STATEMENT OF ACCOUNTS
2014 / 2015

Stafford
BOROUGH COUNCIL

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CONTENTS

Explanatory Foreword

This Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK 2014/15, which requires that it presents a true and fair view of the financial position of Stafford Borough Council for the year ended 31 March 2015.

This Statement of Accounts contains several statements and these are summarised below:

Explanatory Foreword	This document is presented as a foreword to the Statement of Accounts to fulfil a similar purpose to a directors' report in company accounts. It provides a guide for the reader of the accounts to the most significant aspects of the Council's financial performance, year-end financial position and cash flows.
Statement of Responsibilities for the Statement of Accounts	This statement sets out the responsibilities of the Council and the Chief Financial Officer (the Head of Finance) in respect of the Statement of Accounts.
Movement in Reserves Statement	This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease in net worth as a result of: • incurring expenses and generating income; • movements in the fair value of the Council's assets; and • movements between reserves according to statutory provisions.
Comprehensive Income and Expenditure Account	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice.
Balance Sheet	This statement summarises the Council's financial position as at 31 March each year. It shows the value of the assets and liabilities recognised by the Council and how they have been financed.
Cash Flow Statement	This statement summarises the flows of cash that have taken place into and out of the Council's bank accounts over the financial year.
Notes to the Account	Notes are provided to assist in the interpretation of the accounts (for example the first note details the Council's Accounting policies), to provide further disclosures required by the Code of Practice and to provide additional information that is not presented elsewhere that will help the reader to understand the accounts.
Collection Fund	As a billing authority, the Council is required to provide this statement which summarises the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates.
Glossary	Explains the technical terms contained within the Statement of Accounts.

Explanatory Foreword

Local Authority accounts are prepared on an International Financial Reporting Standards (IFRS) basis. IFRSs are a suite of accounting standards used across the world that are seen as best practice and allow for international comparisons to be made. The statements that follow the explanatory foreword have therefore been prepared on an IFRS basis.

The **Movement in Reserves Statement** on page 15 reveals that the Council's usable reserves have increased from £13.380 million on 31 March 2014 to £15.414 million on 31 March 2015; an increase of £2.034 million.

Usable reserves have increased primarily as a result of the timing adjustment in relation to the accounting for Business Rates (£1.276 million) and additional net capital resources (£0.636 million) received in the year. The surplus of revenue income over expenditure in the year amounted to £0.116 million.

A new earmarked reserve has been established to cover the Council's liability for the loss on the Business Rates collection fund resulting from a material increase in business rates appeals lodged with the Valuation Office Agency (£1.276 million). The true position of the Council is reflected in the Income & Expenditure account, with the earmarked reserve being set aside to offset the notional deficit in the collection Fund. The net Earmarked Usable Reserves amounts to £9.440 million with the increase in year of £0.369 million partly reflecting the increase in reserves set aside to fund the Council's capital expenditure plans (£0.568 million).

The **Comprehensive Income and Expenditure Account** on page 17 reveals a decrease in the net cost of services year on year of £2.303 million (2014/15 £14.767 million and 2013/14 £17.070 million). This is primarily as a result of a year on year increase in income across the Council's main income streams of £0.741 million, combined with reductions in the capital transactions required to be charged to the cost of services in the year of £1.853 million. A detailed analysis of the variations is contained in note 5 page 34 of the Statement of Accounts.

The Council's share of the net liabilities of Staffordshire County Council's pension fund increased in the year primarily as a result of losses arising from changes in the fund actuary's financial assumptions (2014/15 £2.728 million and 2013/14 2013/14 -£1.894 million).

Overall, an increase in comprehensive income and expenditure of £3.173 million was recorded in 2014/15 (2014/15 £3.599 million and 2013/14 £0.426 million).

The actual income and expenditure for the Council for 2014/15 shows an increase in the General Fund balance from £1.885 million to £2.001 million as shown on page 15 in the Movement in Reserves Statement.

The £3.531 million increase in the Council's share of the net liabilities of Staffordshire County Council's pension fund in the year (2014/15 £49.286 million and £2013/14 £45.755 million) as a result of losses arising from changes in the fund actuary's financial assumptions is the biggest change to report in relation to the Councils **Balance Sheet** (page 18).

It should be noted that the pension's changes do not impact upon the financial position of the Council, since the deficit will be made good by increased contributions over the remaining working lives of employees.

The **Cash Flow Statement** on page 19 summarises flows of cash in and out of the Council's bank accounts. The change in the value of cash and cash equivalents year on year (£4.415 million) relates primarily to changes in investing and financing activities detailed in notes 27 and 28 on page 52.

Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2014/15, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met from central government funds and from income derived from the Council Tax and Business Rates payers within the Borough.

The Government provides a major source of income in the form of general and specific grants. Band D Council Tax was £147.72, a reduction of 2% compared with 2013/14 (£150.73).

The Council's net revenue budget for 2014/15 was £12.337 million. The actual spend was £554,000 (4.5%) less than budgeted. The following table sets out net revenue spending and financing compared with the budget for the year:

	Budget	**Actual**	**Variation**
	£'000	**£'000**	**£'000**
Portfolio Budgets	13,203	12,606	(597)
Investment Income	(227)	(225)	2
Technical Items	1,156	983	(173)
Use of Government Grants	(1,511)	(1,535)	(24)
Business Rates Pool	(284)	(46)	238
NET EXPENDITURE	12,337	11,783	(554)
Financing			
Demand on Collection fund	(6,346)	(6,346)	0
Revenue Support Grant	(2,888)	(2,888)	0
Business Rates Retention	(3,250)	(2,665)	585
Transfer t o/ (from) Working Balance	147	116	(31)
TOTAL FINANCING	(12,337)	(11,783)	554

The table above shows the budget anticipated net expenditure of £12.337 million, to be principally funded from Council Taxpayers (£6.346 million) and from Central Government funding (£6.138 million).

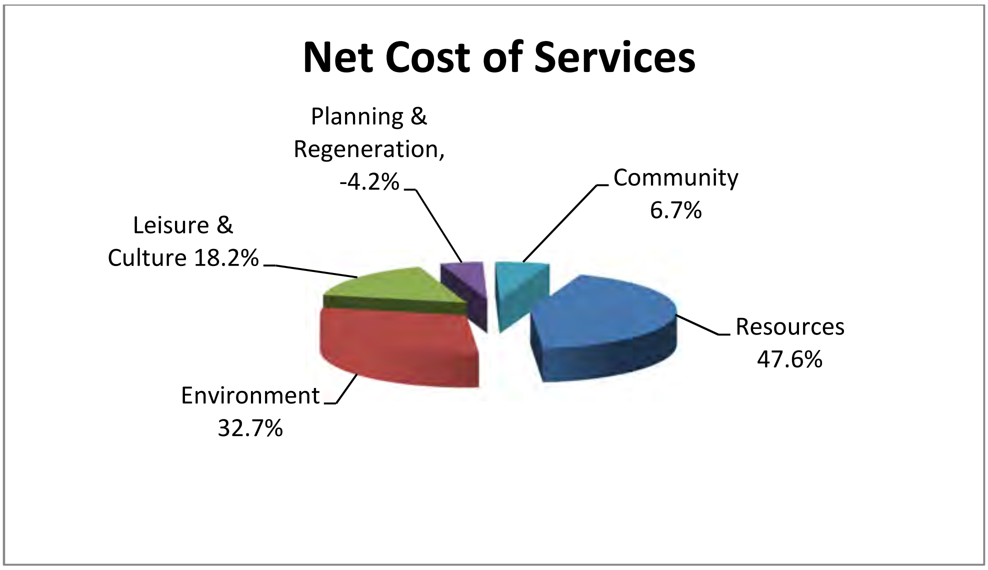
The actual position shows that net expenditure was £0.554 million less than budgeted. This was principally as a result of higher than anticipated income from the major income streams totalling £0.741 million; most notably an increase in planning fee income (£0.243 million) as a result of a marked increase in major development activity in the Borough in the year, partly offset by a reduction in receipts from the Business Rates pool.

Technical items include Revenue Contributions to Capital Outlay (RCCO) recharges to the capital account for staff salaries and the Council's statutory annual provision from revenue to contribute towards the reduction in its overall borrowing requirement.

The Council received £2.665 million in the second year of operation of the Business Rates Retention scheme which is £0.585 million less than was anticipated when the original budget was set in February 2014. This is primarily as a result of the collection fund deficit arising from the increase in the provision set aside to fund business rates appeals lodged. Any deficit is of course shared between central government, the Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire Authority and the Stoke on Trent and Staffordshire Business Rates Pool.

The overall position resulted in the transfer of £0.116 million to the General Fund working balance.

The table overleaf provides a simplified version of the Comprehensive Income and Expenditure Account which appears later in this booklet. The Comprehensive Income and Expenditure Account includes accounting items required under the Code of Practice but which do not affect the actual movement in the General Fund balance as shown in the above table and therefore presents the same financial information but includes further accounting entries to comply with the Code.



Financial performance against Budget in 2014/15

Portfolio expenditure was £0.597 million lower than the budget primarily as a result of income being some £0.741 million higher than anticipated. The principal cost variations on each portfolio are as follows ((+) is an unfavourable variance (-) is a favourable variance):

Environment

- Street Scene – fee income was better than expected by £101,000 (-)
- Bereavement Services – income from fees and charges was better than expected by £81,000 (-)

Leisure

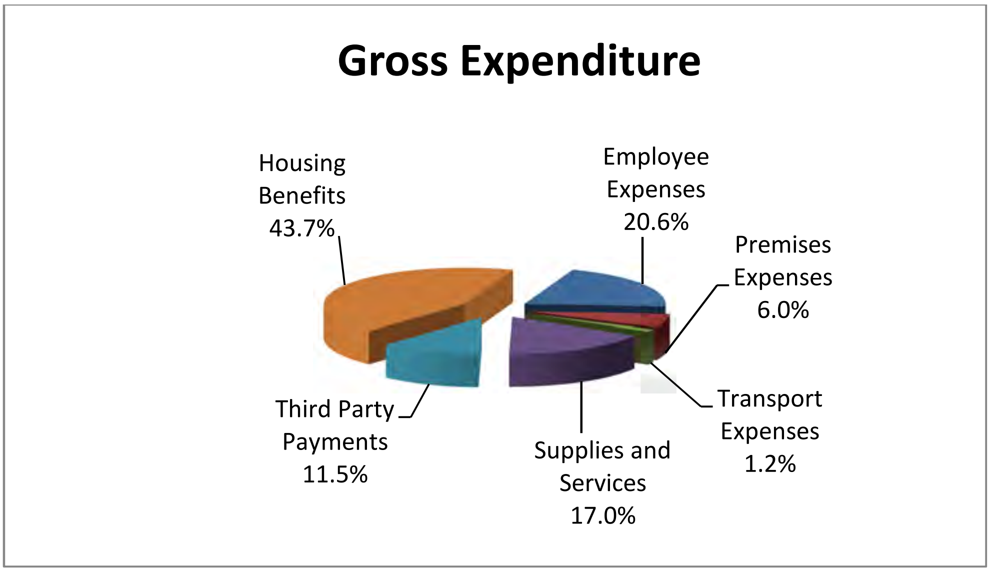
- Indoor Leisure Centres – again, income from grants and fees and charges was better than anticipated by £99,000 (-) but was partly offset by additional expenditure of £68,000; the Council also received a one off rates refund for Stafford Leisure Centre of £84,000 (-).

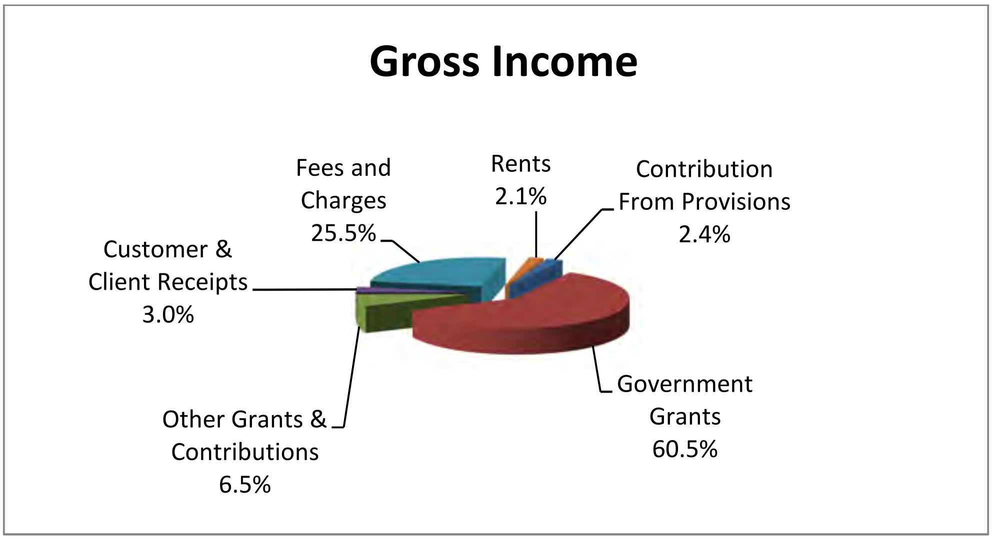
Planning and Regeneration

- Development control – additional planning fee income amounted to £218,000 (-)
- Parking – income on parking better than the budget by £56,000 (-)
- Land Charges Local Searches – the one off full and final settlement in respect of the longstanding dispute raised by property search companies amounted to £102,000

Resources

- Housing Benefit Payments – additional subsidy on Housing Benefit overpayments (£81,000 (-))





Collection Fund

The overall amount of Council Tax required by the precepting authorities to be collected through the Council's Collection Fund was £61.696 million, with the Borough Council's element being £6.346 million and £0.682 million required by Parish Councils in the Borough.

The net position on the Collection Fund for the year was a surplus of £0.731 million for Council Tax, which after taking account of previous years' deficits, leaves a net surplus on the fund of £0.545 million at 31 March 2015 (of which £0.060 million relates to this Council).

The detailed Collection Fund accounts show the overall position for the year in relation not only to Council Tax but also to the collection of National Non Domestic Rates. 2014/15 was the second year of operation of the Business Rates Retention scheme. Business rates receipts were previously paid over in full to the government but are now shared between central government, the Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire Authority and the Stoke on Trent and Staffordshire Business Rates Pool.

A deficit of £3.196 million exists in relation to Business Rates as at 31 March 2015 as a result of the significant increase in the level of business rates appeals lodged with the Valuation Office Agency. The Council's share of this is £1.277 million however it should be noted that the deficit is only notional. Business Rate collection fund accounts are based upon estimated figures in January of each year. The Comprehensive Income and Expenditure account reflects the actual position as at 31 March 2015 and an earmarked reserve has been created that offsets the deficit as stated in the Collection Fund.

Reserves

The Council holds the following reserves:

- General Fund balance – the balance at 1 April 2014 was £1.885 million and this was increased during 2014/15 to £2.001 million at 31 March 2015. The Council's policy is to retain a minimum General Fund balance of £1 million to cover contingencies and emergencies.

- Earmarked Reserves – In addition to the General Fund balance the Council maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and, in some cases, to spread expenditure over a number of years. At 1 April 2014, earmarked reserves stood at £9.071 million and increased to £10.716 million at 31 March 2015.The increase primarily relates to the creation of the “notional” Business Rates Reserve of £1.276 million being the compensating adjustment for the notional deficit on the “collection fund”.

Pensions

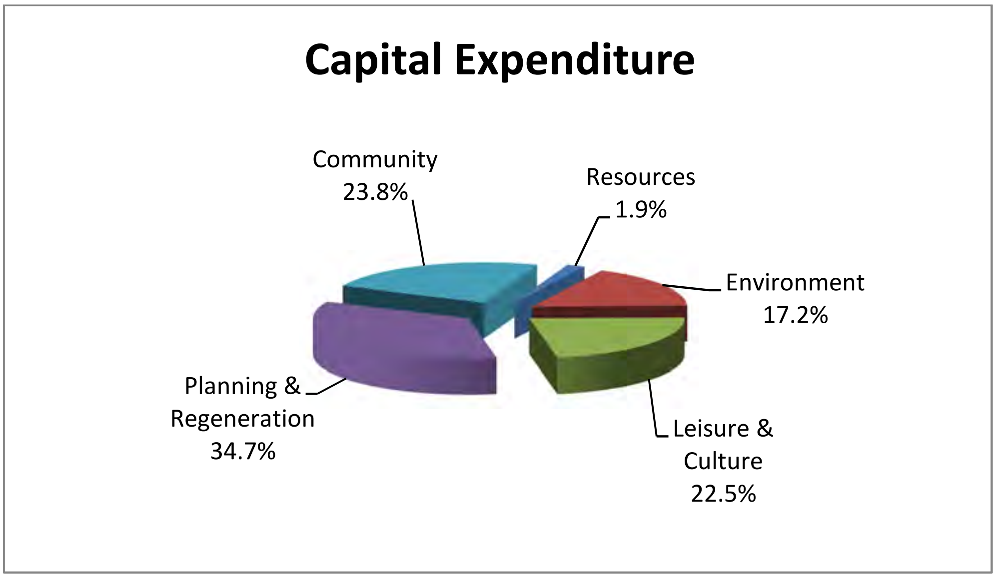
Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2015 showed the Council’s share of the fund to be a deficit of £49.286 million. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process and the amount that can be spent is limited by the amount of capital resources available to the Council.

Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £3.064 million on capital projects in 2014/15 which was £2.599 million less than the budget of £5.663 million. The main reason for the difference in 2014/15 is scheme slippage where the scheme will proceed later than planned and the expenditure will occur in a future year.

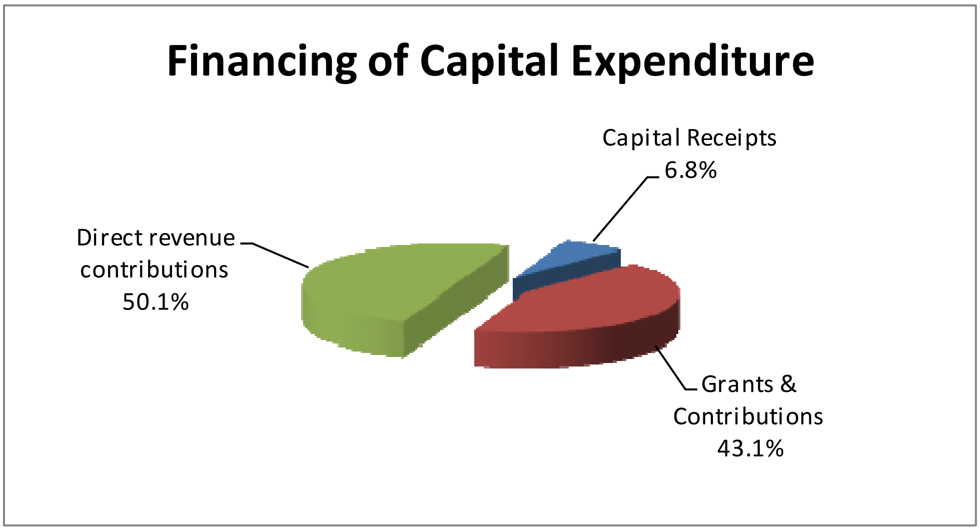


The major items of capital spend in the year were:

- **£750,000** contribution to the Multi Storey Car Park to enhance long-stay parking provision in the town centre;
- **£707,000** on the provision of grants for disabled adaptations in homes and other grants to improve private sector housing;
- **£688,000** on improvements to sports and leisure facilities in the Borough;
- **£304,000** on the purchase of replacement Streetscene vehicles;
- **£215,000** contribution to a new refuge to support victims of domestic violence (funded from Growth Point resources);
- **£152,000** on the purchase of replacement wheeled bins.

The capital programme of £3.064 million was financed in the following way:

	£'000
Capital receipts	208
Capital grants and contributions	1,322
Direct revenue contributions	1,534
Total	**3,064**



Treasury Management

Although the Council had, as part of the 2014/15 budget process, initially identified an underlying borrowing need to finance the General Fund Capital Programme, this need was alleviated with no new borrowings being made in 2014/15.

During most of 2014/15 investment decisions were driven by cash flow considerations and funds placed in Money Market Funds for easy access. However opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

The average investment balance in 2014/15 was £21.2 million (£23.9 million in 2013/14). Interest receipts totalled £0.225 million in 2014/15, down by £0.057 million from £0.282 million in 2013/14.

The Council also took the opportunity to take up an offer from Staffordshire County Council Pension Fund to make an advance cash payment in respect of the repair of previous years' pension fund deficits. The advance payment amounted to £1.329 million for a three year period and represented good value for money in lieu of an increase in the percentage of employer's contributions to the fund.

Future issues facing the Council

The Council plans its finances over a medium term 4 year rolling period for revenue and capital and it includes all known financial pressures that it faces over the medium term in its Financial Plan. Finances are sound now and the Council continues to plan for future spending pressures.

As part of its financial planning the Council identifies its key financial risks to ensure they are taken into account when considering the budget. Some of the key issues facing the Council in the future are:

- Central government funding – The government has made considerable cuts in public spending. Austerity measures will inevitably lead to the Council being under continuing pressure to deliver significant budget savings going forward;

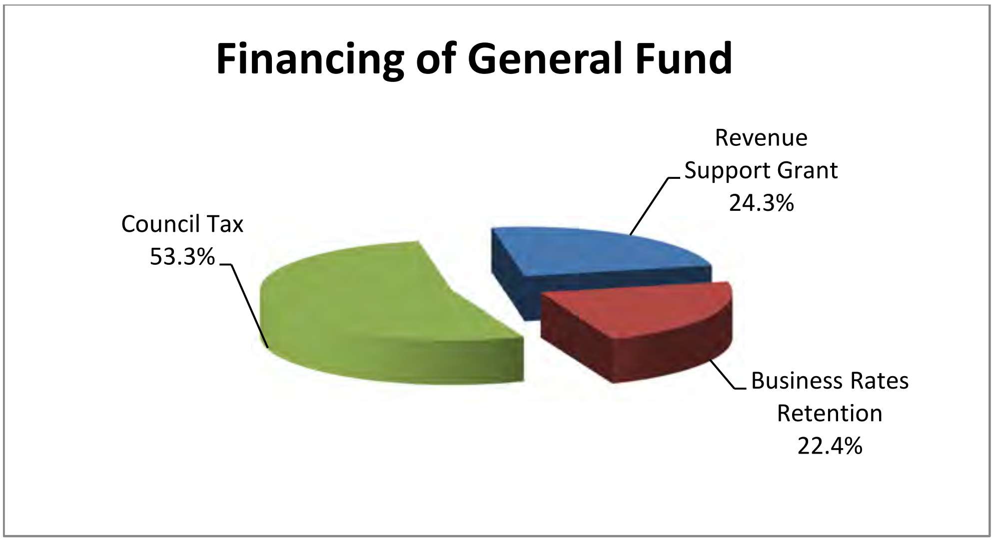
- Business Rates Retention Scheme – 2014/15 was the second year of the new regime for collecting National Non Domestic Rates (NNDR). Income is now shared between central government, the Council, Staffordshire County Council, Stoke-on-Trent and Staffordshire Fire Authority and the Stoke on Trent and Staffordshire Business Rates Pool. This change carries the following financial risks for the Council:
    - Failure to collect business rates income in accordance with the “Start-Up” funding assessment;
    - Failure to collect business rates billed;
    - Reduced business rates collectable as a result of appeals.

- Income levels – a number of main income streams are subject to demand, in particular leisure services, parking, bereavement services and planning. The Council has limited means to address issues of demand however income is an area that receives particular budget monitoring attention;

- Interest rates – the on-going period of low interest rates has impacted on investment returns. Any overall decrease in rates will reduce income. An increase or decrease in interest rates of 0.25% changes investment income by about £70,000. Current indications suggest that bank rate may begin to increase in the second quarter of 2016;

- Inflationary pressures – inflationary pressures seem to be easing, with price inflation remaining at a long time low of 0% in March 2015, although current forecasts suggest that 0% inflation won’t continue for long and should push back in the direction of 2% in 2016;

- Pension’s costs – the Council is coming under increasing pressure as a result of the rising costs of pension’s provision. This is primarily as a result of the pension fund’s liabilities exceeding its assets and revised contribution rates came into effect in 2014/15 following the triennial actuarial valuation. In addition, the end of the “contracted out” NIC rebate in April 2016, equivalent to 3.4% of an employee’s earnings between £5,500 & £40,000, are also factored in to the Medium Term Financial Plan.



Planned future developments

In 2015/16 the Borough Council will be spending approximately £3.8 million on capital investment. Areas of investment include enhancing leisure facilities in Stone and replacing fitness equipment at Stafford Leisure Centre as well as enhancing parking provision in the town centre. Resources will continue to be made available for disabled facilities grants to householders.

The Council will also continue to transform services and seek improvements in efficiency by working with neighbouring Councils to share resources to deliver services that the community require.

CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Head of Finance with S151 responsibilities;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- approve the Statement of Accounts.

The Head of Finance with S151 Responsibilities

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

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code of Practice.

The Head of Finance has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by Head of Finance

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2015.

R Kean .... Date 26/08/2015

R A Kean CPFA - Head of Finance

* this certificate replaces the previous version signed on the 29 June 2015.

Certification by the Chairman of the Accounts and Audit Committee

I certify that the Statement of Accounts relating to the year ended 31 March 2015 was considered and approved by the Audit and Accounts Committee of the Council on 10 September 2015.

A Loughran .... Date 10/09/2015

Councillor A M Loughran - Chairman of the Audit and Accounts Committee

MOVEMENT IN RESERVES STATEMENT

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

The balance at 31st March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2014	**(1,885)**	**(9,071)**	**(1,187)**	**(1,237)**	**(13,380)**	**10,006**	**(3,374)**
Movement in reserves during 2014/15							
(Surplus)/deficit on the provision of services	3,327				3,327		3,327
Other Comprehensive Income and Expenditure	-				-	272	272
Total Comprehensive Income and Expenditure	**3,327**	**-**	**-**	**-**	**3,327**	**272**	**3,599**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(5,088)		(493)	220	(5,361)	5,361	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**(1,761)**	**-**	**(493)**	**220**	**(2,034)**	**5,633**	**3,599**
Transfers to/from Earmarked Reserves (Note 8)	1,645	(1,645)			-		-
(Increase)/Decrease in 2014/15	**(116)**	**(1,645)**	**(493)**	**220**	**(2,034)**	**5,633**	**3,599**
Balance at 31 March 2015	**(2,001)**	**(10,716)**	**(1,680)**	**(1,017)**	**(15,414)**	**15,639**	**225**

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2013	**(1,805)**	**(9,522)**	**(1,248)**	**(1,918)**	**(14,493)**	**10,693**	**(3,800)**
Movement in reserves during 2013/14							
(Surplus)/deficit on the provision of services	4,356				4,356		4,356
Other Comprehensive Income and Expenditure	-				-	(3,930)	(3,930)
Total Comprehensive Income and Expenditure	**4,356**	**-**	**-**	**-**	**4,356**	**(3,930)**	**426**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(3,985)		61	681	(3,243)	3,243	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**371**	**-**	**61**	**681**	**1,113**	**(687)**	**426**
Transfers to/from Earmarked Reserves (Note 8)	(451)	451			-		-
(Increase)/Decrease in 2013/14	**(80)**	**451**	**61**	**681**	**1,113**	**(687)**	**426**
Balance at 31 March 2014	**(1,885)**	**(9,071)**	**(1,187)**	**(1,237)**	**(13,380)**	**10,006**	**(3,374)**

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2013/14 Gross Expend £000	2013/14 Gross Income £000	2013/14 Net Expend £000		2014/15 Gross Expend £000	2014/15 Gross Income £000	2014/15 Net Expend £000
3,892	3,439	453	Central Services to the Public	3,982	4,064	(82)
10,084	5,025	5,059	Cultural and Related Services	10,246	5,532	4,714
9,383	4,022	5,361	Environmental & Regulatory Services	9,445	4,427	5,018
3,666	1,080	2,586	Planning and Development Services	3,152	1,358	1,794
27,487	25,465	2,022	Housing Services	27,042	24,852	2,190
1,969	2,060	(91)	Highways and Transport Services	1,712	2,246	(534)
1,662	-	1,662	Corporate and Democratic Core	1,613	-	1,613
18	-	18	Non-distributed Costs	54	-	54
58,161	41,091	17,070	**Cost of Services**	57,246	42,479	14,767
		390	Other operating expenditure (Note 9)			2,161
		2,526	Financing and investment income and expenditure (Note 10)			1,746
		(15,630)	Taxation and non-specific grant income (Note 11)			(15,347)
		4,356	**(Surplus) / Deficit on Provision of Services**			**3,327**
		(2,036)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 24)			(2,456)
		(1,894)	Remeasurement of the net defined benefit liability / asset (Note 24)			2,728
		(3,930)	**Other Comprehensive Income and Expenditure**			**272**
		426	**Total Comprehensive Income and Expenditure**			**3,599**

BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2015 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

The first category of reserves are usable reserves, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

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

31 March 2014 £000		**Notes**	**31 March 2015 £000**
37,491	Property, Plant & Equipment	12	37,767
558	Heritage Assets	13	558
1,840	Investment Properties	14	1,840
306	Intangible Assets	15	198
11	Long Term Investments	16	5
2,116	Long Term Debtors	16	2,111
42,322	**Long Term Assets**		**42,479**
5,528	Short Term Investments	16	11,558
49	Inventories	17	58
3,113	Short Term Debtors	18	3,684
7,948	Cash and Cash Equivalents	19	3,533
16,638	**Current Assets**		**18,833**
(5,353)	Short Term Creditors	21	(5,942)
(558)	Grants Receipts in Advance-Revenue	36	(428)
(46)	Provisions	22	(37)
(5,957)	**Current Liabilities**		**(6,407)**
(1,329)	Long Term Creditors	16	(1,325)
(2,000)	Long Term Borrowing	16	(2,000)
-	Provisions	22	(1,953)
(45,755)	Other Long Term Liabilities	42	(49,286)
(545)	Grants Receipts in Advance-Capital	36	(566)
(49,629)	**Long Term Liabilities**		**(55,130)**
3,374	**Net Assets**		**(225)**
(13,380)	Usable Reserves	23	(15,414)
10,006	Unusable Reserve	24	15,639
(3,374)	**Total Reserves**		**225**

CASH FLOW STATEMENT

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

2013/14 £000		2014/15 £000
4,356	**Net (surplus) or deficit on the provision of services**	**3,327**
(6,696)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 25)	**(6,838)**
1,233	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 25)	**1,792**
(1,107)	**Net cash flows from Operating Activities**	**(1,719)**
(5,354)	Investing Activities (Note 27)	**7,055**
(160)	Financing Activities (Note 28)	**(921)**
(6,621)	**Net (increase) / decrease in cash and cash equivalents**	**4,415**
1,327	**Cash and cash equivalents at the beginning of the reporting period**	**7,948**
7,948	**Cash and cash equivalents at the end of the reporting period (Note 19)**	**3,533**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which is required 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 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

In compiling the disclosure notes, the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

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

(ii) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.
The Council operates a de minimus for accruals of £1,000. In particular:

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

(iii) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

(iv) Exceptional Items

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

(v) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

(vi) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 Council 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 Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(vii) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

Post Employment Benefits

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

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

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.

- The assets of the SCC pension fund attributable to the Council are included in the Balance Sheet at their 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 liability is analysed into the following components:

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

    - past service cost - the increase in liabilities 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), ie net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. 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.

    - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

    - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - contributions paid to the SCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

(viii) Events After the Balance Sheet Date

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

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

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

(ix) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument 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 for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council 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.

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

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

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

(x) Government Grants and Contributions

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

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

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

Community Infrastructure Levy

The Council has the statutory powers to charge a levy on new builds and is currently consulting on a Preliminary Draft Charging Schedule. It is expected that a Community Infrastructure Levy will be approved and implemented during 2016.

(xi) Heritage Assets

Tangible and Intangible Heritage Assets
The Council's heritage assets comprise the Civic Regalia, art collection held at the Civic Centre and collections held across the heritage sites. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment). However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia
These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are reviewed every five years.

Art Collection at Civic Offices
These items are reported in the Balance Sheet based on the latest valuation available which for this item is an insurance valuation.

Heritage Sites Collections
These items are reported in the Balance Sheet based on the latest valuation available which for this item is a formal valuation.

Heritage Assets - General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, eg. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xviii in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see note xviii in this summary of significant accounting policies).

(xii) Intangible Assets

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

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 Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research and development 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 Council'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 Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. 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 sale proceeds greater than £10,000) the Capital Receipts Reserve.

(xiii) Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

(xiv) Inventories and Long Term Contracts

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

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.

(xv) Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. They are not depreciated but are revalued annually at market value. Gains and losses on revaluation and disposal are posted to the Financing and Investment

Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

(xvi) Leases

Leases are classified as finance leases where the lease terms 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 building elements are considered separately for classification.

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are 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 is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, 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 benefiting from use of the leased property, plant and 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 (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 property, plant & equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life the lease, even if this does not match the pattern of payments (eg 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.

(xvii) Overheads and Support Services

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

benefits received, with the exception of:

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

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

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

(xviii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rentals 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 Council 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 (ie repairs and maintenance) is charged as an expense when it is incurred. The de minimus value for items to be treated as capital expenditure is £20,000.

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 Council 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 (ie it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the 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 - depreciated historical cost (DHC)
- assets under construction - cost
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:-

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

- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease

- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of 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. The Council has established a de minimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any 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 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 (ie 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 and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council'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 property, plant & equipment 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.

(xix) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(xx) Reserves

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

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

(xxi) Revenue Expenditure Funded from Capital under Statute

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

(xxii) 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.

(xxiii) Carbon Reduction Commitment Scheme

The Council is not currently required to participate as it does not consume the energy level thresholds required.

(xxiv) Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

- Tariff included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued expenditure.

Council Tax

- Council Tax Income in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income.

Both NDR, Tariff Expenditure and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement and Reserves Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax and NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority and the amount of the revenue can be measured reliably.

Revenue relating to such things as council tax, general rates etc shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

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

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

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

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

3. Critical Judgements in Applying Accounting Policies

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

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

- **Asset valuation**
  The Council holds a number of shops and properties which could be classified as either investment properties and therefore valued at market value, or operational assets which would be valued using existing use valuation techniques. The existing use value would be a lower figure than market value.

  In determining the appropriate basis the Council has considered the primary purpose of holding the assets and determined that the properties are held for regeneration purposes and therefore are not investment properties.

  The Council continues to operate a 5 year rolling programme of asset valuations although guidance states that each class of asset should be revalued within a short period of time. The Council has carried out a separate review to ensure that the assets values within the accounts are not materially different from fair value.

- **Municipal Mutual Insurance (MMI)**
  The Council has a potential clawback liability should there be a deficit in the winding up of the company. Although the Council has paid a 15% levy notice a separate disclosure has been made under contingent liabilities as it is not certain that this levy notice fully extinguishes any potential liability.

4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by £277,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial impact of these changes are detailed in note 42 to the accounts.
Sundry debt arrears	At 31 March 2015 the Council's balance of sundry debts was £2.470m. A review of significant balances suggested that an impairment of doubtful debts of 79.6% was appropriate (£1.965m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £25,000 to set aside as an allowance.
Council tax arrears	At 31 March 2015 the Council's share of the council tax debtors included in the councils accounts was £457,000. A review of significant balances suggested that an impairment of doubtful debts of 53% (£244,000) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £5,000 to set aside as an allowance.
Business rates arrears	At 31 March 2015 the Council's share of the business rates debtors included in the councils accounts was £751,000. A review of significant balances suggested that an impairment of doubtful debts of 47% (£351,000) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £8,000 to set aside as an allowance.
Business rates appeals	At 31 March 2015 the Council's share of the business rates appeals included in the councils accounts was £1,953,000.	If there was an increase of 1% in the appeals percentages (based on each individual category of property) this would require an additional £69,000 to be set aside.

5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2014/15 are as follows:

There has been an decrease in the net cost of services of £2,303,000. This is primarily due to the following;

	£000
Revenue Expenditure Funded by Capital Under Statute (REFCUS)	(833)
Depreciation of Assets	(654)
Impairment of Assets	(366)
Vat Shelter receipts	(197)
Planning Fees	(279)
LCTS Grant	(111)
Benefits-Reduced Admin Grant	159
Crematorium/Cemeteries Income	(118)
Commuted Sums	(96)
Benefits - Reduced Subsidy	218
Other changes	(26)
	(2,303)

6. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance on 29 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in 2014/15 in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2014/15	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(2,141)			2,141
Revaluation losses on Property Plant and Equipment to Revaluation Reserve	(8)			8
Amortisation of intangible assets	(131)			131
Movements in the market value of investment property	-			-
Capital grants and contributions applied	1,078			(1,078)
Revenue expenditure funded from capital under statute	(943)			943
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,129)			2,129
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	144			(144)
Capital Expenditure charged against the General Fund	1,534			(1,534)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	24		(24)	
Application of grants to capital financing transferred to the Capital Adjustment Account			244	(244)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	697	(697)		
Use of the Capital Receipts Reserve to finance new capital expenditure		208		(208)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(1)	1		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(5)		5
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(3,680)			3,680
Employer's pension contributions and direct payments to pensioners payable in the year	1,743			(1,743)

2014/15	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,194)			1,194
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(81)			81
TOTAL ADJUSTMENTS	(5,088)	(493)	220	5,361

2013/14	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(3,168)			3,168
Revaluation losses on Property Plant and Equipment to Revaluation Reserve				-
Amortisation of intangible assets	(151)			151
Movements in the market value of investment property	10			(10)
Capital grants and contributions applied	782			(782)
Revenue expenditure funded from capital under statute	(1,776)			1,776
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(180)			180
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	512			(512)
Capital Expenditure charged against the General Fund	1,790			(1,790)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Application of grants to capital financing transferred to the Capital Adjustment Account			681	(681)

2013/14	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	452	(452)		
Use of the Capital Receipts Reserve to finance new capital expenditure		516		(516)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(1)	1		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(3,848)			3,848
Employer's pension contributions and direct payments to pensioners payable in the year	1,598			(1,598)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(12)			12
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	7			(7)
TOTAL ADJUSTMENTS	**(3,985)**	**61**	**681**	**3,243**

8. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance at 1 April 2013 £000	Transfers Out 2013/14 £000	Transfers in 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers in 2014/15 £000	Balance at 31 March 2015 £000
General Fund:							
Corporate	(4,036)	1,443	(49)	(2,642)	961	(340)	(2,021)
Environment Portfolio	(350)	5	(178)	(523)	90	(293)	(726)
Community Portfolio	(151)	50	(84)	(185)	50	(65)	(200)
Planning & Regeneration Portfolio	(434)	311	(70)	(193)	118	(156)	(231)
Leisure Portfolio	(555)	31	(127)	(651)	49	(100)	(702)
Resources Portfolio	(766)	30	(373)	(1,109)	146	(183)	(1,146)
Grants	(780)	201	(151)	(730)	209	(246)	(767)
VAT Shelter	(2,120)	853	(604)	(1,871)	640	(1,003)	(2,234)
Insurance Reserve	(330)	40	(40)	(330)	31	(72)	(371)
RCCO	-	-	(837)	(837)	582	(787)	(1,042)
Business Rates Reserve	-	-	-	-	-	(1,276)	(1,276)
TOTAL	**(9,522)**	**2,964**	**(2,513)**	**(9,071)**	**2,876**	**(4,521)**	**(10,716)**

Corporate reserves relate to monies earmarked for future budget support, provision for future maintenance and windfalls from Fleming backdated VAT claims.

Amounts set aside in Portfolio reserves primarily arise from unavoidable delays in projects which will be delivered during the 2015/16 financial year.

In accordance with best practice, the grants reserve relates to external funding received for which no condition exists for repayment but has not yet been spent.

The VAT shelter reserve relates to income received as part of the housing stock transfer agreement. The receipts can be used to support either revenue or capital spend.

The Council's self insurance reserve meets insurance liabilities in respect of its obligations as an employer, liability to the public and for Council property. The level of the fund is reviewed once every 3 years by external advisors.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2014/15. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

9. Other Operating Expenditure

2013/14 £000		2014/15 £000
715	Parish council precepts	728
(325)	(Gains)/Losses on the disposal of non-current assets	1,433
390	**TOTAL**	**2,161**

10. Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
529	Interest payable and similar charges	506
(3,054)	Net interest on the net defined benefit liability (asset)	(2,777)
5,100	Remeasurements of the net defined benefit liability/(asset)	4,631
(10)	Income and Expenditure in relation to investment properties and changes in their fair value	-
(275)	Interest receivable and similar income	(335)
236	(Gain) / loss on trading accounts	(279)
2,526	**TOTAL**	**1,746**

11. Taxation and Non Specific Grant Incomes

2013/14 £000		2014/15 £000
(7,115)	Council tax income	(7,111)
(3,069)	Non domestic rates	(2,712)
(3,709)	Revenue Support Grant	(2,889)
(955)	Non-ringfenced government grants	(1,534)
(782)	Capital grants and contributions	(1,101)
(15,630)	**TOTAL**	**(15,347)**

12. Property, Plant and Equipment

Movements in 2014/15	**Other Land & Buildings £000**	**Vehicles, Plant, Furniture & Equipment £000**	**Infrastructure Assets £000**	**Community Assets £000**	**Surplus Assets £000**	**Assets Under Construction £000**	**Total Property, Plant & Equipment £000**
Cost or Valuation							
At 1 April 2014	35,668	10,583	3,264	710	16	33	50,274
Additions	664	582		51		801	2,098
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,149						2,149
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(335)						(335)
Derecognition - disposals	(2,132)						(2,132)
Derecognition - other		(349)					(349)
Other movements in cost or valuation	678	(2,036)				(19)	(1,377)
at 31 March 2015	**36,692**	**8,780**	**3,264**	**761**	**16**	**815**	**50,328**
Accumulated Depreciation and Impairment							
at 1 April 2014	(2,570)	(8,392)	(1,821)	-	-	-	(12,783)
Depreciation charge	(959)	(725)	(130)				(1,814)
Depreciation written out to the Revaluation Reserve	307						307
Derecognition - disposals	3						3
Derecognition - other		349					349
Other movements in depreciation and impairment	(659)	2,036					1,377
at 31 March 2015	**(3,878)**	**(6,732)**	**(1,951)**	**-**	**-**	**-**	**(12,561)**
Net Book Value							
at 31 March 2015	**32,814**	**2,048**	**1,313**	**761**	**16**	**815**	**37,767**
at 31 March 2014	**33,098**	**2,191**	**1,443**	**710**	**16**	**33**	**37,491**

Movements in 2013/14	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 1 April 2013	34,265	9,942	3,264	693	16	55	48,235
Additions	868	1,081		17		27	1,993
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,317						1,317
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(700)						(700)
Derecognition - disposals	(131)	(440)					(571)
Derecognition - other							-
Other movements in cost or valuation	49					(49)	-
at 31 March 2014	**35,668**	**10,583**	**3,264**	**710**	**16**	**33**	**50,274**
Accumulated Depreciation and Impairment							
at 1 April 2013	(1,853)	(7,882)	(1,690)	-	-	-	(11,425)
Depreciation charge	(1,441)	(896)	(131)				(2,468)
Depreciation written out to the Revaluation Reserve	719						719
Derecognition - disposals	5	386					391
Derecognition - other							-
Other movements in depreciation and impairment							-
at 31 March 2014	**(2,570)**	**(8,392)**	**(1,821)**	**-**	**-**	**-**	**(12,783)**
Net Book Value							
at 31 March 2014	**33,098**	**2,191**	**1,443**	**710**	**16**	**33**	**37,491**
at 31 March 2013	**32,412**	**2,060**	**1,574**	**693**	**16**	**55**	**36,810**

Depreciation

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

- Other Land and Buildings - 15-70 years
- Vehicles, Plant, Furniture & Equipment - straight line on historic cost over 5 years or period of the lease
- Infrastructure - straight line on historic cost over 25 years

Capital Commitments

At 31 March 2015, the Council has entered into contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years budgeted to cost £0.258 million. Similar commitments at 31 March 2014 were £0.075 million.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Land and Buildings are subject to detailed valuation every 5 years. The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc MRICS).

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 significant assumptions applied in estimating the fair values are:

- In respect of the Civic Centre the valuation is based on the assumption that the freehold title is vested with the Council, in spite of the fact they occupy the premises on a leasehold basis and pay a full market rent for the property.
- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.
- In the appraisal of useful life regard is had to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.
- The Depreciated Replacement Cost (DRC) method has been applied to a significant number of the properties valued as these assets are rarely, if ever, sold and therefore can be classified as specialised properties where there is limited, if any, evidence of market transactions.

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Surplus Assets £000	Total £000
Carried at historical cost	-	2,048	-	2,048
valued at fair value as at:				
31 March 2011	3,391	-	-	3,391
31 March 2012	802	-	16	818
31 March 2013	13,259	-	-	13,259
31 March 2014	8,985	-	-	8,985
31 March 2015	6,377	-	-	6,377
Total Cost or Valuation	**32,814**	**2,048**	**16**	**34,878**

13. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Civic Regalia	Art collection at Civic Offices	Collections at Heritage Sites	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
1 April 2014	236	49	273	558
31 March 2015	**236**	**49**	**273**	**558**

	Civic Regalia	Art collection at Civic Offices	Collections at Heritage Sites	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
1 April 2013	236	49	273	558
31 March 2014	**236**	**49**	**273**	**558**

14. Investment Properties

The Council holds two assets as investment properties.

The first relates to land at Chell Road, Stafford. The asset is held solely for capital appreciation and there are no rentals or operating expenses receivable in relation to this asset. The asset value of £1.84 million has remained unchanged from 2013/14 to 2014/15. The land is leased to J Sainsburys plc on a long lease (125 years) and there is therefore a restriction on disposal.

The second relates to shops at 47/49 Greengate Street, Stafford where the land is leased on a long lease and there is therefore a restriction on disposal. The Council's interest has been valued at £0.01 million.

15. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made to the Comprehensive Income and Expenditure account is not required.

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

2013/14 Total £000		2014/15 Total £000
	Balance at start of year:	
835	Gross carrying amounts	835
(378)	Accumulated amortisation	(529)
457	**Net carrying amount at start of year**	**306**
	Additions:	
-	Purchases	23
(151)	Amortisation for the period	(131)
306	**Net carrying amount at end of year**	**198**
	Comprising:	
835	Gross carrying amounts	858
(529)	Accumulated amortisation	(660)
306		**198**

The table below shows the amortisation profile of the intangible assets, where the carrying value of individual assets are above £100,000 they are detailed separately.

	Carrying Amount	
	31 March 2015	**31 March 2014**
Remaining Amortisation Period	**£000**	**£000**
1 Year	84	10
2 Years	35	169
3 Years	56	53
4 Years	-	74
5 Years	23	-
	198	**306**

The amount contained within 1 year includes an amount of £75k for the Revenues and Benefits software.

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

16. Financial Instruments

Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2015 £000	**31 March 2014 £000**	**31 March 2015 £000**	**31 March 2014 £000**
Investments				
Loans and receivables (investments)	-	-	11,558	5,528
Loans and receivables (cash & cash equivalents)	-	-	3,701	7,748
Available-for-sale financial assets	5	11	-	-
Total Investments	5	11	15,259	13,276
Debtors				
Loans and receivables	2,111	2,116	-	-
Financial assets carried at contract amounts	-	-	2,497	1,587
Total Debtors	2,111	2,116	2,497	1,587

	Long Term		Current	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Borrowings				
Financial liabilities at amortised cost	2,000	2,000	-	-
Total Borrowings	2,000	2,000	-	-
Other Long Term Liabilities				
Finance lease liabilities	1,288	1,329	1	16
Total Other Long Term Liabilities	1,288	1,329	1	16
Creditors				
Financial liabilities carried at contract amount	37	-	5,268	4,722
Total Creditors	37	-	5,268	4,722

Reclassifications

There were no reclassifications of financial instruments during 2014/15.

Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Income, Expense, Gains and Losses

2014/15	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	34	-	**34**
Total expense in Surplus or Deficit on the Provision of Services	**34**	**-**	**34**
Interest income	-	(227)	**(227)**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(227)**	**(227)**
Net gain/(loss) for the year	**34**	**(227)**	**(193)**

2013/14	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and Receivables £000	Total £000
Interest expense	34	-	**34**
Total expense in Surplus or Deficit on the Provision of Services	**34**	**-**	**34**
Interest income	-	(275)	**(275)**
Total income in Surplus or Deficit on the Provision of Services	**-**	**(275)**	**(275)**
Net gain/(loss) for the year	**34**	**(275)**	**(241)**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long terms assets/liabilities with accrued interest in current assets/liabilities). Their fair value 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 loan borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable, prevailing benchmark rates have been used to provide the fair value;
- 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;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2015		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt	2,000	2,025	2,000	1,995
Non-PWLB Debt	-	-	-	-
Trade Creditors	5,269	5,269	4,738	4,738
Total Debt	7,269	7,294	6,738	6,733
Long-term creditors	1,325	1,325	1,329	1,329
Total Financial Liabilities	8,594	8,619	8,067	8,062

The fair value of the liabilities is 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 higher than the rates available for similar loans in the market at the Balance Sheet date.

	31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000	31 March 2014 Carrying Amount £000	31 March 2014 Fair Value £000
Fixed Term Deposits < 1 yr	11,558	11,567	5,528	5,539
Cash & Cash Equivalents	3,701	3,701	7,748	7,748
Long Term Debtors	2,111	2,111	2,116	2,116
Trade Debtors	2,497	2,497	1,587	1,587
Total Loans and Receivables	**19,867**	**19,876**	**16,979**	**16,990**

The differences between carrying amount and fair value are due to fixed term deposits held by the Council where the interest rate receivable is higher than the prevailing rate estimated to be available at 31 March.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument. The Council's war stock is carried at a cost of £5,000 and has not been valued as a fair value cannot be measured reliably.

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

17. Inventories

The Council only carries stock as consumable stores and the balance carried is not material, therefore detailed disclosure notes of movements are not shown. At the 31 March 2015 the balance of stocks held was £58,000, an increase of £9,000 from the previous financial year.

18. Short Term Debtors

31 March 2014 £000		31 March 2015 £000
274	Central government bodies	328
1,860	Other local authorities	892
52	NHS bodies	60
1	Public corporations and trading funds	1
926	Other entities and individuals (net of impairments)	2,403
3,113		**3,684**

The Other entities and individuals balance above includes an impairment allowance of £3.072 million at the 31 March 2014 and £2.842 million at the 31 March 2015.

19. Cash and Cash Equivalents

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

2013/14 £000		2014/15 £000
	Current Assets	
6	Cash held by the Council	6
-	Bank overdraft	(174)
7,748	Cash & Cash Equivalents held by the Council	3,701
194	Bank current accounts	-
7,948	**Total Cash and Cash Equivalents**	**3,533**

20. Assets Held For Sale

There were no assets held for sale as at 31 March 2015 (and 31 March 2014).

21. Short Term Creditors

31 March 2014 £000		31 March 2015 £000
1,086	Central government bodies	1,606
1,108	Other local authorities	716
29	NHS bodies	1
32	Public corporations and trading funds	35
3,098	Other entities and individuals	3,584
5,353		**5,942**

22. Provisions

(i) Current Liabilities

	Provisions £000
Balance at 1 April 2014	46
Additional provisions made	37
Amounts used	(46)
Balance at 31 March 2015	**37**

The provision used represents the Council's share of restructuring costs as part of the rationalisation of shared services with Cannock Chase District Council. The provision made is in relation to property searches for Land Charges. This is expected to be settled within 12 months.

(ii) Long Term Liabilities

	Business Rates Appeals £000
Balance at 1 April 2014	-
Additional provisions made	1,528
Amounts used	(288)
Balance at 31 March 2015	**1,953**

The balance at 31 March 2015 reflects the councils share of the provision for business rates appeals. The opening balance of £713,000 was included within the debtors figure for 2013/14. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

23. Usable Reserves

31 March 2014 £000		31 March 2015 £000
(1,885)	General Fund Balance	(2,001)
(9,071)	Earmarked General Fund Reserves	(10,716)
(1,187)	Capital Receipts Reserve	(1,680)
(1,237)	Capital Grants Unapplied	(1,017)
(13,380)	**Total Usable Reserves**	**(15,414)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 7 and 8.

24. Unusable Reserves

31 March 2014 £000		31 March 2015 £000
(7,808)	Revaluation Reserve	(9,828)
(27,904)	Capital Adjustment Account	(26,196)
45,755	Pensions Reserve	50,420
(116)	Deferred Capital Receipts Reserve	(111)
23	Collection Fund Adjustment Account-Council Tax	1,217
56	Accumulated Absences Account	137
10,006	**Total Unusable Reserves**	**15,639**

Revaluation Reserve

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

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

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

	2013/14 £000			2014/15 £000
	(6,111)	**Balance at 1 April**		**(7,808)**
(2,378)		Upward revaluation of assets	(2,599)	
342		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	143	
	(2,036)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(2,456)
-		Adjusted amounts with the Capital Adjustment Account	-	
245		Difference between fair value depreciation and historical cost depreciation	286	
94		Accumulated gains on assets sold or scrapped	150	
	339	Amount written off to the Capital Adjustment Account		436
	(7,808)	**Balance at 31 March**		**(9,828)**

Capital Adjustment Account

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

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

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2013/14 £000			2014/15 £000
	(28,549)	**Balance at 1 April**		**(27,904)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
3,110		Charges for depreciation and impairment of non-current assets	2,086	
58		Revaluation losses on Property, Plant and Equipment	63	
151		Amortisation of intangible assets	131	
1,776		Revenue Expenditure funded from capital under statute	943	
180		Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	2,129	
(10)		Fair Value of Investment Property	-	
	5,265			5,352
	(339)	Adjusting amounts written out of the Revaluation Reserve		(436)
	(23,623)	Net written out amount of the cost of non-current assets consumed in the year		(22,988)
		Capital financing applied in the year:		
(516)		Use of the Capital Receipts Reserve to finance new capital expenditure	(208)	
(782)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,078)	
(681)		Application of grants to capital financing from the Capital Grants Unapplied Account	(244)	
(512)		Statutory provision for the financing of capital investment charged against the General Fund	(144)	
(1,790)		Capital expenditure charged against the General Fund	(1,534)	
	(4,281)			(3,208)
	(27,904)	**Balance at 31 March**		**(26,196)**

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000		2014/15 £000
45,399	**Balance at 1 April**	**45,755**
(1,894)	Remeasurements of the net defined benefit liability/(asset)	2,728
3,848	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,680
(1,598)	Employers pensions contributions and direct payments to pensioners payable in the year	(1,743)
45,755	**Balance at 31 March**	**50,420**

Deferred Capital Receipts Reserve

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

2013/14 £000		2014/15 £000
(120)	**Balance at 1 April**	**(116)**
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
4	Transfer to the Capital Receipts Reserve upon receipt of cash	5
(116)	**Balance at 31 March**	**(111)**

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.

2013/14 £000		2014/15 £000
11	**Balance at 1 April**	**23**
10	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(82)
2	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	1,276
23	**Balance at 31 March**	**1,217**

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, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2013/14 £000			2014/15 £000
	63	**Balance at 1 April**		56
(63)		Settlement or cancellation of accrual made at the end of the preceding year	(56)	
56		Amounts accrued at the end of the current year	137	
	(7)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		81
	56	**Balance at 31 March**		**137**

25. Cash flow Statement - Non Cash Movements

The non cash movements removed from the Comprehensive Income and Expenditure Account include the following items:

2013/14 £000		2014/15 £000
(2,468)	Depreciation	(1,814)
(700)	Impairment	(335)
(151)	Amortisation	(131)
10	Movement in investment property value	-
(1,529)	(Increase)/decrease in impairment for bad debts	(1,723)
526	(Increase)/ decrease in Creditors	(861)
2	Increase/(decrease) in Debtors	1,049
(3)	Increase/(decrease) in Stock	9
(2,250)	Movement in pension liability	(912)
(181)	Carrying amount of non-current assets sold or derecognised	(2,129)
48	Other non-cash items charged to the net surplus or deficit on the provision of services	9
(6,696)		**(6,838)**
-	Proceeds from short-term (not cash equivalents) and long-term investments	(6)
450	Proceeds from the sales of Plant, Property and Equipment, investment property and intangible assets	696
783	Any other item for which the cash effects are investing or financing cash flows	1,102
1,233		**1,792**

26. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2013/14 £000		2014/15 £000
(200)	Interest received	(365)
529	Interest paid	506

27. Cash flow Statement - Investing Activities

The cash flows for investing activities include the following items:

2013/14 £000		2014/15 £000
2,191	Purchase of property, plant and equipment, investment property and intangible assets	2,335
122,922	Purchase of short-term and long-term investments	128,086
(192)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(701)
(129,422)	Proceeds from short-term and long-term investments	(122,086)
(853)	Capital grants & receipts	(579)
(5,354)	**Net cash flows from investing activities**	**7,055**

28. Cash flow Statement - Financing Activities

The cash flows for financing activities include the following items:

2013/14 £000		2014/15 £000
323	Cash payments for the reduction of the outstanding liabilities relating to finance leases	19
(483)	Billing Authorities - Council Tax & NNDR adjustments	(940)
(160)	**Net cash flows from financing activities**	**(921)**

29. Amounts Reported For Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across portfolios. These reports are used for management purposes and are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- 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 portfolios.

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year is as follows:

Portfolio Income and Expenditure 2014/15	**Community**	**Environment**	**Leisure**	**Planning and Regeneration**	**Resources**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	175	4,490	4,206	4,418	2,664	15,953
Government grants	88	-	52	47	25,323	25,510
Total Income	**263**	**4,490**	**4,258**	**4,465**	**27,987**	**41,463**
Employee expenses	408	2,705	3,160	1,428	3,679	11,380
Other service expenses	697	5,911	3,396	2,383	30,302	42,689
Total Expenditure	**1,105**	**8,616**	**6,556**	**3,811**	**33,981**	**54,069**
Net Expenditure	**842**	**4,126**	**2,298**	**(654)**	**5,994**	**12,606**

Portfolio Income and Expenditure 2013/14	**Community**	**Environment**	**Leisure**	**Planning and Regeneration**	**Resources**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	188	4,058	3,836	4,263	2,245	14,590
Government grants	27	1	100	30	25,845	26,003
Total Income	**215**	**4,059**	**3,936**	**4,293**	**28,090**	**40,593**
Employee expenses	440	2,649	2,925	1,405	3,521	10,940
Other service expenses	674	5,820	3,451	2,325	30,680	42,950
Total Expenditure	**1,114**	**8,469**	**6,376**	**3,730**	**34,201**	**53,890**
Net Expenditure	**899**	**4,410**	**2,440**	**(563)**	**6,111**	**13,297**

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

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

2013/14 £000		**2014/15 £000**
13,297	Net expenditure in the Portfolio Analysis	12,606
5,435	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	3,481
(1,662)	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(1,320)
17,070	**Cost of Services in Comprehensive Income and Expenditure Statement**	**14,767**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio 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.

2014/15	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Accounts £000	Total £000
Fees, charges & other service income	15,703	10,512	(1,408)	(9,367)	15,440	410	15,850
Interest and investment income	-	-	-	-	-	335	335
Income from council tax	-	-	-	-	-	7,111	7,111
Government grants and contributions	25,760	1,279	-	-	27,039	8,236	35,275
Total Income	**41,463**	**11,791**	**(1,408)**	**(9,367)**	**42,479**	**16,092**	**58,571**
Employee expenses	11,380	1,012	(374)	(72)	11,946	119	12,065
Other service expenses	42,689	2,878	(2,511)	(1,136)	41,920	169	42,089
Support service recharges	-	8,159	(80)	(8,159)	(80)	80	-
Depreciation, amortisation and impairment	-	3,223	237	-	3,460	(237)	3,223
Interest Payments	-	-	-	-	-	2,360	2,360
Precepts & Levies	-	-	-	-	-	728	728
Gain or Loss on Disposal of Property, plant & equipment	-	-	-	-	-	1,433	1,433
Gain or Loss on Non Current Deferred receipts	-	-	-	-	-	-	-
Total Expenditure	**54,069**	**15,272**	**(2,728)**	**(9,367)**	**57,246**	**4,652**	**61,898**
(Surplus) / deficit on the provision of services	**12,606**	**3,481**	**(1,320)**	**-**	**14,767**	**(11,440)**	**3,327**

2013/14	Portfolio Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	Cost of Services £000	Corporate Accounts £000	Total £000
Fees, charges & other service income	14,590	12,184	(1,475)	(10,211)	15,088	423	15,511
Interest and investment income	-	-	-	-	-	275	275
Income from council tax	-	-	-	-	-	7,115	7,115
Government grants and contributions	26,003	-	-	-	26,003	8,515	34,518
Total Income	**40,593**	**12,184**	**(1,475)**	**(10,211)**	**41,091**	**16,328**	**57,419**
Employee expenses	10,940	1,031	(346)	(89)	11,536	95	11,631
Other service expenses	42,950	2,492	(2,419)	(1,121)	41,902	192	42,094
Support service recharges	-	9,001	(83)	(9,001)	(83)	83	-
Depreciation, amortisation and impairment	-	5,095	(289)	-	4,806	279	5,085
Interest Payments	-	-	-	-	-	2,575	2,575
Precepts & Levies	-	-	-	-	-	715	715
Gain or Loss on Disposal of Property, plant & equipment	-	-	-	-	-	(325)	(325)
Gain or Loss on Non Current Deferred receipts	-	-	-	-	-	-	-
Total Expenditure	**53,890**	**17,619**	**(3,137)**	**(10,211)**	**58,161**	**3,614**	**61,775**
(Surplus) / deficit on the provision of services	**13,297**	**5,435**	**(1,662)**	**-**	**17,070**	**(12,714)**	**4,356**

30. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

31. Trading Operations

The Council manages St Johns Market, generating rental income from the letting of stalls. The trading objective is to break even before Capital Charges.

2013/14 £000		2014/15 £000
(423)	Turnover	(410)
370	Expenditure	368
(53)	**(Surplus) / Deficit**	**(42)**

32. Agency Services

The Council provides payroll services for Lichfield District Council but in line with the Council's materiality threshold, detailed disclosures are not shown.

33. Members Allowances

Members allowances paid during 2014/15 totalled £317,871.31 (2013/14 totalled £313,184.18). Further details are available on the Council's website.

34. Officers Remuneration

There has been a change in the Councils payment of superannuation for the financial year 2014/15 whereby a distinction has been made by the pension fund between the amount payable for current service costs and past deficit repair. The impact of this change is that the pension contributions included in the table below include current service costs only.

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

Senior Officers emoluments 2014/15 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive	(i)	85,722	7,882	14,538	108,142
Head of Environment		70,352	5,198	11,752	87,302
Head of Human Resources	(iii)	71,782	5,198	12,047	89,027
Head of Law & Administration	(ii)	60,952	5,198	10,718	76,868
Head of Leisure & Culture		66,098	5,198	11,033	82,329
Head of Planning & Regeneration		65,822	5,198	11,033	82,053
Head of Policy & Improvement		56,891	5,198	9,557	71,646
Head of Technology	(iii)	60,165	5,198	10,112	75,475
		537,784	**44,268**	**90,790**	**672,842**

(i) The Chief Executive has taken flexible retirement and now works 4 days per week.

(ii) The Council's Head of Law & Administration's remuneration includes payment for acting as Solicitor and Monitoring Officer for Cannock Chase District Council. He has now taken flexible retirement and works 4 days per week.

(iii) The 2014/15 payment includes an element of backdated pay to 2013/14

Senior Officers emoluments 2013/14 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive		103,660	7,804	18,722	130,186
Head of Environment		69,758	5,147	13,060	87,965
Head of Human Resources		60,580	5,147	11,377	77,104
Head of Law & Administration	(ii)	67,438	5,147	13,614	86,199
Head of Leisure & Culture		65,713	5,147	12,261	83,121
Head of Planning & Regeneration		65,275	5,147	12,261	82,683
Head of Policy & Improvement		56,481	5,147	10,617	72,245
Head of Technology		53,102	5,147	9,996	68,245
		542,007	**43,833**	**101,908**	**687,748**

The number of other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are:

2013/14 Number of employees	Remuneration band	2014/15 Number of employees
1	£55,000 - £59,999	1

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 - £20,000	-	-	1	5	1	5	18	32
£20,001 - £40,000	-	-	-	2	-	2	-	61
£40,001 - £60,000	-	-	-	1	-	1	-	46
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**1**	**8**	**1**	**8**	**18**	**139**

Cannock Chase District Council are now the lead authority for a number of services and has made 1 termination which will be financed jointly with this Authority.

35. External Audit Costs

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

2013/14 £		2014/15 £
68,686	Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	69,585
9,850	Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	7,880
(9,400)	Rebate from the Audit Commission during the year	(7,059)
69,136	**Total**	**70,406**

36. Grant Income & Precepts on the Collection Fund

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

2013/14 £000		2014/15 £000
	Credited to Taxation and Non Specific Grant Income	
6,445	Collection Fund Income (council tax- council)	6,383
670	Collection Fund Income (council tax - parishes)	728
(258)	NNDR Levy (S & STS) Business Rates Pool	(83)
16,716	NNDR Billing Authority Share of NDR Income	16,264
(13,835)	NNDR Tariff	(14,104)
3,709	Revenue Support Grant	2,889
445	Section 31 Small Business Grant	477
-	Retail Relief	127
769	New Homes Bonus Grant	1,339
69	Council Tax Freeze Grant	70
459	Disabled Facilities Grant	473
153	Section 106 capital grants	523
57	DCLG New Burdens Grant	76
165	Contributions	106
66	Other grants	79
15,630	**Total**	**15,347**
	Credited to Services	
	Portfolios	
24,808	Housing Benefit Subsidy	24,328
611	Housing Benefit Administration Grant	452
173	Cost of Collection Allowance	172
-	DCLG Local Council Tax Scheme Grant	111
-	Safer Communities Grant	88
-	Strategic health delivery	55
60	Arts Council Grants	-
210	Elections	330
141	Other grants	224
26,003	Sub Total	25,760
	Amounts not reported to management for decision making	
-	Sports across Staffordshire	1,279
26,003	**Total**	**27,039**

Other grants shown in the tables above includes all grants received less than £50,000. The council acts as the accountable body for the Sports across Staffordshire spend which does not form part of the councils core budget.

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

(i) **Current Liabilities**

2013/14 £000		2014/15 £000
	Revenue Grants Receipts in Advance	
207	Sport England (SASSOT)	100
-	English Athletics (SASSOT)	8
6	Coalfields Regeneration Trust (SASSOT)	-
345	Other Local Authorities	320
558	**Total**	**428**

(ii) **Long Term Liabilities**

2013/14 £000		2014/15 £000
	Capital Grants Receipts in Advance	
545	Section 106 Developers capital contributions	566
545	**Total**	**566**

The Council does not hold a donated assets account.

37. Related Parties

The Council is required to disclose material transactions with related parties, that is 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.

Central Government
Central government has significant influence over the general operations of the Council as it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 29 on reporting for resources allocation decisions and in Note 36.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2014/15 is shown in Note 33. Details of member's interest are recorded in the Register of Members' Interest maintained by the Council. During 2014/15 there were no significant works and services commissioned from companies in which members had an interest.

Officers
During 2014/15 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)
There are no transactions with other public bodies in 2014/15 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council
There are no transactions in 2014/15 with entities controlled by the Council that are required to be disclosed.

38. Capital Expenditure and Capital Financing

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

2013/14 £000		2014/15 £000
6,992	**Opening Capital Financing Requirement**	6,480
	Capital Investment	
1,993	Property, Plant and Equipment	2,098
-	Intangible Assets	23
1,776	Revenue Expenditure Funded from Capital under Statute	943
	Sources of finance	
(516)	Capital receipts	(208)
(1,463)	Government grants and other contributions	(1,322)
	Sums set aside from revenue:	
(1,790)	Direct revenue contributions	(1,534)
(512)	MRP	(144)
6,480	**Closing Capital Financing Requirement**	6,336

2013/14 £000		2014/15 £000
	Explanation of movements in year	
(512)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	144
(512)	**Increase/(decrease) in Capital Financing Requirement**	144

The Council advanced in 2011/12 £2m with Lloyds Banking Group as part of the Local Authority Mortgage Scheme. This scheme is aimed at first time buyers and the advance reflects the Council's share of financial assistance through the provision of an indemnity. Lloyds Bank plc. required a five year deposit from the Council to match the five year life of the indemnity. The deposit placed with the bank provides an integral part of the mortgage lending and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the Council, the returned funds are classed as a capital receipt and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application.

At 31 March 2015 there were 67 completed loans with an estimated indemnity amount of £1,383,196. Based on a 2% potential default rate a cumulative provision of £27,664 has been set aside from interest receivable in earmarked reserves. It should be noted that, to date, there have been no defaults on mortgages advanced through the scheme.

39. Leases

Council as Lessee

Finance Leases
The Council has acquired a number of assets under finance leases for vehicles, IT equipment and photocopiers.

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

31 March 2014 £000		31 March 2015 £000
2,043	Other Land and Buildings	1,871
14	Vehicles, Plant, Furniture and Equipment	-
2,057		1,871

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

31 March 2014 £000		31 March 2015 £000
	Finance lease liabilities (net present value of minimum lease payments):	
16	current	1
1,289	non-current	1,287
5,061	Finance costs payable in future years	4,958
6,366	**Minimum lease payments**	**6,246**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £000	**31 March 2014 £000**	**31 March 2015 £000**	**31 March 2014 £000**
Not later than one year	104	120	1	16
Later than one year and not later than five years	416	416	5	5
Later than five years	5,726	5,830	1,282	1,284
	6,246	**6,366**	**1,288**	**1,305**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £368,919 contingent rents were payable by the Council (2013/14 £368,919).

The Council has sub-let some of the office accommodation held under these finance leases. At 31 March 2015 the minimum payments expected to be received under non-cancellable sub-leases were £99,000 (none at 31 March 2014).

Operating Leases

The Council does not have any assets held under operating leases.

Council as Lessor

Finance Leases

The Council has no assets leased out as finance leases.

Operating Leases

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

- for economic development purposes to provide suitable affordable accommodation for local businesses and the voluntary sector

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

31 March 2014 £000		31 March 2015 £000
59	Not later than one year	58
136	Later than one year and not later than five years	94
23	Later than five years	7
218		**159**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There are no contingent rents receivable for either 2014/15 or 2013/14.

40. Impairment Losses

During 2014/15 the Council has recognised impairment losses of £8,000 in respect of Car Parks (2013/14 £58,000 in respect of public conveniences and sundry land holdings).

41. Termination Benefits

The Council terminated the contracts of eight employees in 2014/15, incurring liabilities of £139,000 (£18,000 in 2013/14). The number of exit packages and total cost per band are set out in Note 34. The payments relate to Officers employed throughout the Council who were made redundant as part of the Council's rationalisation of services.

42. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Staffordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund, the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment 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 the Council is 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.

2013/14 £000		2014/15 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
1,784	Current service cost	1,812
18	Past service cost (including curtailments)	14
1,802	**Total Service Cost**	1,826
	Financing and Investment Income and Expenditure	
(3,054)	Interest income on scheme assets	(2,777)
5,100	Interest cost on defined benefit obligation	4,631
2,046	**Total Net Interest**	1,854
3,848	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**3,680**
	Remeasurements of the Net Defined Liability Comprising:	
1,401	Return on plan assets excluding amounts included in net interest	(7,384)
2,541	actuarial gains/losses arising from changes in demographic assumptions	-
2,359	actuarial gains/losses arising on changes in financial assumptions	11,037
(8,195)	Other	(925)
(1,894)	**Total remeasurements recognised in other comprehensive income**	**2,728**
1,954	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**6,408**
	Movement in Reserves Statement	
(3,848)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(3,680)
1,598	**Employers Contributions Payable to the Scheme**	1,743

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2013/14 £000		2014/15 £000
(68,261)	Fair value of employer assets	(77,468)
109,866	Present value of funded liabilities	122,523
4,150	Present value of unfunded liabilities	4,231
45,755	**Net Liability arising from the Defined Benefit Obligation**	**49,286**

There is a difference between the pension liability and the pension reserve balance of £1,134,000. This reflects the amount of the actual past deficit payment made to the pension fund as compared to the amount due under statutory arrangements as reflected in the Pension reserve..

Reconciliation of the Movements in the Fair Value of Scheme Assets

2013/14 £000		2014/15 £000
69,189	Opening fair value of scheme assets	**68,261**
3,054	Interest income	2,777
	Remeasurement gain/(loss)	
(1,401)	Return on plan assets excluding the amounts included in net interest	7,384
1,598	Contributions from employer	2,877
467	Contributions from employees into the scheme	503
(4,646)	Benefits paid	(4,334)
68,261	**Closing Fair Value of Scheme Assets**	**77,468**

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)

	2013/14 £000		2014/15 £000
	114,588	**Opening fair value of scheme liabilities**	114,016
	1,784	Current service cost	1,812
	5,100	Interest cost	4,631
	467	Contributions from scheme participants	503
		Remeasurement (gains)/losses:	
	2,541	Actuarial (gains)/losses arising from changes in demographic assumptions	-
	2,359	Actuarial (gains)/losses arising from changes in financial assumptions	11,037
(i)	(8,195)	Other	(925)
	18	Past service cost	14
	(4,646)	Benefits paid	(4,334)
	114,016	**Closing Fair Value of Scheme Liabilities**	126,754

(i) The amount included in the table above as other relates to the actuaries updating of experience and adjustments from the last triennial valuation.

Local Government Pension Scheme Assets comprised:

	Period Ended 31 March 2015				Period Ended 31 March 2014			
	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
Equity Securities								
Consumer	6,643	-	6,643	9%	5,185	-	5,185	8%
Manufacturing	-	-	-	0%	4,848	-	4,848	7%
Energy and utilities	2,014	-	2,014	3%	2,857	-	2,857	4%
Financial Institutions	4,944	-	4,944	6%	5,122	-	5,122	8%
Health and Care	3,251	-	3,251	4%	3,573	-	3,573	5%
Information Technology	3,005	-	3,005	4%	3,120	-	3,120	5%
Other	5,955	-	5,955	8%	1,438	-	1,438	2%
Debt Securities								
investment grade	5,881	-	5,881	8%	5,108	-	5,108	7%
Private Equity								
All	-	2,461	2,461	3%	-	2,138	2,138	3%
Real Estate								
UK Property	-	6,305	6,305	8%	-	5,015	5,015	7%
Investment Funds and Unit Trusts								
Equities	25,673	-	25,673	33%	20,199	-	20,199	30%
Bonds	4,141	-	4,141	5%	3,318	-	3,318	5%
Hedge Funds	-	1,852	1,852	2%	-	1,293	1,293	2%
Other	-	2,282	2,282	3%	-	2,150	2,150	3%
Cash and Cash Equivalents								
All	**3,061**	**-**	**3,061**	4%	**2,897**	**-**	**2,897**	4%
Total Assets	**64,568**	**12,900**	**77,468**	**100**	**57,665**	**10,596**	**68,261**	**100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council operated Fund are based on the latest full valuation of the scheme as at 1 April 2013.

The significant assumptions used by the actuary have been:

2013/14		2014/15
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
22.1	Men	22.1
24.3	Women	24.3
	Longevity at 65 for future pensioners:	
24.3	Men	24.3
26.6	Women	26.6
2.6%	**Rate of Inflation**	2.1%
4.4%	**Rate of increase in salaries**	4.0%
2.6%	**Rate of increase in pensions**	2.1%
4.1%	**Rate for discounting scheme liabilities**	3.1%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the 2013/14.

Change in Assumption at 31 March 2015	**Approximate % Increase to Employee Liability** %	**Approximate Monetary Value** £000
0.5% decrease in real discount rate	9%	11,771
1 year increase in member life expectancy	3%	3,803
0.5% increase in the salary increase rate	3%	3,348
0.5% increase in the pension increase rate	6%	8,208

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding strategy to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £49.286m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Authority anticipates to pay £1,788,000 expected contributions to the scheme in 2015/16.

The weighted average duration of the defined benefit obligation for the funding scheme members is 17 years. This can be analysed further as follows:

	2014/15	
	Liability split %	**Weighted Average Duration Yrs**
Active Members	40.3	23.9
Deferred Members	14.8	22.5
Pensioner Members	44.9	11.4
Total	**100.0**	**17.0**

43. Contingent Liabilities

Municipal Mutual Insurance

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. A payment was made in 2013/14 for £65,000 based on a 15% levy notice. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31st March 2015 that a solvent run off of the Company's business cannot be guaranteed.

44. Contingent Assets

As part of the Town centre redevelopment the Council will be granted a 250 year lease on the undercroft car park currently under construction. This is underwritten by a bond with a financial penalty if this does not occur.

45. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council

- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments

- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;

- by the adoption of a Treasury Policy Statement and treasury management clauses within its Constitution

- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures in relation to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year;

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported each year, as is a mid-year update.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by Full Council on 4 February 2014 and is available on the Council's website. The key issues within the strategy were:

- The Authorised Limit for 2014/15 was set at £11.4m.

- The Operational Boundary was expected to be £8.4m. This is the expected level of debt and other long term liabilities during the year.

- The maximum proportions of fixed and variable interest rate exposure were set at fixed (100%) and variable (75%).

- Determination of the maximum and minimum exposures to the maturity structure of debt.

The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and reviewed periodically.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. Details of the Investment Strategy can be found on the Council's website.

This Council uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays.

- credit watches and credit outlooks from credit rating agencies;

- sovereign ratings to select counterparties from only the most creditworthy countries

- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

The Annual Investment Strategy for 2014/15 was approved by Full Council on 4 February 2014 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies is £12 million at the 31 March 2015. The credit risk cannot be assessed generally as a risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the Council's deposits, but there was no evidence at the 31 March 2015 that this was likely to happen. The Government's deposit protection arrangements will limit any losses to the Council due to the guarantee given to the banks which are covered by the guarantee.

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

	Amount at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015	Estimated maximum exposure at 31 March 2014
	£000	%	%	£000	£000
	A	B	C	(A x C)	
Customers (Sundry Debtors)	2,470	1	1	25	36
				25	36

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

The Council does not generally allow credit for customers (sundry debtors), such that £2.470m of the debtors balance of £2.599m (after provisions for bad debts) shown in note 16 is past its due date for payment. This balance can be analysed as follows:

31 March 2014 £000		31 March 2015 £000
195	Less than three months	446
29	Three to six months	25
14	Six months to one year	7
1,556	More than one year	1,992
1,794		2,470

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

31 March 2014 £000		31 March 2015 £000
18	Less than one year	3
3	Between one and two years	2,004
2,009	Between two and five years	8
1,316	More than five years	1,311
3,346		**3,326**

All debtors and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its planned treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance section will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(271)
Impact on Surplus or Deficit on the Provision of Services	(271)
Decrease in fair value of fixed rate investment assets	29
Impact on Other Comprehensive Income and Expenditure	29
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	33

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

Price Risk

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

Foreign Exchange Risk

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

46. Trust Funds

The Council acts as custodian trustee for two charities. As a custodian trustee, the Council holds the property but takes no decisions on its use. The funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

2014/15	Income £	Expenditure £	Assets £	Liabilities £
Sidney's	241	-	4,146	-
Izaak Walton	-	-	102	-
Total	**241**	**-**	**4,248**	**-**

2013/14	Income £	Expenditure £	Assets £	Liabilities £
Sidney's	237	-	3,905	-
Izaak Walton	-	-	102	-
Total	**237**	**-**	**4,007**	**-**

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2015. A summary of the heritage assets held by the Council is set out in Note 13.

48. Heritage Assets: Further Information on the Collections Held

Civic Regalia

The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties.
Items are held and governed under Council regulations and procedures governing all Council assets.

Art Collection at Civic Offices

The Collection contains paintings and Coats of Arms and China held at the Civic Offices. In addition the Council owns a painting by Matthew Craddock which was donated by Sir Hugh Fraser of Bradshaw.

Art Collection at Heritage Sites

(i) Statue of Izaak Walton

The statute of Izaak Walton was presented to the people of Stafford by the Staffordshire Newspaper to commemorate the Second Millennium. The statute depicts Izaak Walton in an angling repose on the banks of the River Sow.

(ii) Collection at the Ancient High House Museum

The Ancient High House Museum opened in 1987 following extensive restoration work. The museum currently houses the museum of the Staffordshire Yeomanry and exhibitions are staged throughout the year reflecting Stafford's history.

The Collection covers items reflecting the social context of the building including furniture, decorative art, tools and utensils from the late Tudor period up until the Edwardian/Georgian age. It includes 5,000 photographic slides, posters, and 18th and 19th Century Wallpaper. The Collection also included an intricately carved 16th Century coat of arms which was presented to the Corporation of Stafford by Mayor William Feake in 1677, and a picture of Thomas Sidney, one of only three Staffordians to become Mayor of London.

(iii) Collection at Izaak Walton Cottage

The Izaak Walton Cottage Museum opened in its current form in 1990 and houses exhibits dedicated to social history interpreting the life and times of Izaak Walton on the ground floor and angling artefacts and Izaak's written works on the first floor. There are approximately 350 objects and 200 photographs in the Collection.

(iv) First Edition of the Compleat Angler by Izaak Walton

Izaak Walton's book, The Compleat Angler, was first published on 9 May 1653 and is arguably the most important book in Old English style, having gone through over 600 editions since the author's death. Besides angling advice, the book expounds a philosophy for life which has value and relevance today.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non Domestic Rates.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses/deficits for Council Tax declared by the billing authority on 15 January each year, are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Stoke-on-Trent and Staffordshire Fire and Rescue Authority.

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool. Surpluses and deficits declared by the billing authority on 30 January each year are apportioned to the precepting bodies in the subsequent financial year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's Consolidated Balance Sheet.

2013/14 Total £000		2014/15 Business Rates £000	2014/15 Council Tax £000	2014/15 Total £000
	Income			
62,120	Council Tax Receivable	-	63,026	63,026
44,183	Business Rates Receivable	44,132	-	44,132
106,303	**Total Income**	**44,132**	**63,026**	**107,158**
	Expenditure			
	Precepts and Demands			
47,758	Staffordshire County Council	3,902	44,132	48,034
23,173	Stafford Borough Council	17,340	6,346	23,686
670	Parishes	-	682	682
3,315	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	433	2,906	3,339
7,607	Office of the Police and Crime Commissioner Staffordshire	-	7,630	7,630
20,897	Payments to Central Government	21,675	-	21,675
32	Transitional Protection Payments to Pool	3	-	3
103,452		**43,353**	**61,696**	**105,049**
	Charges to Collection Fund			
265	Write offs of uncollectable amounts	155	109	264
730	Increase in bad debts provision	42	490	532
1,782	Increase in provision for appeals	3,101	-	3,101
173	Costs of Collection	171	-	171
-	Distribution of estimated Collection Fund Surplus (NNDR1)	501	-	501
106,402	**Total Expenditure**	**47,323**	**62,295**	**109,618**
99	**(Surplus)/Deficit for Year**	**3,191**	**(731)**	**2,460**
	Movement of Collection Fund Balances			
92	**Balance brought Forward**	**5**	**186**	**191**
99	Add (Surplus)/Deficit for the Year	**3,191**	**(731)**	**2,460**
191	**Balance Carried Forward**	**3,196**	**(545)**	**2,651**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 98.5%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

Council Tax Base 2014/15

Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	24.50	5/9	13.60
A		9,780.25	6/9	6,520.17
B		11,161.50	7/9	8,681.17
C		11,403.25	8/9	10,136.22
D		8,014.75	1	8,014.75
E		5,334.25	11/9	6,519.64
F		3,035.00	13/9	4,383.89
G		1,451.25	15/9	2,418.75
H		66.50	2	133.00
		50,271.25		46,821.19
	Other Adjustments and Discounts			(3,859.88)
				42,961.31

The actual tax base for 2014/2015 was 43,470.07 an increase of 508.76 (1.18%)

2. Council Tax Chargeable for a Band D Property

	2014/15 Precept £000	2014/15 Council Tax £	2013/14 Council Tax £
Staffordshire County Council	44,132	1,027.25	1,027.25
Stafford Borough Council	6,346	147.72	150.73
Parish Council (Average)	682	15.88	15.64
Office of the Police and Crime Commissioner - Staffordshire	7,630	177.61	177.61
Stoke-on-Trent and Staffordshire Fire and Rescue Authority Authority	2,906	67.64	67.64
Total	**61,696**	**1,436.10**	**1,438.87**

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

3. Non-Domestic Rates (NNDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2014/15 was 48.2p (2013/14 47.1p).

The total non-domestic rateable value at 31 March 2015 was £110.695M (£110.894M at 31 March 2014).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

The movement in the Council Tax Collection Fund balance is summarised as follows:

2013/14 Fund Balance at 31 March 2014 £000		2014/15 Surplus in year (Net Position) £000	2014/15 Fund Balance at 31 March 2015 £000
22	Stafford Borough Council	(82)	(60)
133	Staffordshire County Council	(525)	(392)
23	Office of the Police and Crime Commissioner - Staffordshire	(89)	(66)
8	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(35)	(27)
186		**(731)**	**(545)**

There was no recovery or distribution of any surplus or deficit in the year of Council Tax.

The movement in the Business Rates Collection Fund Balance is summarised as follows:

2013/14 Fund Balance at 31 March 2014 £000		2014/15 Deficit in year (Net Position) £000	2014/15 Fund Balance at 31 March 2015 £000
2	Stafford Borough Council	1,277	1,279
1	Staffordshire County Council	287	288
2	Central Government	1,596	1,598
-	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	31	31
5		**3,191**	**3,196**

The deficit for the year includes a distribution of the estimated surplus of £0.501 million as at the 15 January 2014 position.

5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

2013/14 Precept / Demand less Share of Surplus	Council Tax	2014/15 Precept / Demand for Year	Less Share of Surplus	Precept / Demand for Year
£000		£000	£000	£000
6,455	Stafford Borough Council	6,346	-	6,346
670	Parishes	682	-	682
43,996	Staffordshire County Council	44,132	-	44,132
7,607	Office of the Police and Crime Commissioner Staffordshire	7,630	-	7,630
2,897	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2,906	-	2,906
61,625		**61,696**	**-**	**61,696**

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

2013/14 Precept / Demand for Year	Business Rates	2014/15 Precept / Demand for Year
£000		£000
16,718	Stafford Borough Council (40%)	17,340
3,762	Staffordshire County Council (9%)	3,902
20,897	Central Government (50%)	21,675
418	Stoke-on-Trent and Staffordshire Fire and Rescue Authority (1%)	433
41,795		**43,350**

The precept / demand for the year includes the payment of the surplus recorded in NNDR1 of £0.501million in accordance with statutory requirements.

The amount in relation to Stafford Borough Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates funding regime.

6. Provision for Appeals

As at 31 March 2015 the estimated value of valid appeals against Rateable Value amounts to £37.313 million. The provision reflects an estimated liability covering the period 1 April 2010 to 31 March 2015.

GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA’s Code of Practice, where appropriate, the following definitions have been adopted.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

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 statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agent

This is where the council when providing a service is acting as an intermediary which is not part of the councils core business.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Business Rates

The level of business rates income eligible for pooling under the business rates retention funding regime.

Capital Adjustment Account

This reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Charges

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Receipts Reserve

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

Carrying Amount

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

Cash Equivalents

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Code of Practice

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2015.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

Collection Fund Adjustment Account

This account represents Stafford Borough Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

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

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

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.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Debtors

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

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciable Replacement Cost (DRC)

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation

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

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical are) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pension Assets

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction.

Fees and Charges

Income arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of property, plant or equipment 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, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

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

GAAP

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

Government Grants

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

Heritage Assets

These are assets held by the council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Income and Expenditure Account

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of fixed assets and statutory provision for the repayment of debt.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Intangible Assets

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

Leasing

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to an Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

National Non-Domestic Rate (NNDR)

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

Net Book Value

Amount at which property, plant & equipment are included in the balance sheet, i.e. their historical cost or current value 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, ie the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

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.

Non Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

Non-Operational Assets

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

Operating Leases

A lease other than a finance lease.

Operational Assets

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

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet 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 other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

Principal

This is when the Council is providing a service as part of its own core business.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Property, plant & equipment

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

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

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

Public Works Loan Board (PWLB)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Sums set aside to meet future expenditure for specific purposes.

Revaluation Reserve

This is used to record the net gain from revaluations made after 1 April 2007.

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 (Formerly Deferred Charges)

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SeRCOP

SeRCOP (Service Reporting Code of Practice) provides guidance on local authority financial reporting to stakeholders below the Statement of Accounts level. It aims to ensure consistency in reporting across local authorities.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

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

Termination Benefits

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Useful Life

Period over which the local authority will derive benefits from the use of a fixed asset.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF STAFFORD BOROUGH COUNCIL

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

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

Respective responsibilities of the Head of Finance and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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

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

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

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

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

Conclusion

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

Certificate

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

James Cook

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

23 September 2015

APPENDIX 1

STAFFORD BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT 2014/15

1 SCOPE OF RESPONSIBILITY

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

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

1.3 Stafford Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website at http://www.staffordbc.gov.uk/live/welcome.asp?id=5823 or can be obtained from the Head of Law and Administration. This statement explains how Stafford Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which require all relevant bodies to prepare an annual governance statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

2.3 The governance framework has been in place at Stafford Borough Council for the year ended 31st March 2015 and up to the date of approval of the Annual Governance Statement.

3 THE GOVERNANCE FRAMEWORK

3.1 The 6 key principles of good governance together with the key elements of the systems and processes that supports these principles are outlined below.

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
• The Borough Council has agreed its Corporate Plan for the period of the present political administration and as part of the budgetary process compiles a rolling annual action plan to achieve its four priorities. The Corporate Plan and the four priorities contained in it were developed following consultation with the Police Citizens Panel and using data provided by the Staffordshire Observatory. • The Authority has used the Stafford Borough District Profile to assist in the revision of the action plan to the four year Corporate Plan. • A Business Management and Reporting Framework is in place which focusses on and monitors achievement of the Council's priorities and service improvement, including Corporate Governance issues. This includes future arrangements for reviewing the Corporate Action Plan annually in November as part of the budget process to establish a golden thread between resources and achievement of vision /priorities. This allows service planning to be undertaken at officer level and also adjustment of performance targets in line with various projects for submission to scrutiny committees from 1 April each year. • There is a performance management framework to monitor and report on identified performance measures in order to secure continuous improvement in services. Performance is measured through national and local Performance Indicators – these are published in "In pursuit of success". The performance of each service is monitored and challenged at Service Performance Reviews on an annual basis. Service areas are required to demonstrate customer satisfaction and best practice by benchmarking against other authorities, including VFM comparators. The Council is a member of the Local Government Association (LGA) Benchmarking Club. • Regular monitoring of income and expenditure levels ensures that financial balance is maintained and action is taken where necessary to address any shortfalls in income or overspends. The position is discussed with the Chief Executive and the Head of Finance on a regular basis and then reported to Cabinet members on a monthly basis and to all members on a quarterly basis. • The Borough Council measures public satisfaction with its services on a regular basis. As part of a shared service with Staffordshire Police the Council now uses the Police citizens panel on a regular basis. This panel comprises 600 residents the make up of which reflects the geographical, age and gender make up of the Borough. Once a year panel members are asked to indicate their satisfaction with the principal services of the Council. In addition, the customer contact centre undertakes 100 telephone surveys per month in respect of customers that have used that particular provision. Random customer surveys are undertaken at our principal reception areas to measure satisfaction of residents who personally visit the Council. Other satisfaction surveys are carried out by individual services. • A complaints procedure is in place for investigating complaints from the public. The Resources and Corporate Services Scrutiny Committee consider the level and nature of corporate complaints on an annual basis.

- Stafford Borough Strategic Partnership brings together significant partners from the public, private, community and voluntary sectors operating in Stafford Borough for the purpose of focusing on the needs and aspirations of the community with particular reference to community safety, health and wellbeing and housing and employment. The Partnership has undertaken a review of the governance arrangements during 2014-15.

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

- The Council operates under the Leader and Cabinet model. The Council's Constitution clarifies the roles and responsibilities of the Executive and Committees.
- The Scheme of Delegations identifies those areas of decision-making and day-to-day operations that have been delegated to Senior Officers and those matters reserved for Members.
- There is a Protocol for Officer / Member relations as part of the Constitution to assist in defining the separate roles and aid appropriate communication.
- The Council has 3 statutory officers in place:
  - Head of Paid Service – the Chief Executive – overall responsibility for the day-to-day management of the Council
  - The s151 Officer – the Head of Finance – has overall responsibility for the proper administration of the council's financial affairs and ensuring that public money is safeguarded at all times. The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) in that:
    - he is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the council's financial strategy;
    - he is a member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the council's strategic objectives sustainably and in the public interest;
    - he leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

    In delivering these responsibilities he directs a finance function that is resourced to be fit for purpose and includes staff that are professionally qualified and experienced.
  - The Monitoring Officer - the Head of Law and Administration is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with. He reports to the Council, Executive and Committees with legal implications being referred to the Council's Legal Services Unit, which employs qualified and experienced staff. There is a system for bringing new legislation to the notice of officers.
- A corporate Leadership Team which includes the 3 statutory officers is in place to support the Cabinet and Scrutiny Committees, and to manage operational services.
- Members allowances are dealt with by an independent panel. The Council's Pay Policy details the arrangements for paying employees. Chief Officers' salaries have been determined through a Hay Evaluation process and other employees grades are determined through the job evaluation process / Single Status agreement.

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

- There are Codes of Conduct in place for Members and Employees. The Codes of Conduct have been approved and adopted by the Council and are available to all members and officers as part of the Constitution.

- The Codes of Conduct require Members and employees to declare specified outside interests, which could influence decision making.

- Any complaints about Members' conduct are dealt with by the Standards Committee. A procedure for handling complaints has been approved by Council. Complaints about employees conduct can be initiated through various mechanisms.

- The Council's values are laid out in the Corporate Plan. The document "Our Values" is available on the intranet and as a paper document. The Council's values are going through a process of review and it is envisaged that a new set of values will be agreed with the Cabinet after the May 2015 elections.

- Training and awareness sessions are provided for members and officers, and officers are reminded of their duty to declare interests and hospitality.

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- There are 3 Scrutiny Committees in place to monitor and challenge the performance of the Council and partner organisations where appropriate. There is a Call-in process in place to challenge where appropriate decisions made by Cabinet. Task and Finish reviews are undertaken by the Scrutiny Committees. Meetings are held with Scrutiny Committee Chairmen to discuss issues arising out of the Scrutiny process

- There is an Audit and Accounts Committee in place, which is independent of the Cabinet and the Scrutiny Committees. The Committee's remit is to monitor the effectiveness of the council's corporate governance arrangements including the system of internal controls

- Reports are prepared for the Cabinet which include all relevant information. All reports are consulted on with appropriate financial and legal officers and are accompanied by a comprehensive checklist signed off by the reports author. All reports that involve expenditure fully evaluate the financial implications of the proposal with any associated risks. Committee reports and minutes show reasons for decisions made.

- There is a risk management policy and strategy in place. This provides for:-

  - the identification, prioritisation and control of strategic risks / opportunities;
  - monitoring of risk management action plans by Leadership Team and the Cabinet;
  - progress reports to the Audit and Accounts Committee on the management of strategic risks; and
  - risk management implications are included in committee reports.

- There is a system of internal control in place. At the core of this is the Council's various policies, regulations and procedures eg Financial Regulations, Contract Procedure Rules, HR Policies, etc.

- Internal Audit review systems and their controls to provide assurance and recommendations for improvement. This work includes ensuring compliance with policies, procedures, laws and regulations. Internal Audit operates to an annual audit plan which is based on an assessment of risk to ensure that the areas of highest risk are reviewed.

- The Section 151 officer with the support of Internal Audit ensures that there are adequate financial control mechanisms in place to safeguard the Council's assets.
- There is a Confidential Reporting policy in place to encourage anyone to feel confident about raising serious concerns about practices and to provide avenues by which to raise those concerns and to receive feedback on any action taken. This can be accessed via the Council's website.

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

Members:

- Member training requirements are based on the following information sources:
  (i) a formal Induction programme for all Members of the Council after each election;
  (ii) an audit of training requirements undertaken of all new and existing members;
  (iii) a periodic survey of members training needs; and
  (iv) consideration of Corporate Priorities.
- In-house training is provided as and when necessary. Members attend external courses and conferences as appropriate.
- Members assess their own skills through a training needs survey and identify where training is required. For new issues, training is offered to Members as appropriate.

Employees:

- There is an Induction Programme in place.
- Training needs (to support both service delivery and personal development) are identified by the annual Performance and Development reviews (PDR). The Training Officer identifies courses where appropriate for common skills gaps. There is a Corporate Training Budget to fund approved training
- Career development is encouraged through the Personal Development Reviews and opportunities provided for training, mentoring, secondments.

6. Engaging with local people and other stakeholders to ensure robust local public accountability

- The authority is open and accessible to the community, service users and its employees. The Council is accessible via the Contact Centre, Reception, website. Engagement with the Community and stakeholders takes place through a variety of mechanisms:
  - Community Forums
  - Website
  - Social Media
  - Citizens' Panel
  - Some specialist community groups in place eg for the disabled
- With regards to communication with all sections of the community and stakeholders, the Borough Council consults widely via the police citizens panel and other consultation exercises during the year. In addition the revised website has a section designated for consultation exercises and where appropriate invitations for comments are requested by press and media.
- The Council is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so. Meetings are held in public except where confidential issues are discussed and the law permits private meetings. The Council complies with the guidelines on publishing transparent data.

3.2 A key element of the Council's governance arrangements concerns safeguarding. Stafford Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across its services.

We are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by the Council. We do this by:

- Having a Child & Adult Protection Policy and procedure in place endorsed by the Staffordshire Safeguarding Children Board and Staffordshire and Stoke Adult Safeguarding Partnership
- Having child & adult protection processes which give clear, step-by-step guidance if abuse is identified
- Safeguarding training programme in place for staff and members
- Carrying out the appropriate level of DBS checks on staff and volunteers
- Working closely with Staffordshire Safeguarding Children Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership

4 REVIEW OF EFFECTIVENESS

4.1 Stafford Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the council who have responsibility for the development and maintenance of the governance environment, by input from Members, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.

4.2 **The Audit and Accounts Committee -** monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti fraud and corruption arrangements throughout the year.

4.3 Review of the Constitution - the Resources and Corporate Services Scrutiny Committee reviews the Constitution annually and makes recommendations to the Authority. The Council considers the updates to the Constitution and approves it.

4.4 **Internal Audit –** is responsible for reviewing the effectiveness of the Council's system of internal control and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and as such it is essential that the Internal Audit function operates in accordance with best practice:

(i) Internal Audit operates in accordance with the Public Sector Internal Audit Standards.

(ii) A review of the effectiveness of internal audit has been undertaken. This review has been undertaken via a self-assessment and a review by the Head of Governance. The review concluded that the system of internal audit is operating effectively and assurance can be taken from the work of Internal Audit.

Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures. The work undertaken on the annual audit plan for 2014-15 has been used to provide an independent view on the adequacy of the governance framework.

In their annual report to the Audit and Accounts Committee, the Internal Audit section has independently assessed the Council's internal control environment as being satisfactory overall based on their work during the year. Internal Audit has identified the following issues for inclusion in the Annual Governance Statement:

(i) Information Governance – whilst the Council has arrangements in place for key aspects of this (eg Data Protection, Freedom of Information and IT Security), there is a need to review these arrangements and develop them under the umbrella of an information governance framework. In order to give clarity to roles and responsibilities and to adopt a more pro-active stance, a member of Leadership Team needs to be identified as the Senior Information Risk Owner. Further work needs to be done on embedding and raising awareness of the IT Security Policy and the IT Strategy needs to be finalised and implemented.

(ii) Code of Governance – a review has been undertaken of the existing Code against the CIPFA/IFAC "Good Governance in the Pubic Sector" framework. This review concluded that whilst there is governance framework in place this does not meet in full the new requirements as there has been a shift in emphasis. There is now more emphasis on:

- Upholding ethical standards;
- Information Governance and openness & transparency;
- Checking the effectiveness of governance arrangements as opposed to compliance.

During the year where weaknesses in internal control were identified, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

4.5 **External Audit** - during the year the Council received the following key reports:

(i) Audit Findings (Dated 1 September 2014 and reported to Audit & Accounts Committee 11 September 2014); and
(ii) Annual Audit Letter (dated 22 October 2014 and reported to Audit & Accounts Committee 4 December 2014)

Both reports offered an unqualified opinion on the Council's financial statements and its arrangements for value for money and effective use of resources. No significant concerns were identified.

4.6 **Risk Management -** the Audit and Accounts Committee receive regular progress reports regarding risk management arrangements. The strategic risk management process has been successful in reducing a number of risks during the year. There are currently no red risks for inclusion as significant governance issues. One Amber risk has been identified for inclusion:

- Town Centre – changes to retail pattern

Other Amber Risks have also been identified for inclusion through other assurance sources and are attributed accordingly.

4.7 **Statements of Assurance from Heads of Service** - assurances were sought from the Heads of Service as to the effectiveness of a number of aspects of the Governance Framework as it operates in their service areas. The following have been identified as significant governance issues:

- Partnership Locality Commissioning Arrangements;
- Waste Management Contract

4.8 **Statements of Assurance from the Statutory Officers** - assurances have been sought from the Head of Paid Service (ie Chief Executive), the Monitoring Officer (Head of Law and Administration) and the s151 Officer (Head of Finance) with regard to their responsibilities for governance. The following have been identified as significant governance issues:

- Budgetary Issues relating to reductions in public expenditure;
- Impact of Welfare Reform.

4.9 Safeguarding Officer – assurance has been sought from the Council's nominated Safeguarding Officer as to the adequacy of the Council's arrangements. No significant governance issues have been identified.

4.10 **Leadership Team** – in addition to the individual Heads of Service and Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it. The Leadership Team have identified the following as a significant issue:

- Impact of other public sector spending reductions.

4.11 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions are outlined below.

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 All significant governance issues are included in the action plan below.

ISSUE	OFFICER RESPONSIBLE	TARGET DATE
Outstanding items from previous AGS		
Issues arising from the review of the Governance Framework:		
(i) Revision of the Council's Code of Corporate Governance	Head of Law and Administration and the Head of Governance	January 2016
(ii) Review of the Employee's Code of Conduct	Head of Human Resources, Head of Law and Administration and Head of Governance	March 2016
(iii) Review of Financial Regulations and Contract Procedure Rules	Head of Finance, Head of Law and Administration and Head of Governance	September 2015
Issues for 2015/16		
Welfare Reforms – managing the transition from Housing Benefit to Universal Credit (UC), which is due to commence in October 2015. Agreement to be reached with the Department of Work and Pensions, subject to funding, on the provision of assistance to claimants regarding: • Personal Budgeting Skills (UC is paid directly to the claimant (whereas Housing Benefit is often paid to the landlord). • Access to IT facilities and skills (UC is expected to be claimed online). • Assistance with the claim process for the claimants that need the most support.	Head of Finance	Ongoing

ISSUE	OFFICER RESPONSIBLE	TARGET DATE
Partnership Locality Commissioning arrangements – locality planning is still an issue in terms of medium term finance and the limited issues that it covers at present. The Council will ensure that it has appropriate input into the Local Commissioning Plan.	Head of Policy & Improvement	March 2016
Waste Management Contract – commence review of options for future service provision	Head of Environment	March 2016
Town Centre – Changes to retail pattern – New retailers are being attracted to the town through the Riverside and Kingsmead developments. Focus is now on attracting other uses to the town, such as office and residential.	Head of Planning and Regeneration	Ongoing
Budgetary Issues – arising from the Comprehensive Spending Review (CSR). Work will continue to prepare for the future with regard to identifying the level of resources likely to be available to the Council and in particular the impact of ongoing reductions in public expenditure.	Chief Executive / Head of Finance	Ongoing
Information Governance – an information governance framework is to be established under the direction of a nominated SIRO. This will include a review of the existing arrangements for Data Protection, Freedom of Information, IT Security and the IT Strategy.	Head of Law and Administration Head of Technology	March 2016
Public Service Reductions in the borough of Stafford – actions include: • Active approach to consultation on service changes; • Negotiations on proposals; • Understanding and identifying the impact across the district as a whole; and • Working more closely with partners.	Chief Executive / Head of Policy & Improvement	Ongoing

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

(Signed) ______________________________ (Dated) ________________
Chief Executive

(Signed)______________________________ (Dated) ________________
Leader of the Council