sheet includes an adjustment of £55,000. This is in relation to two of the market loans: both included an initial lower interest rate payable for the first two years of the loan period. The adjustment equalises the interest payable over the entire loan period.

Long-term Debtors

Long-term Debtors include payments due from mortgaged properties and employee car loans. Interest is charged on the principal outstanding on mortgaged properties. This is set according to the Department of Communities and Local Government Standard

National rate, consequently the fair value and carrying value are considered equal. The Authority provides loans for car purchase to 18 employees in the Authority who are in posts that require them to drive regularly on Council business. No interest is charged on the loans. Car loans are carried in the balance sheet at carrying value and no adjustment to the fair value has been made in the table above due to immateriality.

13d. Income, Expense, Gains and Losses

The total gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are illustrated below. The figures include the interest receivable and payable on investments and borrowings in 2015/16.

	2015/16				2014/15			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost £000	Loan & receivables £000	Available for Sale £000	Total £000	Liabilities measured at amortised cost £000	Loan & receivables £000	Available for Sale £000	Total £000
Interest Expense	(3,102)	0	0	**(3,102)**	(3,095)	0	0	**(3,095)**
Total expense in Surplus or Deficit on the Provision of Services	**(3,102)**	**0**	**0**	**(3,102)**	**(3,095)**	**0**	**0**	**(3,095)**
Interest Income	0	199	0	**199**	0	122	0	**122**
Total Income in Surplus or Deficit on the Provision of Services	**0**	**199**	**0**	**199**	**0**	**122**	**0**	**122**
Surplus/Deficit arising on revaluation of financial assets in Other CIES	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net gain/(loss) for the year	**(3,102)**	**199**	**0**	**(2,903)**	**(3,095)**	**122**	**0**	**(2,973)**

Included within the £3.1million interest expense incurred on financial liabilities at amortised cost is the interest payable on finance leases of £57,000. Assets obtained under finance leases are capitalised in the balance sheet and depreciated over the shorter of the lease term and their useful economic lives. The annual lease payments are the allocated between the finance cost and the repayment of the liability so as to produce a constant rate of interest.

Included within the £199,000 interest income received on financial assets loans & receivables is £43,944.50 relating to the 15th distribution from the Icelandic Bank, Heritable. The carrying amounts in the balance sheet of the original Heritable investment were reduced to zero in the balance sheet dated 31st March 2014 as the receipts at that date represented 94% of the original claim amount and no further receipts were anticipated. Therefore, the receipt during 2015/16 is treated as a windfall interest receipt in the 2015/16 accounts.

13e. Impairment Review

An impairment review has been carried out on the Authority's financial assets to assess the likelihood of repayment. The only asset category where impairment has been applied is general trade receivables. The result of which is included in the accounts as the allowance for bad debts (see Note 9). This is based on historical data and an analysis of individual debtors. Current and prior year outstanding debtors are impaired by a determined percentage, except where 100% non-payment is assumed. The allowance is allocated to services based on Debtors outstanding at 31st March 2016 and historical write offs.

13f. Risk Analysis

The Authority'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. Treasury Management and Risk management within the Council is overseen by the Audit & Regulatory Committee.

The Council's central treasury team implements the approved Treasury Strategy and maintains written Treasury Management Practices (TMP) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council also has a Treasury Management Policy in place, which defines the policies and objectives of its treasury activities. The policy statement refers to the identification, monitoring and control of risk as the prime criteria by which the effectiveness of the Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.

Exposure to financial risks are discussed in more detail below:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Authority
- **Liquidity risk** – the possibility that the Authority might not have funds available to meet its commitments to make payments
- **Market risk**– the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates
- **Foreign Exchange risk** – the possibility of exposure to loss arising from movements in exchange rates

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and non-collection, adjusted to reflect current market conditions.

	Amount at 31st March 2016	Historical Experience of Default	Historical Experience adjusted for Market conditions at 31st March 2016	Estimated maximum exposure to default and non-collectability	Estimated maximum exposure at 31st March 2016
	£'000	%	%	£'000	£'000
Deposits with Banks and Financial Institutions	18,339	0.00%	0.00%	0	0
Customers (non-statutory sundry debtors)	3,132	12.00%	12.00%	371	371

The Authority's exposure to credit risk in relation to deposits with banks and financial institutions cannot be assessed generally as the risk of any institution failing to make repayments will be specific to individual institutions. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at 31st March 2016 that this was likely to crystallise.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council. The overdue (greater than 28 days) amount from customers can be analysed by age as follows:

Period Overdue	£	Default Exposure	
Less than three months	18,906	2%	378
Three to six months	45,254	17%	7,693
Six months to one year	65,707	17%	11,170
More than one year	159,664	70%	111,765
TOTAL	**289,531**		**131,006**

Treasury Management – lending criteria

The Council uses the creditworthiness methodology recommended by the Council's Treasury advisors. This has been incorporated into the Annual Investment Strategy, which outlines the minimum criteria, as established by three of the main credit ratings agencies also including current market data. The Strategy also establishes group limits and recognises only institutions in international countries with a 'AAA' (the maximum available) sovereignty rating (excludes the UK).

All investments outstanding as at 31st March 2016 are shown below:

Institution	Country of Domicile	Group / Parent	Principle Amount Invested
National Westminister Bank Plc	UK	Royal Bank of Scotland Group	2,349,695
Royal Bank of Scotland Plc	UK	Royal Bank of Scotland Group	1,500,000
Lloyds Bank Plc	UK	Lloyds Banking Group Plc	2,150,000
Bank of Scotland Plc	UK	Lloyds Banking Group Plc	600,000
Nationwide Building Society	UK	Nationwide Building Society	3,300,000
Money Market Fund	UK	Money Market Fund	4,400,000
Santander UK Plc	UK	Santander UK Plc	2,000,000
Nordea AB	Sweden	Nordea AB	1,000,000
DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	Germany	DZ Bank AG (Deutsche Zentral-Genossenschaftsbank)	1,000,000
Total Prinicpal Invested			18,299,695
Accrued Interest			***39,185***

Liquidity Risk

Investments

The Authority holds £16m in investments as at 31st March 2016. The Treasury Management Strategy establishes limits on investments that can be placed greater than one year, based on the core cash flow forecast. This is to ensure there are sufficient funds available to meet future capital commitments should the Council wish to fund using internal resources.

The in-house treasury team also monitor short-term liquidity on a daily basis to ensure there are adequate funds easily accessible to cover in-year payments such as precepts, salaries, payments to suppliers and central government. The Council has access to short-term funds via an overdraft facility with the NatWest. The maturity analysis of investments held at 31st March 2016 was as follows:

	£
Less than one year	18,300
Between one and two years	0
Between two and five years	0
More than five years	0
TOTAL	**18,300**

Borrowings

The Council has access to a facility to borrow from the Public Works Loans Board and can also borrow from market lenders for longer-term commitments.

The Council has limits in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities is as follows (original principal invested):

Loans Outstanding	On 31 March 2015 £'000	On 31 March 2016 £'000
Public Works Loans Board	63,774	63,774
Market Debt/ LOBO's	12,800	12,800
Local Authority Loans	5,000	5,000
Local bonds	0	0
Total	**81,574**	**81,574**
Maturity Profile:-		
Less than 1 year	0	9,748
Between 1 and 5 years	14,748	5,000
Between 6 and 10 years	4,748	4,748
Between 11 and 20 years	7,496	7,496
Between 21 and 30 years	7,496	7,496
Between 31 and 40 years	23,889	26,889
Between 41 and 50 years	14,397	17,697
Greater than 50 years	8,800	2,500
Total	**81,574**	**81,574**

Market Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its investments and borrowings. Movements in interest rates have a significant impact on the Authority. For example, a rise in interest rates would have the following effect:

- Investments at variable rates – the interest income credited to the Comprehensive Income & Expenditure Statement would increase
- Investment at fixed rates – the fair value of the assets will fall (no impact on the balance sheet as all investments carried at carrying value)
- Borrowing at variable rates – the interest payable charged to the Comprehensive Income & Expenditure Statement would increase
- Borrowing at fixed rates - the fair value of fixed rate financial liabilities will fall (no impact on Balance Sheet as held at amortised cost)

The Council carries out its borrowing and investment function within the parameters set in its Treasury Management Strategy, which establishes interest rate exposure. The Council uses the services of a treasury advisor, who issue regular interest rate forecasts to aid decision making when placing investments, undertaking borrowing, and setting the annual investment income and financing costs budget for the following year. Forecasts are updated and reported to the Audit & Regulatory Committee, which allow any significant changes in interest rates to be reflected in current budget projections.

At 31st March 2016, 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	(51)
Increase in interest payable on variable rate borrowings	0
Impact on Other Comprehensive Income & Expenditure	**(51)**
Decrease in Fair Value of Fixed Rate Borrowings	*(13,645)*
Decrease in Fair Value of Fixed Rate Investments	*(21)*

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

Price Risk

The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the price of shares.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus no exposure to loss arising from movements in exchange rates.

14. Contingent Assets & Liabilities

The disclosures made here are based on FRS12 definitions of contingent assets and liabilities quoted in the Code:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation’s control, or
- a present obligation that arises from past events but is not recognised because:
  - o it is not probable that a transfer of economic benefits will be required to settle the obligation, or
  - o the amount of the obligation cannot be measured with sufficient reliability

Contingent Liabilities

Municipal Mutual Insurance – Scheme of Arrangement

Prior to 1992 the Council was insured by Municipal Mutual Insurance (MMI).When MMI ceased accepting new business in 1992/93 the Council was entered into a Scheme of Arrangement (SOA) under Section 425 of the Companies Act 1985. The SOA was triggered on 13 November 2012 following the conclusion of long running legal proceedings. From that date Ernst & Young LLP became responsible for the management of the company’s business, affairs and assets. An initial levy of 15% (£70,539) was paid in 2013/14. The levy was reviewed in 2015 with the result that a further payment equivalent to 10% (£48,387) is to be made in 2016/17. Annual review of the levy rate is required under the terms of the Scheme and this could lead to the rate being further amended in future, either up or down.

Under the terms of the SOA, the Council now has to meet 25% of any new insurance settlements, relating to its claims, made by MMI. An earmarked Insurance reserve, with a balance of £524,767, is currently available to mitigate the financial pressure created by the MMI levy and any other uninsured losses, which might occur in the future.

At 31 March 2016 the Council’s outstanding liability under the SOA stood at £483,870.

Buxton Crescent and Spa

The Buxton Crescent and Spa project continues to progress – which involves refurbishing the Crescent, Natural Baths and Pump Room in Buxton to create a 5-star spa hotel, boutique scale shops and visitor attraction. The project is now fully funded via a combination of public and private funds; the Authority is not liable to contribute to any additional funding requirement.

Under the terms of the scheme, most of the financial risk associated with the (remote) risk of water contamination has now passed to the developer, Buxton Crescent Hotel & Thermal Spa Co Limited. However, the Council would still be financially liable in the event of water contamination due to works undertaken outside the agreed method statements. Such risks are managed through appropriate mitigation measures.

If the scheme was jeopardised in some way and did not proceed, it is estimated that there would be a potential financial risk of £2,057,500 to the Council over a 5 year period. Estimated costs relate to mothballing costs and ongoing maintenance requirements of the building over the next 5 years (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site).

Planning – Public Inquiries / Judicial Reviews
There continues to be a limited number of Town Green applications that are preventing potential development in the Borough. The modest cost involved in these to date, has been absorbed in the in-year revenue costs of the Authority. There is, however, potential for these costs to escalate in the future, as the legal process develops. It is too early to quantify the likely costs involved, which can be significantly increased if the Council is unsuccessful in defending a Public Inquiry and is held liable for the developers' costs.

Land Charge Property Searches Claims
A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The parties have reached agreement on the claims. The Council has agreed to pay the property search companies legal costs to be subject to detailed assessment by way of costs only proceedings if not agreed. The Council is in discussions with the claimants about the costs aspect of the claim. At present it is not possible to put a final value on these potential liabilities.

Contingent Assets

There are no contingent assets.

15. Events after the Balance Sheet Date

On the 23rd June 2016, the United Kingdom voted to leave the European Union as a result of the referendum. The financial consequences of this on the Council remain uncertain. However, dependent on the economic impact of an EU exit, this may effect the valuation of our assets and liabilities for example, the Council's property portfolio and pension liability. Discussions with Valuers suggest it is extremely difficult to assess any implications at this stage.

Additionally, the EU exit may influence investment and borrowing rates – which has already been apparent from the reduction in the Bank of England base rate in August 2016.

The overall wider impact and any specific changes to Local Government finance will be further assessed within the next iteration of the Council's Medium term Financial Plan.

This Statement of Accounts was authorised for issue on 29th September 2016 by Andrew Stokes, Executive Director & Chief Finance Officer. Events after the Balance Sheet date have been considered up to this date.

Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Enquiries with the Council's Senior Management Team have confirmed that there are no other outstanding legal issues, insurance claims or ombudsman complaints, which are likely to have a significant impact on these financial statements.

16. Notes Relating to the Cash Flow Statement

This note provides further analysis of certain figures used in the Cash Flow Statement;

a. Net Cash Flows from Operating Activities
b. Operating Activities (Interest)
c. Investing Activities
d. Financing Activities

16a. Net cash flows from Operating Activities

2014/15 £'000		2015/16 £'000
4,617	**Net Surplus or (Deficit) on the Provision of Services**	**8,876**
	Adjust net surplus or deficit on the provision of services for non cash movements	
3,314	Depreciation	3,459
(785)	Impairment and downward valuations	(6,007)
34	Amortisation	19
10	Material Impairment losses on Investments debited to surplus or deficit on the provision of services in year	0
0	Adjustments for effective interest rates	0
29	Increase/(Decrease) in Interest Creditors	0
(623)	Increase/(Decrease) in Creditors	1,085
0	(Increase)/Decrease in Interest and Dividend Debtors	4
(2,041)	(Increase)/Decrease in Debtors	2,544
2	(Increase)/Decrease in Inventories	3
580	Pension Liability	842
200	Contributions to/(from) Provisions	197
1,246	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	702
0	Carrying amount of short and long term investments sold	(26)
1,966		**2,822**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(635)	Capital Grants credited to surplus or deficit on the provision of services	(318)
0	Proceeds from the sale of short and long term investments	0
(1,571)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,141)
(2,206)		**(1,459)**
4,377	**Net Cash Flows from Operating Activities**	**10,239**

16b. Operating Activities (relating to Interest)

The cash flows for operating activities include the following items:-

2014/15 £'000		2015/16 £'000
122	Interest received	203
(3,066)	Interest paid	(3,102)

16c. Investing Activities

2014/15 £'000		2015/16 £'000
(4,940)	Purchase of property, plant and equipment, investment property and intangible assets	(4,072)
(8,000)	Purchase of short-term and long-term investments	(17,500)
0	Other payments for investing activities	(93)
1,527	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	1,187
7,500	Proceeds from short-term and long-term investments	16,550
636	Other receipts from investing activities	285
(3,277)	**Net cash flows from investing activities**	**(3,643)**

16d. Financing Activities

2014/15 £'000		2015/16 £'000
3,000	Cash receipts or short and long-term borrowing	0
	Billing Authorities - Council Tax and NNDR Adjustments	(2,431)
1,912	Other receipts from financing activities	0
(5,000)	Cash payments for the reduction of the outstanding liabilities relating to Finance leases	(134)
(164)	Repayments of short and long-term borrowing	0
(252)	**Net cash flows from financing activities**	**(2,565)**

Supplementary Statements

Housing Revenue Account Income and Expenditure Statement

2014/15	HRA Income and Expenditure Statement	2015/16	
£000		£000	£000
	Expenditure		
2,628	Repairs and Maintenance	3,012	
3,143	Supervision and Management	2,942	
154	Rents, Rates, Taxes and Other Charges	114	
(2,742)	Depreciation and impairment of non-current Assets	(7,163)	
54	Debt Management Costs	54	
50	Movement in the allowance for bad debts	40	
3,287	**Total Expenditure**		**(1,001)**
	Income		
(14,747)	Dwelling Rents	(14,978)	
(215)	Non dwelling Rents	(226)	
(322)	Charges for Services and Facilities	(305)	
(105)	Contributions towards expenditure	(110)	
(15,389)	**Total Income**		**(15,619)**
(12,102)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and**		**(16,620)**
299	HRA Services share of Corporate and Democratic Core		299
395	HRA share of other amounts included in whole authority Net Expenditure of Continuing Operations but not allocated to specific services		459
(11,408)	**Net Income/Expenditure of HRA Services**		**(15,862)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
2,734	(Gain) or loss on sale/disposal of HRA non-current assets		2,295
2,193	Interest payable and similar changes		2,201
(24)	HRA Interest and investment income		(41)
(6,505)	**(Surplus)/Deficit for the year on HRA services**		**(11,407)**

Movement on the HRA Statement

2014/15 £000	Movement on the HRA Statement	2015/16 £000	£000
4,194	**Balance on the HRA at the end of the previous reporting period**		**6,273**
6,505	Surplus or (deficit) for the year on the HRA income and Expenditure Statement	11,407	
(4,426)	Adjustments between accounting basis and funding basis under the legislative framework	(8,771)	
2,079	Net increase or (decrease) before transfers to or from reserves	**2,636**	
2,079	Increase or (decrease) in year on the HRA		**2,636**
6,273	**Balance on the HRA at the end of the current year**		**8,909**

Notes to the Housing Revenue Account

1. Background

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

The ring-fence is controlled by Schedule 4 to the Local Government and Housing Act 1989, which specifies the debits and credits to be made to the HRA and excludes any other postings. 2012/13 marked the commencement of the new Self-Financing Regime for the Housing Revenue Account which was introduced by the Localism Act in 2011 and the suite of self-financing determinations issued by the Department of Communities and Local Government in February 2012. This suite of self-financing determinations includes the Item 8 Determination, which sets out capital accounting and capital finance entries under the 1989 Act.

The transactions relating to the HRA have been separated into the two statements reported above:

- The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

- Movement on the HRA Statement - the overall objectives are the same as those for the Movement in Reserves Statement. The statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2. Reconciling items for the Movement on the HRA Statement

2014/15 £000	Note to Statement of Movement on HRA Balance	2015/16 £000
	Adjustments between accounting basis and funding basis under the legislative framework	
121	Difference between interest payable and similar charges including amortisation of premiums & discounts determined in accordance with the code and those determined in accordance with statute	63
4,232	Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with statutory HRA requirements (if any).	8,693
(2,734)	Gain/(Loss) on Disposal of Assets	(2,295)
(271)	HRA share of contributions to or from Pension Reserve	(382)
1,834	Capital Expenditure funded by HRA	1,442
1,470	Transfer to Major Repairs Reserve	1,556
(226)	Transfer to Capital Adjustment Account	(306)
4,426	**Net additional amount required by statute**	**8,771**

3. Housing Stock

Total 2014/15		Pre 1945	1945-1964	1965-1974	After 1974	Total 2015/16
	Traditional					
1,424	Houses and Bungalows	399	828	120	63	**1,410**
	Non Traditional					
1,452	Houses and Bungalows	5	331	974	139	**1,449**
	Flats					
993	Low Rise (1-2 storeys)	46	384	273	288	**991**
171	Medium Rise (3-5 storeys)	14	24	49	84	**171**
4,040	**Total**	**464**	**1,567**	**1,416**	**574**	**4,021**

4. Housing Revenue Account Assets

Movements in 2015/16	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets -HRA £000	Total HRA £000
Cost or Valuation					
At April 2015	**117,608**	**1,921**	**37**	**517**	**120,083**
Additions	2,999	0	0	0	2,999
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	103	156	0	444	703
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	7,329	(47)	0	0	7,282
Derecognition - Disposals	(710)	0	0	0	(710)
Derecognition - Other	(2,736)	0	0	0	(2,736)
At 31 March 2016	**124,593**	**2,030**	**37**	**961**	**127,621**
Accumulated Depreciation & Impairment					
At April 2015	**(1,646)**	**(73)**	**(32)**	**0**	**(1,751)**
Depreciation Charge	(1,470)	(80)	(5)	0	(1,555)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,378	47	0	0	1,425
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	268	0	0	0	268
Impairment reversals recognised in the Surplus/Deficit on the Provision of Services	(263)	0	0	0	(263)
Derecognition- Disposals	8	0	0	0	8
At 31 March 2016	**(1,725)**	**(106)**	**(37)**	**0**	**(1,868)**
Net Book Value					
at 31st March 2016	**122,868**	**1,924**	**0**	**961**	**125,753**
at 31st March 2015	**115,962**	**1,848**	**5**	**517**	**118,332**

Comparative Movements in 2014/15	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets -HRA £000	Total HRA £000
At April 2014	**115,043**	**1,347**	**37**	**485**	**116,912**
Additions	3,267	0	0	0	3,267
Accumulated depreciation and impairment written out to gross cost/valuation	(1,642)	(46)	0	(42)	(1,730)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	45	630	0	74	749
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	4,496	(10)	0	0	4,486
Derecognition - Disposals	(611)	0	0	0	(611)
Derecognition - Other	(2,990)	0	0	0	(2,990)
At 31 March 2015	**117,608**	**1,921**	**37**	**517**	**120,083**
Accumulated Depreciation & Impairment					
At April 2014	**(1,641)**	**(46)**	**(21)**	**(42)**	**(1,750)**
Depreciation Charge	(1,385)	(73)	(11)	0	(1,469)
Accumulated depreciation out to gross cost/valuation	1,348	46	0	0	1,394
Accumulated Impairment written out to gross cost/valuation	294	0	0	42	336
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(269)	0	0	0	(269)
Derecognition- Disposals	7	0	0	0	7
At 31 March 2015	**(1,646)**	**(73)**	**(32)**	**0**	**(1,751)**
Net Book Value					
at 31st March 2015	**115,962**	**1,848**	**5**	**517**	**118,332**
at 31st March 2014	**113,402**	**1,301**	**16**	**443**	**115,162**

The Vacant Possession Value (Open Market Value) of Council dwellings as at 1st April 2015 was £367.775 million (£346.884 at 1st April 2014). In accordance with government guidance, the valuation of council dwellings have been reduced by a regional adjustment factor in recognition of their status as social housing. This reduced factor was 34% (34% in 2014/15). As a consequence the Council recognises council dwellings at a value of £125.044 million (£117.941 million at 1 April 2014) The lower figure shown in the accounts recognises the economic cost to the Government of providing council housing at less than open market rents. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value Social Housing.

The balance sheet value reflects sales of dwellings and depreciation. Council buildings, including Council dwellings, are depreciated over the remaining useful life of the buildings. Depreciation of £1.555 million has been charged. This figure is made up of

£1.470 million for Council Dwellings; £0.080 million for Council garages, shops and other buildings and £0.005 million in respect of vehicles, plant, furniture, and equipment.

2014/15 £000		2015/16 £000
1,385	Depreciation on Housing Revenue Account Dwellings	1,470
73	Depreciation on Housing Revenue Account Other Land and Property	80
11	Depreciation on Housing Revenue Account Vehicle, Plant, Furniture & Equipment	5
1,469	**Total**	**1,555**

The carrying value of the Authority's dwelling stock reduced in the year owing to revaluation losses of £0.772 million and an impairment charge of £0.263 million which was charged to the HRA. Revaluation gains of £9.746 million were credited to the HRA to reverse impairment losses that had been charged to the HRA in previous years. Under statutory requirements, so as not to impact on the surplus or deficit generated by the Authority, the charges were reversed out of the accounts through the Movement on the HRA Statement.

5. Major Repairs Reserve (MRR)

The Major Repairs Reserve is an earmarked fund to which the Council transfers an amount annually to support capital spending on Council dwellings. The reserve is only available for funding major repairs to the housing stock or for repayment of debt. Any sums unspent are carried forward for use in future years.

2014/15 £000		2015/16 £000
21	**Balance as at 1 April 2015**	**58**
1,469	Amount transferred to the Major Repairs Reserve During the year	1,555
0	Amount transferred from the Major Repairs Reseve to the HRA during the year	0
(1,432)	Financing in respect of capital expenditure on land, houses and other property within the Authority's HRA	(1,556)
58	**Balance as at 31 March 2016**	**57**

6. HRA Capital Expenditure and Financing

2014/15 £000		2015/16 £000
	Capital Expenditure	
0	Revenue Expenditure Funded from Capital Under Statute	39
3,267	Council House Repair & Modernisation	2,999
3,267		**3,038**
	HRA Capital Expenditure Financed by :	
0	Grants and Contributions	9
1	Usable Capital Receipts	31
1,834	Revenue Contributions	1,442
1,432	Major Repairs Reserve	1,556
3,267	**Total**	**3,038**

7. Housing Capital Receipts

2014/15 £000		2015/16 £000
885	Right to Buy Council Sales	1,143
1	Council Mortgages	1
0	Right to Buy Council Sales - Release of Covenant	24
886	**Total Receipts**	**1,168**

The Authority has to pay a portion of the receipts from the sale of council houses into a government housing pool on the basis that the original cost of the housing would have been partly paid by government grant. In 2015/16, the pooling payment made was £0.413 million. New guidance in 2012/13 enabled local authorities to retain further amounts of right to buy receipts upon agreement with Department of Communities and Local Government (DCLG). These funds must be spent on the provision of new build dwellings and at the end of 2015/16 amounted to £0.636 million

8. HRA Revenue Funded from Capital Under Statute

Revenue Funded from Capital Under Statute is created when expenditure has been incurred on items that are not capitalised as non-current assets and have been financed from capital resources. Revenue Expenditure Funded from Capital Under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. There was £0.039 million of expenditure of this nature in 2015/16.

9. Housing Revenue Account Subsidy

In April 2012, following Government legislation (Localism Act 2011), a new self-financing regime for the Housing Revenue Account was introduced. As a result the Housing subsidy system was terminated and the Council took on £37.481 million in new loans to settle its liability to the Government. No further payments in respect of housing subsidy will therefore be made by the Council

Under the self-financing regime the Council now maintains a rolling thirty year financial plan for its social housing stock to ensure that the stock portfolio remains financially viable.

10. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, void properties equated to 1.227% of the gross rent debit. Average rents were £72.22 (exclusive of other charges) a week in 2015/16, an increase of £1.57 or 2.2% over the previous year.

11. Rent Arrears and Provisions for Bad Debts

During the year 2015/16 gross rent arrears as a proportion of gross debit have increased from 1.67% of the amount due to 1.93%.

Former tenants' arrears of £25,010 were written off during the year. A contribution of £40,234 to the Provision for Bad Debts was made during the year.

Balances at 31 March are as follows:

2014/15 £000		2015/16 £000
261	Rent Arrears	307
86	Provision for Bad Debt- Rents	101

12. Exceptional or Prior Year Items

There are no prior year adjustments in 2015/16.

Collection Fund Account

The Collection Fund Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authorities in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2014/15				2015/16		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
			Income			
	(24,398)		Income due from Business Rates Payers		(24,246)	
	(87)		Transitional Protection Payments for Business Rates		0	
(44,540)			Income due from Council Tax Payers	(46,137)		
(44,540)	**(24,485)**	**(69,025)**	**Total Income**	**(46,137)**	**(24,246)**	**(70,383)**
			Expenditure			
			Preceptors			
	12,052		Central Government		12,220	
31,849	2,169		Derbyshire County Council	32,692	2,200	
4,934			Derbyshire Police Authority	5,065		
1,984	241		Derbyshire Fire & Rescue Authority	2,036	244	
5,574	9,642		High Peak Borough Council	5,611	9,776	
		68,445				**69,844**
			Distribution of Previous Year Surplus /(Deficit)			
	(109)		Central Government		(88)	
318	(20)		Derbyshire County Council	153	(16)	
49			Derbyshire Police Authority	24		
20	(2)		Derbyshire Fire & Rescue Authority	9	(2)	
57	(88)		High Peak Borough Council	27	(70)	
		225				**37**
			Charges to the Collection Fund			
			Transitional Protection Payments for Business Rates		5	
228	169		Write Offs of uncollectable amounts	95	333	
(35)	273		Increase/(Decrease) in Impairment Allowance	5	(256)	
	(216)		Refunds Charged to Provision for Appeals		(141)	
	710		Increase/(Decrease) in Provision for Appeals		713	
	135		Cost of Collection Allowance		135	
		1,264				**889**
44,978	**24,956**	**69,934**	**Total Expenditure**	**45,717**	**25,053**	**70,770**
438	**471**	**909**	**Movement on Fund Balance in year**	**(420)**	**807**	**387**
(401)	473	72	(Surplus)/ Deficit on Fund Brought forward	37	944	981
37	**944**	**981**	**(Surplus)/Deficit on Fund Carried Forward**	**(383)**	**1,751**	**1,368**

Notes to the Collection Fund Accounts

1. Non-Domestic Rates (NDR)

From 1st April 2013 Central Government introduced the Business Rates Retention Scheme. Where previously Business Rates collected by Local Authorities were paid over to Central Government as part of a National Pool, under the retention scheme 40% of the Business Rates is now retained by the Council; 50% is paid to Central Government, 9% to the County Council, and 1% to the Fire & Rescue Authority.

Central Government continues to set a National Non-Domestic Rate Multiplier and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their Rateable Value by that amount, adjusted by any applicable reliefs or exemptions.

2014/15		2015/16
£60,499,111	Total Non- Domestic Rateable Value at Year End	£60,772,277
48.2p	National Non-Domestic Rate Multiplier	49.3p

2. Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by County Council, Police Authority, Fire & Rescue Authority and this Council, and dividing this total figure by the Council Tax Base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	Number of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2014/15	2015/16	2014/15	2015/16
Band A	6	8,416	8,426	3,130	3,134
Band B	7	12,671	12,718	7,362	7,427
Band C	8	8,619	8,630	6,495	6,530
Band D	9	4,676	4,693	4,173	4,210
Band E	11	3,604	3,615	4,045	4,084
Band F	13	2,054	2,069	2,770	2,785
Band G	15	824	822	1,275	1,267
Band H	18	46	47	59	65
Total		**40,910**	**41,020**	**29,309**	**29,502**
Deduction for non-collection				(322)	(325)
Additional properties and adjustments during the year				0	0
Council Tax Base (Band D equivalent)				**28,987**	**29,177**

3. The Fund Balance

Prior to the end of each year, the year-end surplus or deficit on the Collection Fund for both Council Tax and Business Rates is estimated in order that it can be distributed amongst the billing and precepting authorities along with the Precepts for the coming year. The declaration has to be made on 15 January each year for Council Tax and 31 January for Business Rates. The estimated surplus/deficits declared for the 2014/15 year were a £212,640 surplus for Council Tax and a deficit of £175,862 for Business Rates, both of which have been distributed in 2015/16.

For Council Tax, the estimated surplus was apportioned amongst the Preceptors in proportion to the value of their respective demands and precepts made on the Collection Fund for 2015/16. For Business Rates, the estimated deficit was apportioned using the prescribed proportions of 50% (Central Government), 40% (Billing Authority), 9% (County Council), and 1% (Fire Authority).

2014/15 Council Tax	2014/15 Business Rates		2015/16 Council Tax Precept	2015/16 Business Rates Precept	Distribution of Council Tax Estimated Surplus / (Deficit)	Distribution of Business Rates Estimated Surplus / (Deficit)	2015/16 Council Tax Total	2015/16 Business Rates Total
£000	£000	**Precepting Authorities**	£000	£000	£000	£000	£000	£000
	11,943	Central Government		12,220		(88)		12,132
32,167	2,149	Derbyshire County Council	32,692	2,200	153	(16)	32,845	2,184
4,983		Derbyshire Police Authority	5,065		24		5,089	
2,004	239	Derbyshire Fire & Rescue Authority	2,036	244	9	(2)	2,045	242
39,154	**14,331**		**39,793**	**14,664**	**186**	**(106)**	**39,979**	**14,558**
		District & Town/ Parish Councils						
5,113	9,553	High Peak Borough Council	5,093	9,776	27	(70)	5,120	9,706
181		New Mills Town Council	181				181	
103		Chapel-en-le-Frith Parish Council	103				103	
234		Parish Councils	234				234	
5,631	**9,553**		**5,611**	**9,776**	**27**	**(70)**	**5,638**	**9,706**
44,785	**23,884**		**45,404**	**24,440**	**213**	**(176)**	**45,617**	**24,264**

On the 2015/16 Collection Fund, the accounts record an in-year surplus of £422,000 for Council Tax and an in-year deficit of £807,000 for Business Rates. The balance at 31 March 2016 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting Authorities' debtor and creditor accounts and those of the billing Council as follows:

2014/15			2015/16			
Council Tax Cummulative Surplus /(Deficit)	Business Rate Cummulative Surplus /(Deficit)		Council Tax In Year Surplus/ (Deficit)	Business Rate In Year Surplus/ (Deficit)	Council Tax Cummulative Surplus /(Deficit)	Business Rate Cummulative Surplus/ (Deficit)
£000	£000		£000	£000	£000	£000
	(471)	Central Government		(404)		(875)
(28)	(85)	Derbyshire County Council	303	(73)	275	(158)
(4)		Derbyshire Police Authority	48		44	
(1)	(10)	Derbyshire Fire & Rescue Authority	19	(8)	18	(18)
(4)	(377)	High Peak Borough Council	52	(322)	48	(699)
(37)	**(943)**	**Balance at 31 March**	**422**	**(807)**	**385**	**(1,750)**

The Council Tax cumulative surplus amounts attributable to the County Council, Police Authority and Fire & Rescue Authority above are shown as creditors in the 2015/16 Balance Sheet; the Business Rates cumulative deficit amounts attributable to Central Government, the County Council and Fire & Rescue Authority above are shown as debtors in the 2015/16 Balance Sheet.

4. Council Tax & Non-Domestic Rates Income reported on the Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement includes income from Council Tax & Non-Domestic Rates in "Taxation and Non-Specific Grant Income & Expenditure"; this is further detailed in Note 3c in the Notes to the Financial Statements. A reconciliation between the income as reported in the Collection Fund Statement and Notes and that shown in Note 3c follows.

2014/15			2015/16	
Council Tax	Business Rates		Council Tax	Business Rates
£000s	£000s	**Note 3c Taxation and Non-Specific Grant Income**		
(5,575)		Council Tax Income	(5,690)	
	(1,867)	Non-Domestic Rates Retention		(2,014)
(5,574)	(9,641)	HPBC Precept	(5,611)	(9,776)
(57)	88	HPBC Share of (Surplus)/ Deficit Distributed in the Year	(27)	70
56	188	HPBC Share of actual (Surplus)/ Defict recorded at 31st March	(52)	323
	444	NDR Levy paid to Central Government		
	0	NDR Levy paid to the Business Rates Pool lead, Derbyshire City Council*		180
	7,054	NDR Tariff **		7,189
(5,575)	**(1,867)**	**Total**	**(5,690)**	**(2,014)**
0	**0**	**Variance**	**0**	**0**

* Under the Business Rates Retention system, the NDR levy is a charge on a proportion of growth above the Business Rates Funding Baseline in the year. This is a charge to the General Fund and as such does not feature in the Collection Fund Statement. As a member of a Business Rates Pool in 2015/16, the Council does not have to pay this levy to Central Government, but instead pays the levy to Derby City Council as the Lead of the Business Rates Pool for re-distribution according to the Pool agreement.

** The NDR Tariff is the difference between the NDR Baseline and the Funding Baseline, which are set by Central Government as part of the Budget. It is paid to Central Government during the year out of the General Fund and as such does not feature in the Collection Fund Statement.

5. Community Charge

It should be noted that outstanding arrears in respect of Community Charge are still being collected and these amounts are credited directly to the Council's General Fund.

Accounting Policies

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. Those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice (SeRCOP) 2015/16, supported by International Financial Reporting Standards (IFRS).

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

2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority 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 Authority.
- 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.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. 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 Authority's financial performance.

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority'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.

6. Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [MRP or loans fund principal], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in

Reserves Statement for the difference between the two.

7. Employee Benefits

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

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for restructuring.
Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits
Employees of the Authority are members of The Local Government Pensions Scheme, administered by Derbyshire County Council.
The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme
The Derbyshire Pension Fund is part of the Local Government Scheme, and is accounted for as a defined benefits scheme:

- The liabilities of the Derbyshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary (based on the indicative rate of return on high quality corporate bond).
- The assets of Derbyshire Pension Fund attributable to the Authority are included in the Balance Sheet at fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.

The change in the net pensions liabilities 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - net interest on the net defined benefit liability (asset) – i.e. the net asset expense for the Authority – 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 and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
    - the return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Derbyshire 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits
The Authority 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.

8. 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.

9. Financial Instruments

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.
For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.
Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income & Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.
Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets
Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – 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 Authority 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 Authority 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.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

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

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.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

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

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 31 March. Resulting gains or losses are recognised in the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

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

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

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

11. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority 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 Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority’s goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority 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.

12. Interests in Companies and Other Entities

Council has no interests in any companies and other entities.

13. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.
The cost of inventories is assigned using the First In First Out [FIFO] costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

14. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are 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.

15. Leases

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

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

Arrangements that do not have the legal status of a lease but convey 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 Authority 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 Authority 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 (where applicable–may not be a finance charge e.g. leases in regard to land.)

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 Authority at the end of the lease period).

The Authority 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 Authority as Lessor:

Finance Leases

Where the Authority 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 Authority'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 in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

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

16. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16

(SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

17. 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 are expected to be used during 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 Authority and the cost of the item can be measured reliably. 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). 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 Authority.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.
Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.
Where increases in value are identified they are accounted for by:

- credits to the Revaluation Reserve to recognised unrealised gains.
- Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service

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

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

Impairment

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 Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. (see Componentisation below)

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 losses previously 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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. A proportion of capital receipts relating to housing disposals (net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Componentisation

A formal Componentisation policy has been adopted in accordance with the requirements of International Reporting Standards effective from 2010/11. The policy applies to all categories of Property, Plant and Equipment which meet the following criteria:

- Individual assets and groups of similar assets, whether held at historic cost or current cost, with a gross carrying value of £800,000 and above will be considered for the purposes of componentisation.
- Items below this level will be disregarded as the impact upon the total cost of service is not considered material.
- Assets that are above the £800,000 threshold will be ‘componentised’ where the cost of the component is significant in relation to the overall cost of the asset. A component will be deemed significant where it represents 20% of the total cost of the overall asset at the time of acquisition

or construction and where the component element has a significantly different useful life and/or method of depreciation to the main asset.

Derecognition
When a component is replaced or restored the old component should be "derecognised" (written off) to avoid double counting. Under the Code, derecognition is required to ensure the asset carrying values are not materially overstated. To this end the following principles will be applied when calculating derecognition values:

Council Dwellings
For valuation purposes the housing stock has been separated into 90 "Beacon" Groups with each having a property that has been identified as representative of the rest. An annual valuation of the housing stock is performed using the Beacon properties as representative of the entire population. The Council owns around 4,000 such dwellings, representing an average individual Carrying Value of £30,000.

As the average carrying value of housing stock is both small and not calculated by individual property, there is no practical benefit in separately identifying and valuing the components that make up each individual house. Council Dwellings will therefore only be valued with Land and Buildings identified as separate components.

General Fund Assets (GF)

- The component does not need to have been separately identified under the above policy
- All spending on assets valued at over £800,000 will be considered for de-recognition
- On assets valued at under £800,000, only capital spending greater than £160,000 (20%) will be considered for de-recognition
- On all assets, capital spending lower than £160,000 will be treated as an enhancement without any de-recognition.

Council Dwellings (HRA)

- The HRA Capital Programme will be reviewed to identify any instances when all dwellings in a Beacon Group have been modified or enhanced in the year so that de-recognition can be considered.
- In all other cases, capital spending will be regarded as maintaining the average values across all Beacon Groups and will be 100% de-recognised at cost.

Determining De-Recognition Values (GF and HRA)

- De-recognition will be based on valuations of the replaced component provided by Property Services; or
- Where no valuations are readily available, replacement cost will be used, adjusted for appropriate levels of depreciation and impairment.

Note: all assets will be considered separately for an Impairment Review in accordance with the Code.

18. Provisions, Contingent Liabilities and Contingent Assets

Provisions
Provisions are made where an event has taken place that gives the Authority 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 Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority 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 authority settles the obligation.

Contingent Liabilities
A contingent liability arises where an event has taken place that gives the authority 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 authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.
Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets
A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.
Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

19. Reserves
Equate to the residual value of the Authority's assets after deducting all its liabilities. They are reported on the Balance Sheet under two categories:

Usable Reserve

The Authority 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.

Unusable Reserves

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 Authority. They are of two kinds:

a) Those that hold unrealised gains and losses. Arising from changes in Asset or Liability valuation, where gains/ losses will only be released once the Asset/ Liability is disposed of.
b) Adjustment accounts that carry a balance reflecting the timing difference between income and expenditure as recognised under accounting standards and that required under statute.

These reserves, explained in the relevant policies and Statement notes, are Revaluation Reserve [(a) *capital*]; Deferred Capital Receipts Reserve [(b) *capital*]; Capital Adjustment Account [(b) *capital*]; Pensions Reserve [(b) *employees*]; Accumulated Absences Account (b); *Financial Instrument* Adjustment Account (b); Collection Fund Adjustment Account (b).

20. 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 Authority 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.

21. 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.

22. Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.

The Council holds a range of Heritage Assets;

- Civic Regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of Mayor (including deputies and consorts).
- Art Collection - a small collection, which has been donated from various sources over a number of years.
- Civic Memorabilia – items, commemorative in nature, that have been donated to the Council.
- Legal Documents – a number of historical legal documents.
- Monuments, Memorials, Statues and Other Assets – the Council either owns or is custodian for a range items (e.g. fountains, wells etc.) considered significant to the heritage of the borough.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

Both the Civic Regalia and Art collections are held on the Balance Sheet at Insurance Value which is based on market value. It is considered that they have an indefinite life and therefore Depreciation is not charged. The Art Collection is specifically maintained and preserved in its original condition.

In addition, both collections are annually reviewed in order to establish if carrying values remain current and if impairment is required. For security reasons, the Council does not publicly reveal precise details of either its Civic Regalia or the Art Collection.

Information on cost or value is not usually held on the remaining Heritage Assets and the Council considers that the cost of obtaining valuations tend not to be commensurate with the potential benefits to the users of the Statement of Accounts. Therefore these assets are rarely included on the face of the Balance Sheet. However, an annual review of such assets is undertaken to ensure that this assumption remains valid.

23. Accounting for Council Tax

The collection of Council Tax by the Authority from Council Tax payers is shared proportionately amongst the Authority and its major preceptors. Based on the precepts set in the budget each year, each preceptor's share is paid out on account during the year. The difference between this precept amount and the position as at 31 March is held as a creditor or debtor on the Authority's Balance Sheet.

The Authority's own precept net of the distribution of the prior year surplus/ deficit is credited to the Comprehensive Income and Expenditure Statement along with the difference between the precept and the year end position, i.e. the current year surplus/ deficit. This current year surplus/ deficit is then required by regulation to be moved to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Collection Fund shows the accrued Council Tax income for the year based on the year end position, the distribution of the prior year surplus/ deficit and the associated expenditure to the preceptors along with the allowable charges on the Collection Fund: Write offs of uncollectable amounts and the change in the impairment allowance.

24. Account for Non-Domestic Rates (NDR)

The collection of Non-Domestic Rates by the Authority from NDR payers is shared proportionately amongst the Authority, its major preceptors and the Government. Based on the NNDR1 return to DCLG, which sets the precept for the year, each preceptor's share is paid out on account during the year. At the end of each financial year an NNDR3 return is completed that reports the actual amounts collectable. The difference between the NNDR1 precept amount and the NNDR3 balance as at 31 March is held as a creditor or debtor on the Authority's Balance Sheet.

The Authority's own precept from the NNDR1 net of the distribution of the prior year surplus/ deficit is credited to the Comprehensive Income and Expenditure Statement along with the difference between the NNDR1 and NNDR3 balance, i.e. the current year surplus/ deficit. This current year surplus/ deficit is then required by regulation to be moved to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The Collection Fund shows the accrued NDR income for the year based on the NNDR3, the distribution of the prior year surplus/ deficit and the associated expenditure to the preceptors and the Government along with the allowable charges on the Collection Fund: Cost of collection, Write offs of uncollectable amounts and the change in the impairment and appeals allowances.

25. Fair Value Measurement

The Authority measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement day. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Glossary of Financial Terms

Accounting Policies
Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statement.

Accounting Period
This is the length of time covered by the accounts. It is normally a period of 12 months commencing 1st April. The end of the accounting period is the reporting date.

Accruals
The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which they were earned or incurred, and not in the period in which any cash is received or paid.

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

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

Asset
An asset is something that the Council owns that has a monetary value. Assets are either 'current' or 'non-current'. A current asset will be used by the end of the next financial year, whereas a non-current asset provides benefits for a period of more than one year.

Balance Sheet
A snapshot of the overall financial position of the Council at the reporting date.

Balances
Reserves held in Council funds at the reporting date.

Capital Adjustment Account
Provides a balancing mechanism between the cost of non-current assets consumed and the capital financing set aside to pay for them. (Introduced by the 2007 SORP (Statement of Recommended Practice), it replaced the Capital Financing Account.)

Capital Charges
The depreciation charge covering non-current assets used in the provision of services.

Capital Expenditure
Spend on the acquisition of non-current assets or expenditure which adds to and does not merely maintain existing assets.

Capital Receipts
Income received from the sale of capital assets, a specified proportion of which may be used to finance new capital expenditure and the remainder is set-aside and may only be used for paying off debt.

Carrying Value
The value at which an asset or liability is held on the Balance Sheet.

Cash Flow Statement
This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Chartered Institute of Public Finance and Accountancy (CIPFA)
The professional accountancy body concerned with local authorities and the public sector.

Collection Fund
Fund indicating the level of Council Tax and Non-Domestic Rates received by the Council and the payments which are made from these funds including precepts to Central Government, other authorities and the Council's own demand.

Community Assets
Assets which the Council 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.

Consistency
Accounting concept applied in the preparation of the accounts, ensuring that the accounting treatment of like items within a period and from one period to the next is the same.

Contingent Assets & Liabilities
Possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Creditors *(Payables)*
Amounts owed by the Council for goods and services, where payments have not been made at the reporting date.

Current Assets
Items that can be easily converted into cash.

Current Liabilities
Item due immediately or in the short-term.

Debtors *(Receivables)*

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Depreciation

Measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use over time or obsolescence through technological or other changes.

Earmarked Reserves

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees and Charges

Income earned arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amount to substantially all of the fair value of the leased asset.

International Financial Reporting Standards (IFRSs)

A suite of accounting standards used across the world and prepared by the International Accounting Standards Board (IASB). IFRS is the international equivalent of the Financial Reporting Standards (FRSs) formerly used in the UK. IFRSs apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Instrument

These are contracts that give rise to a financial asset of one entity and a financial liability of another. Examples include trade payables and receivables, borrowings, investments, loans and bank deposits.

Financial Year

A period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

General Fund (GF)

The main revenue fund of a billing Authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account (HRA).

Going Concern

The accounting concept that assumes the Council will remain in operational existence for the foreseeable future. This means in particular that the income & expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by government and inter-government agencies and similar bodies, in the form of cash or transfer of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Heritage Asset

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)

Local authorities are required to maintain this separate account to record the expenditure and income arising from the provision of housing. All other services are charged to the General Fund.

Impairment

The writing down in the value of an asset, owing to a change in market value use of resource.

Income & Expenditure Account

The Income & Expenditure Account summarises the resources that have been generated and consumed in providing services and managing the Council during the year.

Infrastructure Assets

Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of such assets are highways and footpaths.

Intangible Assets
Are non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the Authority through custom or legal rights. Examples of such assets are software licences.

Investment Properties
Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both rather than the use in the production or supply of goods or services or for administrative purposes; or the sale in the ordinary course of operations.

Joint Venture
Arrangement under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns required the unanimous consent of the parties sharing control, and joint venturers have the rights to the net assets of the arrangement.

Leasing
Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for property in the asset to transfer to the Authority.

Liability
A present obligation of the Authority, settlement of which is expected to require the outflow of resources such as cash or the provision of a service.

Long-Term Investments
An investment intended to be held for the medium or long-term and will not be capable of realisation within a year of the reporting date.

Long-term Debtors
Monies due to the Council which are unlikely to be recovered within a 12-month period, for example mortgage debts.

Minimum Revenue Provision (MRP)
Minimum amount which must be charged to an Authority's revenue account each year for the repayment of principal and set aside as a provision for credit liabilities.

Net Book Value
Amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

New Homes Bonus
A reward grant paid to Local Authorities based on the number of new homes built or brought back into occupation. A premium is paid for affordable homes included in these numbers.

Non-Current Assets
Assets that yield benefits to the local Authority and the services it provides for a period of more than one year.

Non-Domestic Rates (NDR)
Amounts payable to local authorities from non-domestic properties. From 01 April 2013 Central Government introduced the Business Rates Retention Scheme, under which Business Rates income is distributed amongst preceptors: 50% is paid to Central Government; 9% to the County Council; 1% to the Fire Authority; and 40% is retained by the Council. The multiplier continues to be set nationally.

Non-Operational Assets
Non-current assets held by a local Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases
A lease other than a finance lease.

Operational Assets
Non-current assets held and occupied, used or consumed by the local Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Events after the Reporting Period
Events, both favourable and unfavourable, which occur between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept
Demands made upon the collection fund by Central Government and other authorities (Derbyshire County Council, Derbyshire Police Authority, Derbyshire Fire Authority and Town & Parish Councils) for the services they provide.

Provisions
Amounts set aside where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of

economic benefits or service potential. The best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Prudence

An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Framework

The Prudential Framework replaced the credit approval mechanism previously used by central government to control borrowing for capital expenditure. Local authorities are now allowed to determine their own capital programmes according to prudent assessments of affordability. Authorities must set their spending plans in accordance with the CIPFA Prudential Code.

Reserves

Sums set aside to meet future expenditure on specific purposes.

Revaluation Reserve

A capital reserve that records net gains (if any) from revaluations of assets made after 1 April 2007. (introduced by the 2007 SORP, it replaced the Fixed Asset Restatement Account).

Revenue Expenditure

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure classified as capital which does not result in a non-current asset being carried on the Balance Sheet. This would include capital grants or renovation grants to private persons.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure, becoming less significant as its level is reduced as part of the Government austerity programme.

Section 106 (S106)

This section of the Town and Country Planning Act 1990 enables legal agreements between planning authorities and a developer where on being granted a planning application the latter may be obliged to provide additional funding for specified services.

Service Reporting Code of Practice (SeRCOP)

Sets out proper practice with regard to consistent financial reporting below the Statement of Accounts level.

Short-term Investments

An investment that is capable of realisation within a year of the reporting date.

Soft Loan

Loans made for policy reasons rather than as financial instruments. Commonly made to local and voluntary sector bodies that undertake activities considered beneficial to the community. They may be interest free or below prevailing market rates.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or the undertaking of the activity. Gross total costs includes employees costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned in accordance with CIPFA's SeRCOP.

Usable Capital Receipts Reserve

Distinguishes the amounts in the reserve from any capital receipts that have been posted to the Capital Adjustment Account to reduce the Authority's underlying requirement to borrow.

Useful Life

Period over which the Local Authority will derive benefits from the use of a non-current asset.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGH PEAK BOROUGH COUNCIL

We have audited the financial statements of High Peak Borough Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Executive Director (Chief Finance Officer) and auditor

As explained more fully in the Statement of the Executive Director (Chief Finance Officer) Responsibilities, the Executive Director (Chief Finance 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 2015/16, which 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 Executive Director (Chief Finance Officer); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement 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:

- present a true and fair view of the financial position of the Authority as at 31 March 2016 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 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its 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 20(1)(c) of the Act to be satisfied that the Authority has made 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 the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. 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 has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

Phil W Jones

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

The Colmore Building
20 Colmore Circus
BIRMINGHAM
B4 6AT

29 September 2016