

North Lincolnshire Council

Statement of Accounts

Financial Year 2015/2016

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Narrative Statement

This Statement of Accounts have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code). It is the purpose of this narrative statement to explain, in an easily understandable way, the financial facts in relation to the council.

This Statement of Accounts explains North Lincolnshire Council's finances during the financial year 2015/16 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Narrative Statement is not part of the statement of accounts but is prepared on the basis that it is consistent with the statement of accounts. Its purpose is to comment on the financial performance of the Council and the economy, efficiency and effectiveness in its use of resources over the financial year.

Main Statements

The Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). 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 Movement on Reserves Statement takes the surplus from the CIES and adjusts this figure back to the actual movement on the General Fund Balance. There was no movement on the council's general balances. Additionally £1.9m was drawn from earmarked reserves.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, 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.

The Total Comprehensive Income and Expenditure shown on the Comprehensive Income and Expenditure Statement (CIES) shows a £54.1m surplus (£74.5m deficit in 14/15). This is due to some of the entries that are required by International Financial Reporting Standards, primarily in connection with pensions. The statutory requirements under which the accounts are prepared means a series of adjustments are required to the balance on the CIES and these are shown in note 7. Once these adjustments are made there is no movement on the General Fund Balance.

The Balance Sheet

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

The council's net worth has increased by £54.4m. Most of this increase comes from a decrease in the council's liability to the Pension scheme of £61.3m.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating

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

The Collection Fund

The Collection Fund shows the transactions of the billing council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e. major preceptors, the billing council and the Government) on behalf of which the billing council collects these taxes.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. North Lincolnshire Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

Amounts Reported for Resource Allocation Decisions (Note 29)

This note shows the same data as the Comprehensive Income and Expenditure Statement but presents it in the format that the council uses in the Narrative Statement. This is also the format used during the budget setting process and for management purposes. The note provides a useful link between the two different formats.

Review of the Year

Revenue Activities

The council's financial management arrangements continue to be effective and its financial position resilient. Despite the challenge of tighter resources year on year to meet the Government's deficit reduction programme and to keep council tax as low as possible, the council continues to deliver spend within budget.

The financial outturn shows that Directorates have delivered an under-spend of £0.4m or 0.3% of budget. When corporate budgets are included this increases to a total service under-spend of £1.0m or 0.8% of budget. Due to a funding adjustment, the overall total council under-spend is reduced to £0.6m or 0.5% of budget.

The reported position allows for the carry forward of funds committed but not spent in 2015/16; and of funds for transformational and service development initiatives. This equates to spending carried forward of £1.898m to 2016/17.

There were £6.6m of planned saving initiatives included in the budget for 2015/16, 95.6% (£6.4m) of these have been delivered. The position of the council demonstrates a continuing culture of effective management of budget within cash limits.

There was consistent or improving performance on most strategic measures of council activity and outcomes, 86% of key performance indicators were at or above target or within tolerance. Of these 67% showed an improving trend year on year. This is achieved against a backdrop of continued reducing budgets and service transformation.

Continued uncertainty within both the public sector and the wider economy will require the council to regularly assess its financial plans. Financial planning will need to reflect both the risks and opportunities presented.

The table below shows the financial performance of the council for 2015/16 in more detail.

2015/16 OUTTURN POSITION	Budget £000's	Actual £000's	Carry Forward £000's	Outturn £000's	Variance £000's
PEOPLE					
Education	6,128	6,012	80	6,092	(36)
Prevention & Commissioning	9,534	9,039	82	9,121	(413)
Children's Services	16,639	16,598	310	16,908	269
Adult Services	31,359	30,561	402	30,963	(396)
Schools	-	12	-	12	12
	63,660	62,222	874	63,096	(564)
POLICY & RESOURCES					
Human Resources	1,644	1,606	39	1,645	1
Legal Services	3,117	3,116	-	3,116	(1)
Financial Services	2,966	2,684	195	2,879	(87)
Business Support	4,376	4,036	150	4,186	(190)
	12,103	11,442	384	11,826	(277)
PLACES					
Customer Services	5,000	5,793	-	5,793	793
Community Services	25,332	25,343	75	25,418	86
Technical & Environmental Services	4,270	3,899	100	3,999	(271)
Planning & Regeneration	2,747	2,673	80	2,753	6
Strategic Projects	356	186	-	186	(169)
	37,705	37,894	255	38,149	444
Directorate Expenditure	113,468	111,558	1,513	113,071	(397)
CORPORATE					
Corporate & Miscellaneous	3,169	3,042	385	3,427	258
Capital Financing	13,506	13,184	-	13,184	(322)
Contingency	519	-	-	-	(519)
Use of Reserves	(4,824)	(2,926)	(1,898)	(4,824)	-
	12,370	13,300	(1,513)	11,787	(583)
Service Total	125,838	124,858	0	124,858	(980)
Funding	(125,838)	(125,454)	-	(125,454)	384
Over/(Under)	-	(596)	-	(596)	(596)

Part of the council's effective financial management arrangements is allowing carry forward of underspent budget into the following financial year. This should be utilised on one-off initiatives and not create an on-going commitment in a Directorate base budget. These carry forwards can be seen in the table above.

Capital Programme

The capital programme's focus is on infrastructure (e.g. Barnetby Roundabout, the Local Transport Plan and Trent & Humber Flood Works), supporting economic growth (e.g. Ongo Offices), supporting healthy lives (e.g. Brigg Recreation Ground, Barton Sports facility and Winterton Gym & Skate Park) improvements in the local public asset base (e.g. Schools and Children Centres), supporting transformation and innovation to deliver service redesign and recognising the council's statutory responsibility for school places. Enabling economic growth is a fundamental strand of the vision for the area to delivery prosperity through higher employment and housing opportunity.

The council funds its capital programme through a mix of corporate resources via borrowing and capital receipts, specific capital funding with and without conditions and other external contributions.

Delivery and monitoring of the capital programme is important as capital investment not only underpins some of the key outcomes for the area, but decisions on borrowing and investments are based on the reported spending and delivery plans of the programme. To ensure optimum use of internal and external borrowing the programme must deliver the forecast spend.

Capital Projects often are delivered over a longer time frame than a financial year and it is inevitable that there will be some element of re-profiling in spending over financial years, this can be for a number of reasons including delay in commencement of contracts due to weather, procurement and legal negotiations.

Over recent years the council has run a substantial investment programme, which for 2015/16 totalled £52.9m, with further planned spending of £122.8m over the next four years. There is an in-year underspend of £13.4m (25%) this is larger than in previous years, but reflects the need to re-phase expenditure into later years and also slippage on schemes involving partner organisations. Some modest re-phasing was made at Budget Review in January.

The outturn position for capital is shown below and indicates an under-spend of (£13.4m), with 75% delivery of the overall capital programme. This is made up of £14.1m scheme underspends and £0.7m scheme overspends. Re-phasing of £13.4m will be required to ensure schemes continue as approved into 2016/17 onwards.

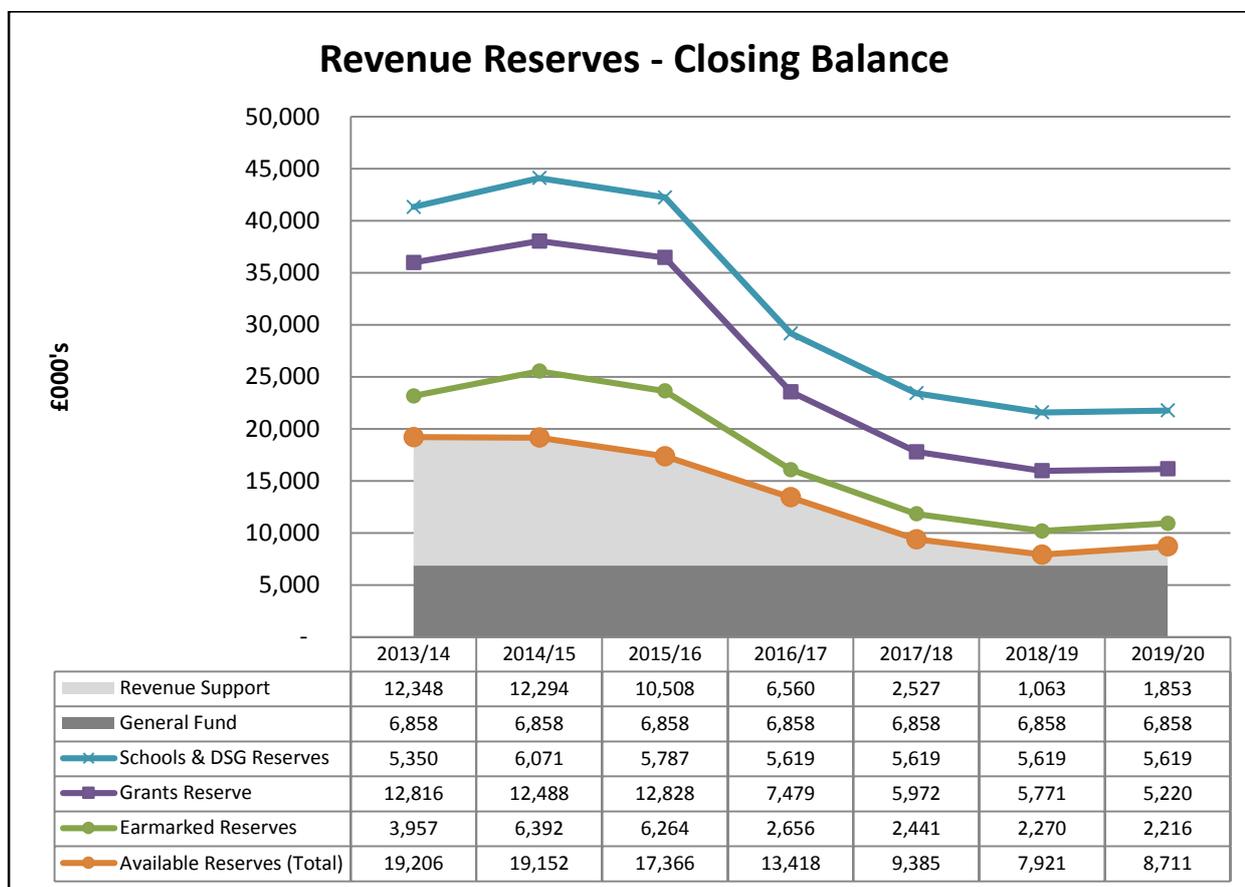
The table below summarises the council's capital performance for 2015/16.

	Budget 2015/16 £000's	Actual 2015/16 £000's	Variance £000's/%	
People	7,658	4,361	(3,298)	-43%
Policy & Resources	689	484	(205)	-30%
Places	44,510	34,650	(9,860)	-22%
Total	52,857	39,494	(13,363)	-25%
Funding Analysis				
Grants & External Funding	24,585	22,030	(2,555)	-10%
Revenue / Reserve Funding	389	118	(271)	-70%
Internal & External Borrowing	22,427	13,448	(8,979)	-40%
Property Trading Account	956	222	(734)	-77%
Capital Receipts	4,500	3,676	(824)	-18%
Total	52,857	39,494	(13,363)	-25%

Revenue Reserves

The council holds reserves for a range of purposes. The two main reasons for holding reserves is to manage financial risks or because funding has been received before it is required.

In 2015/16 the council's reserves reduced by £1.9m. The council's Medium Term Financial Plan forecasts further use of reserves as shown in the graph below:



Performance 2015-16

The council's performance against key indicators has continued to improve, with 68.2% of our key performance measures improved year-on-year and 85.7% of these measures were on target or were within tolerance. This is again a positive outcome.

Budget 2016-17

At the Full Council meeting on 23rd February members approved a net revenue budget of £125.8m for 2016/17. Early indications from budget monitoring show that there are some pressures which will need to be carefully managed to ensure the approved budget is deliverable.

Integral to delivering the budget there are 113 savings initiatives totalling £10m. These savings are reviewed regularly as part of the monitoring process and early forecasts provide a positive picture, indicating that most savings will be fully achieved.

Treasury Management - Borrowing

The council made a decision to defer new borrowing for capital purposes in 2008/09. This avoided the short-term cost of paying the differential between the rates at which we can borrow (typically 3-4%) and rate of return on our investment (between 0.4% and 0.6%). It made temporary use of cash balances which would otherwise be exposed to potential loss in volatile financial markets. By the end of 2014/15 the difference between the council's underlying need to borrow and its actual borrowing was £71.9m. In 2015/16 the council's cash balances were fully utilised and projections of the council's cash flow indicated there was a long-term need to borrow. The council

therefore had to end its policy of internal borrowing and recommenced long-term borrowing with £20m from the Public Works Loans Board (PWLB). It is forecast that in future it will need to borrow to finance an element of its capital programme.

Pensions

This year the liability has decreased by £61.3m. This is due to changes in the assumptions the scheme's Actuaries have made in determining the value of the scheme's assets and liabilities. Pension liabilities will be funded as they fall due through a combination of employee and employer contributions, government grants and council tax.

Asset Valuations

Property, plant & equipment and Investment Properties values have increased by £9.9m this year. There were £25.6m of additions including expenditure on the roads, various schools, various sports facilities and vehicles.

Future Prospects

Revenue Budget 2016-20

Future prospects remain fair, the moderate underspend in 2015/16 provides a firm financial base for the future. There are still some uncertainties in the future level of funding for Local Government although the Government's offer of four year settlement does provide some certainty to that portion. There are other factors that could affect future funding, these include the revaluation of properties subject to Business Rates in 2017, the 100% retention of Business Rates in 2020, Brexit and Devolution. The council's medium term financial plan assumes settlement funding (allocated by government) will fall from £50.9m in 2016-17 to £39.0m in 2019-20. In the same period the council's net budget increases from £125.8m to £126.9m. Growth is expected in council tax income (particularly the Lincolnshire Lakes project), business rates income (from the South Humber Bank development) and from commercial initiatives. Council-wide transformation initiatives also bring savings. These and other funding assumptions made in the budget will need to be closely monitored to ensure they remain deliverable.

Statement of Responsibilities

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 Director of Policy and Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Director of Policy and Resource's Responsibilities

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

In preparing this Statement of Accounts, the Director of Policy and Resources has:

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

The Director of Policy and Resources has also:

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

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2016 has been prepared in the form directed by the Code and under the accounting policies set out in note 1.
- (b) in my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Mike Wedgewood

Director of Policy and Resources

Date of certification: 27th September 2016

Council Approval of Statement of Accounts

Councillor I. Glover

Audit Committee

Date of approval: 27th September 2016

North Lincolnshire Council Annual Governance Statement 2015/2016

The Annual Governance Statement is now presented alongside the statement of accounts and not as part of the main document.



Independent auditor's report to the members of North Lincolnshire Council

We have audited the financial statements of North Lincolnshire Council for the year ended 31 March 2016 on pages 14 to 65. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Policy and Resources and auditor

As explained more fully in the Statement of the Director of Policy and Resources' Responsibilities, the Director of Policy and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Policy and Resources; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

Authority's responsibilities

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.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 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 Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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 criterion issued by C&AG in November 2015, as to whether North Lincolnshire Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether North Lincolnshire Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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, North Lincolnshire Council 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 issued by the C&AG in November 2015, we are satisfied that, in all significant respects, North Lincolnshire Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the financial statements of North Lincolnshire Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Graham Prentice FCCA MBA

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

28 September 2016

Movement in Reserves Statement

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2014	6,858	34,470	1,499	14,751	57,578	77,617	135,195
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(23,490)	0	0	0	(23,490)		(23,490)
Other Comprehensive Income and Expenditure		0	0	0	0	(51,048)	(51,048)
Total Comprehensive Income and Expenditure	(23,490)	0	0	0	(23,490)	(51,048)	(74,538)
Adjustments between accounting basis & funding basis under regulations (Note 7)	26,264	0	(1,499)	(5,034)	19,731	(19,731)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	2,774	0	(1,499)	(5,034)	(3,759)	(70,779)	(74,538)
Transfers to or from earmarked reserves (Note 8)	(2,774)	2,774	0	0	0	0	0
Increase/(Decrease) in Year	(0)	2,774	(1,499)	(5,034)	(3,759)	(70,779)	(74,538)
Balance as at 31 March 2015	6,858	37,244	0	9,717	53,819	6,838	60,657
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(37,141)	0	0	0	(37,141)	0	(37,141)
Other Comprehensive Income and Expenditure					0	91,583	91,583
Total Comprehensive Income and Expenditure	(37,141)	0	0	0	(37,141)	91,583	54,442
Adjustments between accounting basis & funding basis under regulations (Note 7)	35,284	0	0	(4,605)	30,679	(30,679)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(1,857)	0	0	(4,605)	(6,462)	60,904	54,442
Transfers to or from earmarked reserves (Note 8)	1,857	(1,857)	0	0	0	0	0
Increase/(Decrease) in Year	0	(1,857)	0	(4,605)	(6,462)	60,904	54,442
Balance Sheet as at 31 March 2016	6,858	35,387	0	5,112	47,357	67,742	115,099

Comprehensive Income and Expenditure Statement

	Notes	2015/2016			2014/2015		
		£000 Expenditure	£000 Income	£000 Net	£000 Expenditure	£000 Income	£000 Net
Central services to the public		4,937	(2,022)	2,915	3,967	(2,189)	1,778
Cultural and related services		19,806	(5,326)	14,480	14,798	(5,308)	9,490
Environment and regulatory services		21,533	(3,200)	18,333	25,820	(3,508)	22,312
Planning Services		12,376	(1,985)	10,391	34,043	(2,410)	31,633
Children's and education services		137,418	(90,593)	46,825	126,317	(88,048)	38,269
Highways and transport services		19,547	(1,799)	17,748	17,269	(1,862)	15,407
Other housing services		51,496	(46,716)	4,780	52,697	(47,057)	5,640
Adult Social Care		58,190	(21,801)	36,389	57,177	(19,018)	38,159
Public Health		9,021	(8,430)	591	5,390	(5,898)	(508)
Corporate and democratic core		4,363	(4,533)	(170)	7,369	(4,811)	2,558
Non distributed costs		108	(154)	(46)	13	(294)	(281)
Cost of Services		338,795	(186,559)	152,236	344,860	(180,403)	164,457
Other Operating Expenditure	9	18,901		18,901	19,147		19,147
Financing and Investment Income and Expenditure	10	30,825	(22,241)	8,584	29,372	(16,912)	12,460
Taxation and Non-Specific Grant Income and Expenditure	11	10,083	(152,663)	(142,580)	10,697	(183,271)	(172,574)
(Surplus) or Deficit on Provision of Services		398,604	(361,463)	37,141	404,076	(380,586)	23,490
Surplus or deficit on revaluation of Property, Plant and Equipment	12			(18,655)			(13,637)
Impairment losses on non-current assets charged to the Revaluation Reserve	12			1,692			(2,897)
Re-measurement of the net defined benefit liability/(asset)	48			(74,620)			67,582
Other Comprehensive Income and Expenditure				(91,583)			51,048
Total Comprehensive Income and Expenditure				(54,442)			74,538

Balance Sheet

	Notes	31st March 2016 £000	31st March 2015 £000
Property, Plant & Equipment	12	427,806	422,387
Heritage Assets	13	1,039	1,039
Investment Property	14	45,947	41,804
Intangible Assets	15	628	313
Long Term Investments	16	64	64
Long Term Debtors	16	76	58
Long Term Assets		475,560	465,665
Inventories	17	360	448
Short Term Debtors	19	27,238	23,413
Cash and Cash Equivalents	20	310	0
Assets held for sale	21	5,919	8,030
Current Assets		33,827	31,891
Cash and Cash Equivalents	20	0	1,341
Short Term Borrowing	16	14,041	2,533
Other Short Term Liabilities	16	0	56
Short Term Creditors	22	29,030	33,486
Provisions	23	3,024	1,237
Current Liabilities		46,095	38,653
Provisions	23	2,092	6,905
Long Term Borrowing	16	119,459	103,399
Other Long Term Liabilities	48	226,642	287,942
Long Term Liabilities		348,193	398,246
Net Assets		115,099	60,657
Usable Reserves	24/25	47,357	53,819
Unusable Reserves	24/25	67,742	6,838
Total Reserves		115,099	60,657

Cash Flow Statement

2014/2015 £000		Note	2015/2016 £000
(23,490)	Net surplus or (deficit) on the provision of services		(37,524)
40,764	Adjustment to surplus or deficit on the provision of services for noncash movements	26	44,237
(39,937)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(21,102)
(22,663)	Net Cash flows from operating activities		(14,389)
4,019	Net Cash flows from Investing Activities	27	(8,952)
716	Net Cash flows from Financing Activities	28	24,992
(17,928)	Net increase or (decrease) in cash and cash equivalents		1,651
16,587	Cash and cash equivalents at the beginning of the reporting period		(1,341)
(1,341)	Cash and cash equivalents at the end of the reporting period		310

Notes to the Accounts

Note 1 Accounting Policies

i. General Principles

The Statement of Accounts summarises the authority's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016, the Service Reporting Code of Practice 2015/2016, International Financial Reporting Standards (IFRS) and any relevant statutory instruments.

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

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet where individual stock categories are above £10,000.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. In respect of both capital and revenue transactions, the council operates on the normal accruals concept of income and expenditure above the councils de minimis threshold of £10,000. Exceptions to this policy are:

- Housing Benefit payments
- Social services Income for home care
- Property Trading account Income for commercial properties
-

These exceptions still mean a full 12 months of income and expenditure are accounted for in a financial year.

iii. Acquisitions and Discontinued Operations

Acquired operations

Additional policy detail will be provided for acquired operations (or transferred operations under combinations of public sector bodies) during the financial year.

Discontinued operations

Additional policy detail will be provided for discontinued operations (or transferred operations under combinations of public sector bodies) during the financial year.

iv. 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 highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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 non-current assets during the year:

1. depreciation attributable to the assets used by the relevant service
2. 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
3. amortisation of intangible assets attributable to the service.

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the 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.

vii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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 entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Post-employment Benefits

Employees of the authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by the Department for Education (DfE).
- The Local Government Pension Scheme, administered by East Riding of Yorkshire Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the East Riding pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined when pension's data is available. (Based on an indicative equivalent return on high quality corporate bonds).
- The assets of East Riding pension fund attributable to the authority 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:

Service cost comprising:

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

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the East Riding pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

viii. Events After the Reporting Period

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

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

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

ix. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest 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 authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of

repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the loans that the authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Available-for-Sale Assets

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

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

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

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

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

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

Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

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

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

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

x. Foreign Currency Translation

The authority has no transactions denominated in a foreign currency.

xi. Government Grants and Contributions

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

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

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

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

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

xii. Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets)

The authority holds several assets which are held to increase the knowledge, understanding and appreciation of the authority's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The authority's collections of heritage assets are accounted for as follows.

The asset will be accounted for at the value used for insurance purposes or its fair value as determined by a qualified valuer.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the authority's general policies on impairment. The authority will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the statement of accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority. Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the authority's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiv. Interests in Companies and Other Entities

The authority has no material interests in other companies or entities that require it to prepare group accounts. Details of any other interests are explained within the notes to the accounts where relevant.

xv. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using recognised formula. Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

The authority has set a de minimis value of £10,000 below which inventories are not held on balance sheet.

xvi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii. Joint Operations

Joint operations are arrangements where the parties have joint control and have rights to the assets and obligations relating to the arrangement. Where joint operations are in place the authority recognises its revenues, expenses, assets and liabilities related to the operation plus its share arising from joint operations.

xviii. Leases

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

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

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

The Authority as Lessee

Finance Leases

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

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xix. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/2016 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the authority's status as a multifunctional, 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.

xx. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the authority. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUUV-SH)

- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at 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 Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

Depreciation

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

Depreciation is normally charged in the first full year of operational use, except where stated, and calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Depreciation is charged on vehicles from the point of initial use.
- infrastructure – straight-line allocation over its technically assessed life.

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.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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.

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

xxi. Private Finance Initiatives and Similar Contracts

The authority has no Private Finance Initiatives (PFI) or similar contracts

xxii. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

xxiii. Reserves

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

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

xxiv. Revenue Expenditure Funded from Capital under Statute

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

xxv. 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.

Note 2 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

- IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the local authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.
- Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/2016 Statement of Accounts.

Note 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 most critical judgement made in the Statement of Accounts is:

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

Note 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 council has made a series of assumptions with regard to the level of National Non-Domestic Rate income it will receive over the next four financial years.

The items in the council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority 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 falls. It is estimated that the annual depreciation charge for buildings would increase by £1.2m 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 authority with expert advice about the assumptions to be applied.	However, the assumptions interact in complex ways. During 2015/2016, the authority's actuaries advised that the net pension liability had decreased by £61m as a result of updating of the assumptions.
Arrears	At 31 March 2016, the authority had a balance of sundry debtors of £7.8m. A review of significant balances suggested that an impairment of doubtful debts of £1.9m was appropriate. However it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.9m to be set aside as an allowance.
National Non Domestic Rates (NNDR) Provision	The council set aside, from its collection fund, £7.4m as a provision against the cost of the future settlement of current appeals outstanding against NNDR rateable values. The council's share of this provision of £3.6m is shown in Note 23.	The impact of appeals is highly uncertain and outside of the control of the council. The impact of a £1m increase in this provision would be £0.37m cost to the council but due to the statutory arrangements for the accounting for the collection fund this would not have to be met in-year.
Fair Value Measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in notes 14 and 16 below.	The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and surplus assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels, occupancy levels and others. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurements.

Note 5 Material Items of Income and Expense

For this council a material item of income and expense would be around £5m or more. During 2015/2016 there was one material item of income. This was receipt of Better Care Fund monies of £6.2m.

Note 6 Events After the Balance Sheet Date

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister, to begin

negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future, once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Note 7 Adjustments between Accounting Basis and Funding Basis under Regulations

2015/2016	General Fund Balance	Usable Reserves		Movement in Unusable Reserves
		Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.				
Pension cost (transferred to (or from) the Pensions Reserve)	13,320			(13,320)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	0			0
Council tax and NDR (transfers to or from the Collection Fund)	1,753			(1,753)
Holiday pay (transferred to the Accumulated Absences reserve)	208			(208)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	35,205			(35,205)
Total Adjustments to Revenue Resources	50,486	0	0	(50,486)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,829)	3,829		
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	153	(153)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(7,247)			7,247
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(340)			340
Total Adjustments to Revenue Resources	(11,263)	3,676	0	7,587
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(3,676)		3,676
Application of capital grants to finance capital expenditure	(3,939)		(4,605)	8,544
Cash payments in relation to deferred capital receipts		0		0
Total Adjustments to Capital Resources	(3,939)	(3,676)	(4,605)	12,220
Total Adjustments	35,284	0	(4,605)	(30,679)

2014/2015	General Fund Balance	Usable Reserves		Movement in Unusable Reserves
		Capital Receipts Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.				
Pension cost (transferred to (or from) the Pensions Reserve)	8,378			(8,378)
Financial Instruments (transferred to the Financial Instruments Adjustments Account)	0			0
Council tax and NDR (transfers to or from the Collection Fund)	(1,440)			1,440
Holiday pay (transferred to the Accumulated Absences reserve)	175			(175)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	35,807			(35,807)
Total Adjustments to Revenue Resources	42,920	0	0	(42,920)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,694)	1,694		
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	68	(68)		
Statutory Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(6,945)			6,945
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0			0
Total Adjustments to Revenue Resources	(8,571)	1,626	0	6,945
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(3,125)		3,125
Application of capital grants to finance capital expenditure	(8,085)		(5,034)	13,119
Cash payments in relation to deferred capital receipts		0		0
Total Adjustments to Capital Resources	(8,085)	(3,125)	(5,034)	16,244
Total Adjustments	26,264	(1,499)	(5,034)	(19,731)

Note 8 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund Expenditure in 2015/2016.

	2014/2015			2015/2016			Balance as at 31 March 2016 £000
	Balance as at 1 April 2014 £000	Transfers In £000	Transfers Out £000	Balance as at 31 March 2015 £000	Transfers In £000	Transfers Out £000	
General Fund:							
Revenue Grants	11,297	1,963	(3,081)	10,179	3,975	(3,528)	10,626
Revenue Support Reserve	12,347	3,392	(3,446)	12,293	956	(2,741)	10,508
Schools Delegated Reserve	3,095	196	(243)	3,048	411	(530)	2,929
Dedicated Schools Grant	2,255	1,728	(961)	3,022	1,829	(1,993)	2,858
Public Health	1,519	1,625	(835)	2,309	118	(225)	2,202
General Carry Forwards	736	2,736	(736)	2,736	1,898	(2,736)	1,898
Insurance	1,173	0	0	1,173	0	0	1,173
Safety Camera Partnership	902	1,064	(902)	1,064	1,157	(1,064)	1,157
Commuted Sums	30	40	0	70	640	(130)	580
Self-Insurance	150	134	0	284	0	0	284
Scunthorpe Special Expenses	210	11	(16)	205	114	(110)	209
Property Trading Account	73	0	(31)	42	385	(222)	205
Pumping Stations	127	29	0	156	30	0	186
Dedicated Schools Grant-Delegated	58	182	0	240	182	(240)	182
Legal Services Reserve	172	0	0	172	0	0	172
Shared Service Development	90	23	0	113	0	0	113
Flood Reserve	101	0	0	101	0	0	101
Crematorium Enhancement Fund	35	2	0	37	2	(35)	4
BDUK Reserve	100	0	(100)	0	0	0	0
Total Earmarked Reserves	34,470	13,125	(10,351)	37,244	11,697	(13,554)	35,387

Revenue Support Reserve

This reserve has been set aside to fund specific spending requirements in future years as part of the council's medium term financial plan.

Revenue Grants

This reserve has been set aside to hold the balances of revenue grants where the conditions of use have been met but remain unapplied at year end.

Dedicated Schools Grant

This reserve has been set aside to hold the balance of the Dedicated Schools Grant received but unapplied at year end.

Insurance

This reserve is held to meet any material excesses on future claims.

Self-Insurance

This reserve is held to meet the costs of claims which are insured internally.

Property Trading Account

This reserve is earmarked for use in managing the council's stock of commercial properties and promoting economic growth.

Note 9 Other Operating Expenditure

Further details of the individual Parish Precepts and the gains/losses on the disposals of non-current assets are listed immediately below this table.

Other Operating Expenditure

	2015/2016 £000	2014/2015 £000
Levies	1,269	1,252
Payments to the Government Housing Capital Receipts Pool	0	2
Parish council precepts	1,302	1,237
(Gains)/losses on the disposal of non-current assets	16,330	16,656
	18,901	19,147

(Surplus)/Deficit on Non-Current Assets (excluding Investment Properties)

	2015/2016 £000	2014/2015 £000
Net Proceeds from Sale General	(2,463)	(599)
Disposal costs	153	68
Carrying amount of non-current assets sold (excluding Investment Properties)	18,640	17,187
	16,330	16,656

Parish Precepts

	2015/2016 £000	2014/2015 £000
Alkborough	4	4
Amcotts	2	2
Appleby	6	6
Ashby Parkland	3	3
Barnetby-le-wold	21	21
Barrow-on-Humber	33	29
Barton-upon-Humber	138	138
Belton	14	14
Bonby	11	11
Bottesford	92	92
Brigg	127	102
Broughton	88	88
Burrougham	10	10
Burton-upon-Stather	42	42
Cadney-cum-Howsham	8	6
Crowle	56	56
East Butterwick	1	1
East Halton	5	3
Eastoft	3	3
Elsham	8	6
Epworth	52	52
Flixborough	11	11
Garthorpe & Fockerby	6	6
Goxhill	41	40
Gunness	27	27
Haxey	37	32
Hibaldstow	13	13
Holme	0	0
Horkstow	1	1
Keadby with Althorpe	24	24
Kirmington & Croxton	7	7
Kirton-in-Lindsey	88	84
Luddington	3	3
Manton	0	0
Melton Ross	2	3
Messingham	46	43
New Holland	8	8
North Killingholme	4	4
Owston Ferry	12	11
Redbourne	9	7
Roxby-cum-Risby	5	5
Saxby-all-Saints	4	3
Scawby-cum-Sturton	34	26
South Ferriby	11	11
South Killingholme	11	11
Thornton Curtis	3	2
Ulceby	10	10
West Butterwick	0	0
West Halton	4	4
Whitton	2	2
Winteringham	11	11
Winterton	105	105
Wootton	5	4
Worlaby	13	10
Wrawby	11	10
Wroot	10	10
Total	1,302	1,237

Note 10 Financing and Investment Income and Expenditure

	2015/2016			2014/2015		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Interest payable and similar charges	5,932	0	5,932	6,064	0	6,064
Net interest on the net defined benefit liability (asset)	9,278	0	9,278	9,083	0	9,083
Interest receivable and similar income	0	(80)	(80)	0	(139)	(139)
Income and expenditure in relation to investment properties and changes in their fair value	1,932	(8,360)	(6,428)	1,387	(3,420)	(2,033)
Other investment income	13,683	(13,801)	(118)	12,838	(13,353)	(515)
Total	30,825	(22,241)	8,584	29,372	(16,912)	12,460

Further details are included in the tables below:

	2015/2016		2014/2015	
	£000		£000	
Loan Interest	5,932	6,064	5,932	6,064
	5,932	6,064		

	2015/2016		2014/2015	
	£000		£000	
Net interest on the net defined benefit liability (asset)	9,278	9,083	9,278	9,083
	9,278	9,083		

	2015/2016		2014/2015	
	£000		£000	
Bank interest	0	0	0	0
Loans	0	0	0	0
Other Investment income	(80)	(139)	(80)	(139)
	(80)	(139)		

Income, Expenditure and changes in Fair Value of Investment Properties

	2015/2016		2014/2015	
	£000		£000	
Income including rental income	(4,036)	(3,178)	(4,036)	(3,178)
Expenditure	696	1,221	696	1,221
<i>Net income from investment properties</i>	(3,340)	(1,957)	(3,340)	(1,957)
(Surplus)/deficit on sale of Investment Properties:				
Proceeds from sale	(1,366)	(1,095)	(1,366)	(1,095)
Carrying amount of investment properties sold	1,236	853	1,236	853
<i>(Surplus)/deficit on sale of Investment Properties:</i>	(130)	(242)	(130)	(242)
Changes in Fair Value of Investment Properties	(2,958)	166	(2,958)	166
	(6,428)	(2,033)	(6,428)	(2,033)

(Surplus)/Deficit on trading operations (see Note 31)

	2015/2016		2014/2015	
	£000		£000	
Income from trading	(13,801)	(13,353)	(13,801)	(13,353)
Expenditure	13,683	12,838	13,683	12,838
(Surplus)/Deficit for the year	(118)	(515)	(118)	(515)

Note 11 Taxation and Non-specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income and Expenditure	2015/2016 £000	2014/2015 £000
Income		
Council Tax Income	(60,599)	(59,488)
Non Domestic Rates Income and Expenditure [England]	(30,971)	(31,673)
Non-ring-fenced government grants	(33,584)	(43,102)
Capital Grants and Contributions	(17,426)	(38,311)
Total Taxation and Non-Specific Grant Income and Expenditure	(142,580)	(172,574)

Further details of non-ringfenced government grants are listed below this table. Capital grants are further analysed as Applied and Unapplied.

Council Tax	2015/2016 £000	2014/2015 £000
Current year	(59,216)	(58,309)
Other Movement	(1,383)	(1,179)
Total	(60,599)	(59,488)

NNDR income/expenditure	2015/2016 £000	2014/2015 £000
Income:		
NDR Proportionate Share	(43,864)	(40,691)
NDR (Surplus)/Deficit	4,088	(914)
Renewable Energy Disregard	(1,122)	(747)
Enterprise Zone Disregard	(156)	(18)
Total NDR Income	(41,054)	(42,370)
Expenditure:		
Tariff	9,820	9,636
NDR Levy	263	1,061
Total NDR Expenditure	10,083	10,697

Non-ring-fenced revenue grants	2015/2016 £000	2014/2015 £000
Revenue Support Grant	(26,731)	(36,185)
Other non-ring-fenced grants	(1,812)	(2,336)
New Homes Bonus	(2,735)	(2,371)
Council Tax Reduction Grant	(676)	(672)
Business Rates Retention Grant	(1,630)	(1,538)
Total	(33,584)	(43,102)

Capital Grants and Donated Assets-Applied	2015/2016 £000	2014/2015 £000
Government & Other Grants-Conditions met and applied in year	(13,487)	(30,226)
Total	(13,487)	(30,226)

Capital Grants-Unapplied	2015/2016 £000	2014/2015 £000
Government & Other Grants-Conditions met and not applied	(3,939)	(8,085)
Total	(3,939)	(8,085)

Note 12 Property, Plant and Equipment

Current Year

	Property, Plant & Equipment (PP&E)									
	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
Balance as at 1 April 2015	355,002	97,317	12,943	1,653	2,200	10,550	479,665	41,804	511	521,980
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	355,002	97,317	12,943	1,653	2,200	10,550	479,665	41,804	511	521,980
Additions (Note 41)	6,180	11,663	1,193	248	3,304	388	22,976	2,277	392	25,645
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	6,785	(11)	0	0	0	4,069	10,843	0	0	10,843
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(3,520)	(11)	(65)	0	0	3	(3,593)	2,924	0	(669)
De-recognition - Disposals	(15,394)	0	(1,700)	0	0	(76)	(17,170)	(1,237)	0	(18,407)
De-recognition - Other	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	(3,041)	9	0	1,913	(1,085)	2,025	(179)	179	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2016	346,012	108,967	12,371	3,814	4,419	16,959	492,542	45,947	903	539,392
Depreciation and Impairment										
Balance as at 1 April 2015	(25,133)	(23,579)	(6,945)	0	0	(1,621)	(57,278)	0	(198)	(57,476)
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	0	0
Adjusted opening balance	(25,133)	(23,579)	(6,945)	0	0	(1,621)	(57,278)	0	(198)	(57,476)
Depreciation Charge	(9,074)	(5,599)	(1,416)	(118)	0	(35)	(16,242)	0	(77)	(16,319)
Depreciation written out on Revaluation Reserve	6,695	0	0	0	0	87	6,782	0	0	6,782
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,287	1	65	0	0	17	2,370	34	0	2,404
Impairment losses/reversals to Revaluation Reserve	(1,705)	0	0	0	0	13	(1,692)	0	0	(1,692)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	51	0	(3)	(5)	(26)	(374)	(357)	0	0	(357)
De-recognition - Disposals	303	0	1,344	0	0	0	1,647	0	0	1,647
De-recognition - Other	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	723	0	0	(538)	0	(151)	34	(34)	0	0
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2016	(25,853)	(29,177)	(6,955)	(661)	(26)	(2,064)	(64,736)	0	(275)	(65,011)
Net Book Value										
Balance as at 31 March 2016	320,159	79,790	5,416	3,153	4,393	14,895	427,806	45,947	628	474,381
Balance as at 31 March 2015	329,869	73,738	5,998	1,653	2,200	8,929	422,387	41,804	313	464,504

Comparator Year

	Property, Plant & Equipment (PP&E)									
	Other Land and Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Investment Properties	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
Balance as at 1 April 2014	353,647	85,249	12,225	1,331	1,104	8,662	462,218	38,422	410	501,050
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	45	45
Adjusted opening balance	353,647	85,249	12,225	1,331	1,104	8,662	462,218	38,422	455	501,095
Additions (Note 41)	18,616	12,304	1,804	61	1,335	390	34,510	3,085	156	37,751
Donations	0	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Revaluation Reserve	4,133	78	0	2	0	2,845	7,058	0	0	7,058
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	1,553	(34)	(55)	3	(1,335)	42	174	(649)	0	(475)
De-recognition - Disposals	(18,717)	(280)	(978)	0	0	(101)	(20,076)	(853)	(100)	(21,029)
De-recognition - Other	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	(4,134)	0	(53)	256	1,096	1,036	(1,799)	1,799	0	0
Reclassified to/from Held for Sale	(96)	0	0	0	0	(2,324)	(2,420)	0	0	(2,420)
Other movements	0	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2015	355,002	97,317	12,943	1,653	2,200	10,550	479,665	41,804	511	521,980
Depreciation and Impairment										
Balance as at 1 April 2014	(32,460)	(18,837)	(5,491)	0	0	(187)	(56,975)	0	(215)	(57,190)
Adjustments between cost/value & depreciation/impairment	0	0	0	0	0	0	0	0	(45)	(45)
Adjusted opening balance	(32,460)	(18,837)	(5,491)	0	0	(187)	(56,975)	0	(260)	(57,235)
Depreciation Charge	(9,020)	(5,022)	(1,991)	0	0	(96)	(16,129)	0	(38)	(16,167)
Depreciation written out on Revaluation Reserve	6,386	0	0	0	0	80	6,466	0	0	6,466
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	(198)	0	42	0	0	0	(156)	115	0	(41)
Impairment losses/reversals to Revaluation Reserve	2,731	0	0	0	0	166	2,897	0	0	2,897
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	4,213	0	0	0	0	(1,491)	2,722	368	0	3,090
De-recognition - Disposals	2,617	280	495	0	0	0	3,392	0	100	3,492
De-recognition - Other	0	0	0	0	0	0	0	0	0	0
Reclassifications & Transfers	620	0	0	0	0	(93)	527	(483)	0	44
Eliminated on reclassification to Held for Sale	(22)	0	0	0	0	0	(22)	0	0	(22)
Balance as at 31 March 2015	(25,133)	(23,579)	(6,945)	0	0	(1,621)	(57,278)	0	(198)	(57,476)
Net Book Value										
Balance as at 31 March 2015	329,869	73,738	5,998	1,653	2,200	8,929	422,387	41,804	313	464,504
Balance as at 31 March 2014	321,187	66,412	6,734	1,331	1,104	8,475	405,243	38,422	195	443,860

Depreciation

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

- Other Land and Buildings – 1–100 years
- Vehicles, Plant, Furniture & Equipment – 1-12 years
- Infrastructure – straight-line allocation over the useful life of the property as estimated by a suitably qualified officer

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. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that all easements; rights of way, restrictions and other encumbrances have been considered
- that the properties are in good repair unless otherwise stated
- that any services are in good working order or free from defect unless otherwise stated
- that no deleterious or hazardous materials have been used in the construction nor any existing or potential environmental factors are known that could affect the values.

The table below shows the property, plant and equipment held on the asset register valued at historical cost or at the fair value of the asset at the time of valuation (5-year rolling programme).

Valuation of PPE	Land and Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total PPE
Carried at historical cost	87,417	5,416	0	92,833
Valued at fair value as at:				
31/03/2016	101,797	0	5,070	106,867
31/03/2015	69,417	0	4,795	74,212
31/03/2014	69,747	0	1,500	71,247
31/03/2013	30,978	0	1,421	32,399
31/03/2012	48,139	0	2,109	50,248
Total Cost or Valuation	407,495	5,416	14,895	427,806

Capital Commitments

At 31 March 2016, the council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/2016 and future years budgeted to cost £7.2m. The commitments relate to:-

- Brigg Recreation Ground - Improve Facilities £2.2m
- Waste Transfer Station £2.7m
- Winterton Gym and Skate Park £1.0m
- Barnetby Top Roundabout £1.3m

Effects of Changes in Estimates

No material changes in estimates have been made in year. Useful lives are assessed as part of the valuation rolling programme.

Future Changes

During 2016/2017, there will be a change in accounting policy in relation to the Highways Network Assets. Depreciated Replacement Cost (DRC) will be used to value this type of asset, which will materially increase the Highways Network Assets valuations.

Fair Value Measurement for Surplus Assets and Investment Properties

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, assets should be valued using one of 3 techniques. (See Note 1 (ix) for an explanation of fair value levels.) However, no use is made of levels 1 and is explained below.

Fair Value Hierarchy

2015/16 Recurring fair value measurements using:	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 2016 £000
Surplus Assets:		
All Surplus Assets	14,895	14,895
Total Surplus Assets	14,895	14,895
Investment Properties:		
Residential (Market Rental) Properties	0	0
Office Units	0	0
Commercial Units	45,947	45,947
Total Investment Properties	45,947	45,947

Valuation Techniques used

Significant Unobservable Inputs – Level 3

Surplus Assets

There is limited evidence in respect of actual transactions for this region and no publicly available market reports for North Lincolnshire. Much of the evidence of actual sales comes for this region from North Lincolnshire Council itself. Adjustments are required to reflect the location, size, age, use and condition of the assets. The authority's assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements and there is no reasonably available information that indicates that market participants would use different assumptions.

Investment Properties

The Industrial and commercial units located in the local authority area are valued on an income approach that is based on capitalisation of current rental income and taking into account existing lease terms, any increases at the next review and other lease terms. Rentals and yields are derived from market evidence for similar properties in the local authority area adjusted to reflect each asset. The rental comparables are measured from a mixture of deals on council assets and third party assets. The yields are derived from third party sales and discussions with other agents and the District Valuer.

The agricultural valuations are based on market comparable rents and yields for similar properties in the local authority area taking into account existing lease terms, any increases at the next review and other lease terms. Rentals and yields are derived from market evidence for similar properties in the local authority area adjusted to reflect each asset. The rental comparables are a mixture of deals on council assets and third party assets. The yields are derived from third party sales and discussions with other agents and the District Valuer.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Assets categorised within Level 3	Surplus Assets 31st March 2016 £000	Investment Properties 31st March 2016 £000
Opening Balance	8,929	41,804
Reclassifications in to Surplus Assets at Level 3	2,200	460
Reclassifications out of Surplus Assets at Level 3	(326)	(315)
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
Total gains [or losses] for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value	3,780	2,958
Additions	388	2,277
Disposals	(76)	(1,237)
Closing Balance	14,895	45,947

Gains arising from changes in the fair value of surplus assets are recognised in the revaluation reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of the surplus assets reduce any revaluation reserve balance relating to that asset and, thereafter, are recognised in Surplus or Deficit on the Provision of Services.

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Value

Subcategory at Fair Value Level 3	31st March 2016 £000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Surplus Assets:				
Land	13,554	market comparison/ residual	sale levels finance / construction costs build period	significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value
Buildings	1,341	market comparison/ residual	sale levels finance / construction costs build period	significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value
	14,895			
Investment Properties				
Industrial and commercial units	44,773	market comparison	Rent Growth Vacancy Levels Yields	Significant changes in rental income and rent growth, Vacancy levels or yields will result in a significantly Lower or higher value
Agricultural units	1,174	market comparison	Rent Growth Vacancy Levels Yields	Significant changes in rental income and rent growth, Vacancy levels or yields will result in a significantly Lower or higher value
	45,947			

Valuation process

Surplus Assets

The fair value of the authority's Surplus Assets is measured at 5 yearly intervals.

Investment Properties

The fair value of the authority's investment property is measure annually at each reporting date.

All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Highest and best use

In estimating the fair value of the authority's surplus assets and investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets or investment properties

Note 13 Heritage Assets

	Civic Regalia £000	Museum Collection £000	Total Assets £000
Balance as At 1 April 2014	159	880	1,039
Movements	0	0	0
Balance as at 31 March 2015	159	880	1,039
Cost or Valuation			
Balance as At 1 April 2015	159	880	1,039
Movements	0	0	0
Balance as at 31 March 2016	159	880	1,039

The council has three main categories of Heritage Asset, Museum Exhibits, Civic Regalia and War Memorials.

Museum Collection

This category includes the exhibits on display and in storage at Scunthorpe Museum and Normanby Hall.

Civic Regalia

This category includes a variety of items including items held by the council's predecessors Scunthorpe and Glanford Borough Councils.

War Memorials

This category comprises three War Memorials, owned and maintained by North Lincolnshire Council. These are Scunthorpe Museum War Memorial, Ashby War Memorial and Barton War Memorial.

Note 14 Investment Properties

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

Income and Expenditure from Investment Properties

	2015/2016 £000	2014/2015 £000
Rental income from investment property	(4,036)	(3,178)
Direct operating expenses arising from investment property	696	1,221
Net (Gain)/Loss	(3,340)	(1,957)

There are no restrictions on the council's ability to realise the value inherent in its investment property and none on the council's right to the remittance of income but there are some restrictions on the council's right to the proceeds of disposal due to the conditions of grant funding. The council has no contractual obligations to purchase, construct or develop investment property or on repairs, maintenance or enhancement.

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

	2015/2016 £000	2014/2015 £000
Balance at start of the year	41,804	38,422
Additions:		
- Purchases	2,277	985
- Construction	0	2,100
- Subsequent expenditure	0	0
Disposals	(1,237)	(853)
Net (gains)/losses from fair value adjustments	2,958	(166)
Transfers:		
- to/from Property, Plant and Equipment	145	1,316
Other changes	0	0
Balance at end of the year	45,947	41,804

Fair Value Measurement

For details of the fair value measurement of investment properties, see note 12.

Note 15 Intangible Assets

The table below shows the movement in the council's intangible assets over the year.

	2015/2016 Total £000	2014/2015 Total £000
Balance at start of year:		
- Gross carrying amounts	511	455
- Accumulated amortisation	(198)	(260)
Net carrying amount at start of year	313	195
Additions:		
- Purchases	392	156
	705	351
Other disposals	0	(100)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0
Amortisation for the period	(77)	(38)
Amortisation written off on disposal	0	100
Net carrying amount at end of year	628	313
Comprising:		
- Gross carrying amounts	903	511
- Accumulated amortisation	(275)	(198)
	628	313

Note 16 Financial Instruments

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

	Long-term		Current	
	2015/2016 £000	2014/2015 £000	2015/2016 £000	2014/2015 £000
Investments				
Unquoted equity investment at cost	64	64	0	0
Total investments	64	64	0	0
Debtors				
Loans and receivables	76	58	0	0
Financial assets carried at contract amounts	0	0	15,200	14,953
Total Debtors	76	58	15,200	14,953
Borrowings				
Financial liabilities at amortised cost	119,459	103,399	14,041	2,533
Total borrowings	119,459	103,399	14,041	2,533
Other Long Term Liabilities				
PFI and finance lease liabilities	0	0	0	56
Total other long term liabilities	119,459	103,399	14,041	2,589
Creditors				
Financial liabilities carried at contract amount	0	0	29,030	33,486
Total creditors	0	0	29,030	33,486

Amounts relating to Financial Instruments recognised in the Income and Expenditure Account

	2015/2016			2014/2015		
	Financial Liabilities measured at amortised cost £000	Financial Assets Available-for-sale £000	Total £000	Financial Liabilities measured at amortised cost £000	Financial Assets Available-for-sale £000	Total £000
Interest expense	5,932	0	5,932	6,064	0	6,064
Impairment losses	0	0	0	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	5,932	0	5,932	6,064	0	6,064
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0	0	0	0
Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Net gain/(loss) for the year	5,932	0	5,932	6,064	0	6,064

Fair Values of Financial Assets and Financial Liabilities

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

- Estimated ranges of interest rates at 31 March 2016 of 2.59% to 11.25% for loans from the PWLB and 9.69% to 12.00% for other loans receivable and payable, based on new lending rates for equivalent loans at that date
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

This table shows the carrying value and fair value of the loans to the council by the Public Works Loans Board and other organisations.

	2015/2016		2014/2015	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities				
- PWLB	118,367	156,705	100,932	136,674
- Bonds	5,000	5,707	5,000	7,433
- ST Borrowing	10,133	10,133	0	0
Total	133,500	172,545	105,932	144,107

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities

- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Recurring Fair Value Measurements using:	2015/2016			Total £000
	Quoted prices in active markets for identical assets / liabilities (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	
	£000	£000	£000	
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB	156,705	0	0	156,705
Bonds	0	5,707	0	5,707
ST Borrowing	10,133	0	0	10,133
Total	166,838	5,707	0	172,545

Note 17 Inventories

In undertaking its work the council holds reserves of stock.

The figure shown in the Balance Sheet may be subdivided as follows:

		Balance outstanding at start of year	Purchases	Recognised as an expense in year	Written off balances	Reversals of write-offs in previous years	Balance outstanding at year-end
		£000	£000	£000	£000	£000	£000
Highways Materials	2015/2016	156	290	(308)	(1)	0	137
	2014/2015	144	642	(630)	0	0	156
Waste Stock	2015/2016	141	164	(101)	(53)	0	151
	2014/2015	145	187	(143)	(48)	0	141
Fleet Stock	2015/2016	76	729	(733)	0	0	72
	2014/2015	76	888	(888)	0	0	76
Technical & Environment Stock	2015/2016	36	0	(36)	0	0	0
	2014/2015	39	37	(40)	0	0	36
Sports Facilities Trading	2015/2016	23	0	(23)	0	0	0
	2014/2015	25	58	(60)	0	0	23
Normanby Hall Trading	2015/2016	16	0	(16)	0	0	0
	2014/2015	14	125	(123)	0	0	16
Highways Salt Inventory	2015/2016	0	0	0	0	0	0
	2014/2015	123	102	(193)	(32)	0	0
Operations Stock	2015/2016	0	0	0	0	0	0
	2014/2015	61	0	(61)	0	0	0
Catering and Cleaning Stock	2015/2016	0	0	0	0	0	0
	2014/2015	49	1,415	(1,432)	(32)	0	0
Total	2015/2016	448	1,183	(1,217)	(54)	0	360
	2014/2015	676	3,454	(3,570)	(112)	0	448

Note 18 Construction Contracts

The council does not supply construction services for other bodies.

Note 19 Debtors

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

	Long term debtors		Short term debtors	
	2015/2016 £000	2014/2015 £000	2015/2016 £000	2014/2015 £000
Central Government Bodies	0	0	1,202	4,724
Other Local Authorities	0	0	1,650	1,591
NHS Bodies	0	0	1,636	974
Other entities and individuals	0	0	11,244	7,889
Prepayments	0	0	1,085	900
Impairment of loans and receivables	0	0	(1,977)	(1,481)
Loans and Advances	76	58	360	356
Total of Financial Instruments	76	58	15,200	14,953
NDR & Council Tax	0	0	9,835	6,447
Value Added Tax	0	0	2,203	2,013
Non-Financials Instruments	0	0	12,038	8,460
	76	58	27,238	23,413

Note 20 Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand and in bank and short term deposits and investments (considered to be cash equivalents), net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

	2015/2016 £000	2014/2015 £000
Cash and Bank balances	907	1,394
Short Term Investments	1,052	6,174
Bank Overdraft	(1,649)	(8,909)
Total	310	(1,341)

Note 21 Assets Held for Sale

These assets are being actively marketed for sale

	Current Assets	
	2015/2016 £000's	2014/2015 £000's
Balance outstanding at start of year	8,030	7,198
Additions	0	12
Transferred from Non-Current Assets during year:		
- Property Plant and Equipment	0	2,398
Revaluation losses	(24)	(1,188)
Revaluation gains	1,030	113
Assets sold	(3,117)	(503)
Balance outstanding at year-end	5,919	8,030

Note 22 Creditors

Short Term Creditors

These are amounts owed by the council in the next twelve months, to 31st March 2017.

Short Term Creditors	2015/2016 £000	2014/2015 £000
Central government bodies	3,689	3,849
Other local authorities	670	346
NHS bodies	932	666
NNDR & Council Tax	6,978	9,975
Accumulated Absences	3,369	3,161
Receipts in Advance	1,804	1,242
Bodies external to general government	11,588	14,247
Total Short Term Creditors	29,030	33,486

Note 23 Provisions

A provision is a liability of uncertain timing or amount. Amounts and timings are subject to future insurance and legal decisions.

Current Year

	Balance as at 1 April 2015 £000	Increase in provision during year £000	Utilised during year £000	Balance as at 31 March 2016 £000
NNDR Appeals	6,512	3,645	(6,512)	3,645
Insurance Claims	1,544	360	(510)	1,394
Municipal Mutual	59	0	0	59
Other	27	0	(9)	18
	8,142	4,005	(7,031)	5,116
Current Provisions	1,237	2,529	(742)	3,024
Long Term Provisions	6,905	1,476	(6,289)	2,092
	8,142	4,005	(7,031)	5,116

Prior Year

	Balance as at 1 April 2014 £000	Increase in provision during year £000	Utilised during year £000	Balance as at 31 March 2015 £000
NNDR Appeals	4,452	3,193	(1,133)	6,512
Insurance Claims	2,216	4	(676)	1,544
Municipal Mutual	155	0	(96)	59
Other	24	27	(24)	27
	6,847	3,224	(1,929)	8,142
Current Provisions	4,451	(1,285)	(1,929)	1,237
Long Term Provisions	2,396	4,509	0	6,905
	6,847	3,224	(1,929)	8,142

Insurance Claims

This provision has been set aside to meet the estimated costs of current insurance claims that will not be met by the council's insurance policies.

Municipal Mutual

This provision was set aside to meet the cost of a payment levied by the administrators of Municipal Mutual Insurance. An initial levy payment was made in 2015/2016. The provision has been maintained to cover the costs of a further levy payment.

National Non-Domestic Rates Appeals (NNDR)

This provision has been established to meet the council's share of the estimated costs of settling appeals against the NNDR valuation of properties currently lodged with the Valuation Office Agency (VOA). The figure of £3.6m is the council's share of the full £7.4m appeals provision made from the collection fund.

Note 24 Reserves

This table gives further detail about the total council Reserves with a breakdown of usable and unusable reserves. Unusable reserves such as the Pensions Reserve will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

		USABLE RESERVES											
		Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Earmarked Reserves £000	General Fund £000	TOTAL USABLE RESERVES £000	Capital Adjustment Account £000	Revaluation Reserve £000	Pensions Reserve £000	Collection Fund Adjustment Account £000	Accumulated Absences Account £000	TOTAL UNUSABLE RESERVES £000	TOTAL AUTHORITY RESERVES £000
Balance as at 1 April 2015		0	9,717	37,244	6,858	53,819	198,374	97,746	(287,942)	1,821	(3,161)	6,838	60,657
Movements during the year:													
Applied Capital Grants					(13,487)	(13,487)	13,487					13,487	0
Unapplied Capital Grants received in year			3,939		(3,939)	0						0	0
Unapplied Capital Grants transferred to CAA in year			(8,544)			(8,544)	8,544					8,544	0
Direct Revenue Financing	7				(340)	(340)	340					340	0
Depreciation & impairment adjustment					17,923	17,923	(17,923)					(17,923)	0
Net Revenue expenditure funded from capital under statute					13,850	13,850	(13,850)					(13,850)	0
Surplus/(Deficit) on the Provision of Services					(37,141)	(37,141)						0	(37,141)
Transfers to or from earmarked reserves				(1,857)	1,857	0						0	0
Net movements on Pension Reserve	7				13,320	13,320		(13,320)				(13,320)	0
Disposal of Non-Current Assets/Capital Sales		3,676			16,201	19,877	(15,198)	(4,679)				(19,877)	0
Minimum Revenue Provision For Capital Financing / Finance Lease	7				(7,247)	(7,247)	7,247					7,247	0
Capital Receipts used to finance capital expenditure. Amount by which council tax and 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	7	(3,676)				(3,676)	3,676					3,676	0
Adjustments in relation to Short-term compensated absences					1,753	1,753			(1,753)			(1,753)	0
Movement in Investment Property Valuations					208	208					(208)	(208)	0
Revaluation					(2,958)	(2,958)	2,958					2,958	0
Mitigation of operating leases as lessees reclassified as finance leases upon transition to IFRS		0			0	0		16,963	74,620			91,583	91,583
Other Movements		0			0	0	2,847	(2,847)				0	0
Total movements on reserves during the year (Change in Net Worth)		0	(4,605)	(1,857)	0	(6,462)	(7,872)	9,437	61,300	(1,753)	(208)	60,904	54,442
Balance as at 31 March 2016		0	5,112	35,387	6,858	47,357	190,502	107,183	(226,642)	68	(3,369)	67,742	115,099

		USABLE RESERVES									TOTAL UNUSABLE RESERVES	TOTAL AUTHORITY RESERVES	
		Capital Receipts Reserve	Capital Grants Unapplied Account	Earmarked Reserves	General Fund	TOTAL USABLE RESERVES	Capital Adjustment Account	Revaluation Reserve	Pensions Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	£000	£000
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2014		1,499	14,751	34,470	6,858	57,578	207,476	84,728	(211,982)	381	(2,986)	77,617	135,195
Movements during the year:													
Applied Capital Grants					(30,226)	(30,226)	30,226					30,226	0
Unapplied Capital Grants received in year			8,085		(8,085)	0						0	0
Unapplied Capital Grants transferred to CAA in year			(13,119)			(13,119)	13,119					13,119	0
Direct Revenue Financing	7				0	0	0					0	0
Depreciation & impairment adjustment					14,615	14,615	(14,615)					(14,615)	0
Net Revenue expenditure funded from capital under statute					33,212	33,212	(33,212)					(33,212)	0
Surplus/(Deficit) on the Provision of Services					(23,490)	(23,490)						0	(23,490)
Transfers to or from earmarked reserves				2,774	(2,774)	0						0	0
Net movements on Pension Reserve	7				8,378	8,378		(8,378)				(8,378)	0
Disposal of Non-Current Assets/Capital Sales		1,626			16,414	18,040	(16,978)	(1,062)				(18,040)	0
Minimum Revenue Provision For Capital Financing / Finance Lease	7				(6,945)	(6,945)	6,945					6,945	0
Capital Receipts used to finance capital expenditure Amount by which council tax and 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	7	(3,125)				(3,125)	3,125					3,125	0
Adjustments in relation to Short-term compensated absences					(1,440)	(1,440)			1,440		(175)	1,440	0
Movement in Investment Property Valuations					175	175						(175)	0
Revaluation					166	166	(166)	16,534	(67,582)			(166)	0
Mitigation of operating leases as lessees reclassified as finance leases upon transition to IFRS		0			0	0						0	0
Other Movements		0			0	0	2,454	(2,454)				0	0
Total movements on reserves during the year (Change in Net Worth)		(1,499)	(5,034)	2,774	(0)	(3,759)	(9,102)	13,018	(75,960)	1,440	(175)	(70,779)	(74,538)
Balance as at 31 March 2015		0	9,717	37,244	6,858	53,819	198,374	97,746	(287,942)	1,821	(3,161)	6,838	60,657

Note 25 Usable and Unusable Reserves

Usable Reserves

Capital Receipts Reserve

These are receipts from the sale of council assets, which have not yet been used to finance capital expenditure.

	31/03/2016 £000	31/03/2015 £000
Balance 1 April	0	1,499
Capital Receipts in year	3,676	1,626
Deferred Receipts realised	0	0
	3,676	3,125
Less:		
Capital Receipts used for financing	(3,676)	(3,125)
Balance 31 March	0	0

Capital Grants Unapplied

Capital grants unapplied are grants received for capital purposes which have not yet been used to finance capital but conditions for their use have been met.

	31/03/2016 £000	31/03/2015 £000
Balance on 1 April	9,717	14,751
Unapplied Capital Grants received in year	3,939	8,085
Unapplied Capital Grants transferred to CAA in year	(8,544)	(13,119)
Balance on 31 March	5,112	9,717

Unusable Reserves

	31/03/2016 £000	31/03/2015 £000
Capital Adjustment Account	190,502	198,374
Financial Instruments Adjustment Account	0	0
Revaluation Reserve	107,183	97,746
Pensions Reserve	(226,642)	(287,942)
Deferred Capital Receipts Reserve	0	0
Collection Fund Adjustment Account	68	1,821
Accumulating Compensated Absences Adjustment Account	(3,369)	(3,161)
Total Unusable Reserves	67,742	6,838

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	31/03/2016		31/03/2015	
	£000	£000	£000	£000
Balance at 1 April		198,374		207,476
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(16,599)		(13,407)	
Revaluation losses on Property, Plant and Equipment	(1,247)		(1,170)	
Amortisation of Intangible Assets	(77)		(38)	
Revenue expenditure funded from capital under statute	(13,850)		(33,212)	
Minimum lease repayments				
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	(19,877)		(18,040)	
		(51,650)		(65,867)
Adjusting amounts written out of the Revaluation Reserve		7,526		3,516
Net written out amount of the cost of non-current assets consumed in the year		(44,124)		(62,351)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	3,676		3,125	
Application of grants to capital financing from the Capital Grants Unapplied Account	8,544		13,119	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,487		30,226	
Statutory provision for the financing of capital investment charged against the General Fund balance	7,247		6,945	
Capital expenditure charged against the General Fund balance	340		0	
		33,294		53,415
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		2,958		(166)
Balance at 31 March		190,502		198,374

Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets.

The balance is reduced when assets with accumulated gains are:

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

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

	31/03/2016	31/03/2015
	£000	£000
Balance at 1 April	97,746	84,728
Upward revaluation of assets	16,963	16,534
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	16,963	16,534
Difference between fair value depreciation and historical cost depreciation	(2,847)	(2,454)
Revaluation balances on assets scrapped or disposed of	(4,679)	(1,062)
Amount written off to the Capital Adjustment Account	(7,526)	(3,516)
Balance at 31 March	107,183	97,746

Pensions Reserve

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

	31/03/2016	31/03/2015
	£000	£000
Balance at 1 April	(287,942)	(211,982)
Re-measurements of the net defined benefit liability/(asset)	74,620	(67,582)
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	(30,955)	(25,650)
Employers pensions contributions and direct payments to pensioners payable in the year	17,635	17,272
Balance at 31 March	(226,642)	(287,942)

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 and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31/03/2016	31/03/2015
	£000	£000
Balance at 1 April	1,821	381
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,753)	1,440
Balance at 31 March	68	1,821

Accumulating Compensated Absences Adjustment Account

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

	31/03/2016 £000	31/03/2015 £000
Balance at 1 April	(3,161)	(2,986)
Settlement or cancellation of accrual made at the end of the preceding year	3,161	2,986
Amounts accrued at the end of the current year	(3,369)	(3,161)
Balance at 31 March	(3,369)	(3,161)

Note 26 Cashflow from Operating Activities

	2015/2016 £000	2014/2015 £000
Interest Paid	(5,916)	(6,068)
Interest Received	165	139

	2015/2016 £000	2014/2015 £000
Adjustment to surplus or deficit on the provision of services for noncash movements		
Depreciation	16,599	13,407
Impairment & downward valuations	1,247	1,170
Amortisation	77	38
Increase/(Decrease) in impairment for bad debts	(496)	(2)
(Increase)/Decrease in Inventories	88	228
(Increase)/Decrease in Debtors	(961)	(910)
Increase/(Decrease) in Creditors	470	(1,046)
Movement in pension liability	13,320	8,378
Carrying amount of non-current assets sold	19,877	18,040
Movement in provisions	(3,026)	1,295
Movement in value of investments properties	(2,958)	166
Adjust for Impairment reduction on cash equivalents		0
	44,237	40,764

	2015/2016 £000	2014/2015 £000
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments		0
Proceeds from the sale of PP&E, investment property and intangible assets	(3,676)	(1,626)
Capital grants include in "Taxation & non-specific grant income"	(17,426)	(38,311)
	(21,102)	(39,937)

Note 27 Cashflow from Investing Activities

	2015/2016 £000	2014/2015 £000
Purchase of PP&E, investment property and intangible assets	(27,581)	(35,869)
Purchase of Long Term Investments	0	(50)
Proceeds from the sale of PP&E, investment property and intangible assets	1,203	1,626
Capital Grants and Contributions Received	17,426	38,311
Other Receipts from Investing Activities	0	1
Net Cash flows from Investing Activities	(8,952)	4,019

Note 28 Cashflow from Financing Activities

	2015/2016 £000	2014/2015 £000
Appropriation to/from Collection Fund Adjustment Account	2,136	(1,440)
Cash Receipts of short and long term borrowing	46,500	0
Cash payments for the reduction of the outstanding liability relating to a finance lease	(56)	(108)
Repayment of Short and Long Term Borrowing	(18,948)	(1,967)
Council Tax and NNDR Adjustments	(4,640)	4,231
Net Cash flows from Financing Activities	24,992	716

Note 29 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the council's Council and Cabinet on the basis of budget reports analysed across directorates. These reports 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 pension contributions) rather than current service cost of benefits accrued in the year
- expenditure on support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the council's directorates recorded in the budget reports for the year is as follows:

2015/2016	People £000	Schools £000	Places £000	Policy & Resources £000	Central Budgets £000	Total £000
Fees, charges & other service income	21,189	10,153	40,261	5,525	8,221	85,349
Government grants	34,638	62,324	7,009	47,982	882	152,835
Total Income	55,827	72,477	47,270	53,507	9,103	238,184
Employee expenses	38,835	52,244	37,797	10,867	1,290	141,033
Other service expenses	79,214	20,233	47,367	54,082	21,113	222,009
Support service recharges	0	0	0	0	0	0
Total Expenditure	118,049	72,477	85,164	64,949	22,403	363,042
Net Expenditure	62,222	0	37,894	11,442	13,300	124,858

2014/2015	People £000	Schools £000	Places £000	Policy & Resources £000	Central Budgets £000	Total £000
Fees, charges & other service income	21,457	8,295	39,812	5,308	4,778	79,650
Government grants	29,691	59,084	7,502	48,158	2,076	146,511
Total Income	51,148	67,379	47,314	53,466	6,854	226,161
Employee expenses	37,087	49,462	37,793	11,466	1,418	137,226
Other service expenses	79,674	17,917	49,371	54,472	28,327	229,761
Support service recharges	0	0	0	0	0	0
Total Expenditure	116,761	67,379	87,164	65,938	29,745	366,987
Net Expenditure	65,613	0	39,850	12,472	22,891	140,826

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

	2015/2016 £000	2014/2015 £000
Net expenditure in the Directorate Analysis	124,858	140,826
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	34,215	43,510
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(6,837)	(19,879)
Cost of Services in Comprehensive Income and Expenditure Statement	152,236	164,457

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

2015/2016	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services Sub-Total £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(85,269)	(13,851)	(16,495)	81,793	(33,822)	(22,187)	(56,009)
Interest and investment income	(80)	0	0	80	0	(80)	(80)
Income from council tax	0	0	0	0	0	(59,216)	(59,216)
Income from non-domestic rates	0	0	0	0	0	(42,255)	(42,255)
Government grants and contributions	(152,835)	0	0	98	(152,737)	(51,166)	(203,903)
Total Income	(238,184)	(13,851)	(16,495)	81,971	(186,559)	(174,904)	(361,463)
Employee expenses	141,033	0	3,923	(6,035)	138,921	5,998	144,919
Other service expenses	214,808	0	31,274	(75,572)	170,510	24,016	194,526
Support Service recharges	0	13,851	0	0	13,851	548	14,399
Depreciation, amortisation and impairment	0	0	15,513	0	15,513	804	16,317
Interest Payments	5,932	0	0	(5,932)	0	5,932	5,932
Precepts & Levies	1,269	0	0	(1,269)	0	2,635	2,635
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	19,876	19,876
Total expenditure	363,042	13,851	50,710	(88,808)	338,795	59,809	398,604
(Surplus) or deficit on the provision of services	124,858	0	34,215	(6,837)	152,236	(115,095)	37,141

Comparator Year

RESTATED 2014/2015	Directorate Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Cost of Services Sub-Total £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(79,511)	(13,619)	(2,343)	61,431	(34,042)	(58,901)	(92,943)
Interest and investment income	(139)	0	0	139	0	(139)	(139)
Income from council tax	0	0	0	0	0	(59,488)	(59,488)
Government grants and contributions	(146,511)	0	0	150	(146,361)	(81,413)	(227,774)
Total Income	(226,161)	(13,619)	(2,343)	61,720	(180,403)	(199,941)	(380,344)
Employee expenses	137,226	0	(603)	(5,649)	130,974	14,928	145,902
Other service expenses	222,383	0	34,085	(68,572)	187,896	17,291	205,187
Support Service recharges	0	13,619	0	0	13,619	649	14,268
Depreciation, amortisation and impairment	0	0	12,371	0	12,371	1,074	13,445
Interest Payments	6,064	0	0	(6,064)	0	6,064	6,064
Precepts & Levies	1,314	0	0	(1,314)	0	2,552	2,552
Payments to Housing Capital Receipts Pool	0	0	0	0	0	2	2
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	16,414	16,414
Total expenditure	366,987	13,619	45,853	(81,599)	344,860	58,974	403,834
(Surplus) or deficit on the provision of services	140,826	0	43,510	(19,879)	164,457	(140,967)	23,490

Note 30 Acquired and Discontinued Operations

There were no acquired or discontinued operations during 2015/2016.

Note 31 Trading Operations

Details of the council's significant Trading Operations are as follows:-

	2015/2016			2014/2015		
	Expenditure £000	Income £000	Net Expenditure/ (Income) £000	Expenditure £000	Income £000	Net Expenditure/ (Income) £000
Fleet Management & Maintenance	4,817	(5,715)	(898)	4,723	(5,790)	(1,067)
Catering	5,673	(5,646)	27	5,072	(5,077)	(5)
Markets	602	(431)	171	697	(458)	239
Building Control	563	(330)	233	445	(319)	126
Building Cleaning/ Maintenance	2,028	(1,679)	349	1,901	(1,709)	192
Total	13,683	(13,801)	(118)	12,838	(13,353)	(515)

Note 32 Agency Services

The council does not have any Agency agreements.

Note 33 Road Charging Schemes

The council does not operate a road charging scheme.

Note 34 Pooled Budgets

North Lincolnshire Council and North Lincolnshire Clinical Commissioning Group (CCG) are involved in two Pooled Budget Schemes. The Pooled Funds are for Learning Disability and Mental Health. The purpose of the pools is to deliver strategic national objectives for a modern service and improving service user and carer experiences.

	2015/2016 Learning Disability £000	2015/2016 Mental Health £000	2014/2015 Learning Disability £000	2014/2015 Mental Health £000
Funding provided to the pooled budget:				
The Authority	7,194	2,395	6,805	2,184
The CCG	410	11,890	417	12,066
	7,604	14,285	7,222	14,250
Expenditure met from the pooled budget:				
The Authority	7,198	2,686	6,796	2,522
The CCG	410	11,891	417	12,211
	7,608	14,577	7,213	14,733
Net surplus/(deficit) arising on the pooled budget during the year	(4)	(292)	9	(483)
Authority share of 94.61%/16.77% of the net surplus arising on the pooled budget	(4)	(49)		

The authority has also entered into a pooled budget arrangement with North Lincolnshire CCG for the Better Care Fund.

Fund 2 – Capital Provision – Total value of £1,364k (£940k received from DCLG and £424k from the Department of Health). The fund is hosted by North Lincolnshire Council.

Fund 3 – Social Care Provision – Total value of £7,224k. The fund is hosted by North Lincolnshire Council.

BETTER CARE FUND	2015/2016 Fund 2 £000	2015/2016 Fund 3 £000
Funding provided to the pooled budget:		
The Authority	1,364	
The CCG		7,224
	1,364	7,224
Expenditure met from the pooled budget:		
The Authority:	940	
Universal Prevention Services (Well Being Offer)		500
Universal Prevention Services (Dementia)		100
Adults/Family & Carers Support		1,894
Intermediate Care & Reablement Services		3,283
Community Equipment Store		50
Stroke Service		105
Locality Teams Social Work		300
Hospital Social Work		634
Adult Protection & Access		146
Health & Social Care Workforce Development		212
	940	7,224
Slippage/Net surplus/(deficit) arising on the pooled budget during the year	424	0

Note 35 Members' Allowances

Member's allowances, including Employer's costs, are as follows:

	2015/2016 £000	2014/2015 £000
Allowances	537	516
Expenses	31	33
	568	549

Note 36 Officers' Remuneration

Continuing Employees		Basic Salary	Salary Supplement	Benefit in Kind	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£	£	£	£	£	£	
Chief Executive	2015/2016	129,699	0	5,245	0	0	28,923	163,867
	2014/2015	129,699	0	4,825	0	0	28,923	163,447
Director of People	2015/2016	120,000	6,300	0	0	0	27,406	153,706
	2014/2015	120,000	6,300	0	0	0	27,406	153,706
Director of Places	2015/2016	91,800	0	11,055	0	0	20,471	123,326
	2014/2015	90,300	0	10,220	0	0	20,170	120,690
Director of Policy & Resources	2015/2016	91,800	2,247	4,530	0	0	20,471	119,048
	2014/2015	90,300	2,247	4,099	0	0	20,170	116,816
TOTALS	2015/2016	433,299	8,547	20,830	0	0	97,271	559,947
	2014/2015	430,299	8,547	19,144	0	0	96,669	554,659

Resigned, Redundant, Re-designated or Retired Employees		Basic Salary	Salary Supplement	Benefit in Kind	Expenses Allowances	Compensation for Loss of Office	Pension Contribution	Total
		£	£	£	£	£	£	
Director of Public Health *	2015/2016	71,890	2,157	0	0	0	10,589	84,635
	2014/2015	82,295	2,469	0	0	0	11,867	96,631
TOTALS	2015/2016	71,890	2,157	0	0	0	10,589	84,635
	2014/2015	82,295	2,469	0	0	0	11,867	96,631

* The Director of Public Health post has not yet been re-appointed to. An agreement is in place where cover is being provided by the Director of Public Health for North East Lincolnshire Council.

The table below does not include the Senior Officers listed individually above.

	2015/2016				2014/2015			
	Teachers	Other Staff	Terminated Employment	Total	Teachers	Other Staff	Terminated Employment	Total
£50,001 to £55,000	21	27	1	49	28	29	0	57
£55,001 to £60,000	22	15	0	37	11	14	0	25
£60,001 to £65,000	11	10	2	23	17	10	0	27
£65,001 to £70,000	10	7	0	17	12	5	0	17
£70,001 to £75,000	2	2	0	4	0	2	0	2
£75,001 to £80,000	0	2	1	3	2	2	0	4
£80,001 to £85,000	2	1	1	4	2	0	0	2
£85,001 to £90,000	1	1	0	2	0	1	0	1
£90,001 to £95,000	2	0	0	2	1	0	0	1
£95,001 to £100,000	1	0	0	1	0	0	0	0
	72	65	5	142	73	63	0	136

Note 37 External Audit Costs

The council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the council's external auditors.

	2015/2016 £000	2014/2015 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	104	138
Fees payable in respect of grants provided by KPMG during the year	20	27
Fees payable in respect of other services provided by KPMG during the year	43	8
	167	173

Note 38 Dedicated Schools Grant

The authority's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2014. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/2016 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total
Final DSG for 2015/2016 before Academies recoupment	19,872	101,102	120,974
Academy figure recouped for 2015/2016	0	(45,660)	(45,660)
Total DSG after academy recoupment for 2015/2016	19,872	55,442	75,314
Plus: Brought forward from 2014/2015	3,022		3,022
Less: Carry forward to 2016/17 (agreed in advance)	(1,162)		(1,162)
Agreed initial budgeted distribution in 2015/2016	21,732	55,442	77,174
In year adjustments	0	0	0
Final budget distribution for 2015/2016	21,732	55,442	77,174
Less: Actual central expenditure	(20,036)		(20,036)
Less: Actual ISB deployed to schools		(55,442)	(55,442)
Plus: Local authority contribution for 2015/2016	0	0	0
Carry forward to 2016/17	1,696	0	2,858

Note 39 Grant Income

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/2016.

	Note	2015/2016 £000	Restated 2014/2015 £000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant	11	(26,731)	(36,185)
Other non-ring-fenced grants	11	(1,812)	(2,336)
New Homes Bonus	11	(2,735)	(2,371)
Council Tax Reduction Grant	11	(676)	(672)
Capital Grants	11	(17,426)	(38,311)
Business Rates Retention Grant	11	(1,630)	(1,538)
Total		(51,010)	(81,413)
Credited to Services			
Dedicated Schools Grant	38	(75,232)	(72,441)
DWP - Rent Allowance Subsidy		(45,425)	(46,739)
Public Health England		(8,951)	(8,528)
EFA - Pupil Premium		(4,729)	(4,769)
Transformation Challenge Award - Shared Services		(1,900)	0
EFA - Free School Meals		(1,385)	(876)
Skills Funding Agency		(1,243)	(1,478)
Total		(138,865)	(134,831)

Note 40 Related Parties

Related Parties

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

Central Government

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

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2015/2016 is shown in Note 35. During 2015/2016, works and services to the value of £501k were

commissioned from companies in which eight members had an interest. Contracts were entered into in full compliance with the council's standing orders. In addition, cabinet members paid grants totalling £514k to voluntary organisations in which seventeen members had interests and £399k to charities in which nine members had interests. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments.

Officers

Payments totalling £6.4m were made to companies in which senior officers had an interest or to individuals related to senior officers. (This figure includes one individual with relations at Clugston Construction Limited. The value of that related party was £6.0m). The payments were made in accordance with standing orders and the officers were not involved in the decision to make the payment. In addition, the council paid grants and other payments totalling £1k to charities, £1k to voluntary organisations and £26k to not for profit organisations in which senior officers had an interest. The officers took no part in the award of the grant funding.

In addition two officers were the council's nominee Directors of Engage North Lincolnshire. This company is a Local Education Partnership and is managing the council's Building Schools for the Future project. In year spend with this company was £5.8m. Three officers were the council's nominee board members for the social enterprise PHASE CIC. In year spend was £1.3m.

Note 41 Capital Expenditure and Capital Financing

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

Capital Expenditure and Capital Financing	2015/2016 £000	2014/2015 £000
Opening Capital Financing Requirement	177,822	160,212
Capital Investment		
Property, Plant and Equipment	22,976	34,510
Investment Properties	2,277	3,085
Intangible Assets	392	156
Assets Held for Sale	0	12
Heritage Assets	0	0
Other	0	50
Revenue Expenditure Funded from Capital under Statute	13,850	33,212
	39,495	71,025
Sources of finance		
Capital receipts	(3,676)	(3,125)
Government grants and other contributions	(22,031)	(43,345)
Sums set aside from revenue:		
Direct revenue contributions	(340)	0
Minimum Revenue Provision	(7,247)	(6,945)
	(33,294)	(53,415)
Closing Capital Finance Requirement	184,023	177,822
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	6,201	17,610
Increase/(decrease) in Capital Financing Requirement	6,201	17,610

Note 42 Leases

Operating Leases (Council as lessor)

The council, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- for the provision of smallholdings
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of leisure and cultural purposes

Future minimum lease income is set out below:

	2015/2016 Land and Buildings £000	2014/2015 Land and Buildings restated £000
Minimum lease rentals receivable:		
No later than 1 year	82	2,664
Later than 1 year and no later than 5 years	2,010	8,515
Later than 5 years	108,850	104,456
	110,942	115,635

Finance Leases (Council as lessee)

LEASED ASSETS (included within vehicles, plant and equipment)

	2015/2016 Vehicles £000	2014/2015 Vehicles £000
Cost or Valuation		
Opening Balance	723	723
Additions	0	0
Disposals	0	0
	723	723
Depreciation		
Opening Balance	558	428
Disposals	0	0
Provided for year	109	130
	667	558
Net Book Value		
Closing Balance	56	165
Opening Balance	165	295

No contingent rentals were recognised as an expense in the CIES during the reporting period under review, and no future sub-lease income is expected to be received, as all assets are used exclusively by the council.

The lease agreements for the vehicles include fixed lease payments and a purchase option at the end of the respective lease terms. The agreements are non-cancellable but do not include any further restrictions.

There are no future minimum finance lease payments due in the future, but prior year figures are as follows:

	Within 1 year £000	1 to 5 years £000	After 5 years £000	Total £000
31/03/2016				
Finance leases payments	0	0	0	0
Less: finance charges	0	0	0	0
Net present value	0	0	0	0
31/03/2015				
Finance leases payments	65	0	0	65
Less: finance charges	(9)	0	0	(9)
Net present value	56	0	0	56
31/03/2014				
Finance leases payments	124	65	0	189
Less: finance charges	(16)	(9)	0	(25)
Net present value	108	56	0	164

Included in the balance sheet as:

	2015/2016 £000	2014/2015 £000
Current Liabilities	0	56
Long term Liabilities	0	0
Minimum lease payments	0	56

Operating Leases (Council as lessee)

The expenditure charged to services in the CIES during the year in relation to these leases was:

	2015/2016 £000	2014/2015 £000
Minimum lease payments	90	125
	90	125

No sub-lease payments or contingent rent payments were made or received. No sublease income is expected as all assets held under operating lease agreements are used exclusively by the council.

There are no future minimum lease payments due under non-cancellable operating leases in future years, but the prior year is shown below:

	2015/2016 £000	2014/2015 £000
Minimum lease rentals payable:		
No later than 1 year	0	65
Later than 1 year and no later than 5 years	0	0
Later than 5 years	0	0
	0	65

Note 43 Private Finance Initiatives (PFI) and Similar Contracts

The council does not have any PFI or similar contracts.

Note 44 Impairment Losses

During 2015/2016, the authority has recognised an impairment loss of £400k in relation to its disposal and demolition of surplus buildings programme. This included the Brumby Resource Centre, the former Riddings Infants School and Brigg Market Store. Any non-enhancing spend was also impaired. This included the two year temporary Pre-school and Youth Centre building, part of the Westcliffe Regeneration Project.

Note 45 Capitalisation of Borrowing Costs

The council does not capitalise the costs of borrowing.

Note 46 Termination Benefits

Exit packages

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	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
£0-£20,000	11	18	26	50	37	68	226	460
£20,001 - £40,000	2	0	4	6	6	6	183	159
£40,001 - £60,000	1	0	3	1	4	1	208	50
£60,001 - £80,000	0	0	1	1	1	1	69	65
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £120,000	0	0	0	1	0	1	0	110
Total cost included in bandings							686	844
Add: Amounts provided for in CIES not included in bandings							90	(178)
Total cost included in CIES							776	666

Note 47 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has 3,700 participating employers and consequently the authority is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/2016, the council paid £4.2m to Teachers' Pensions in respect of teachers' retirement benefits, representing 15.5% of pensionable pay. The figures for 2014/2015 were £3.7m and 14.1%. There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £4.5m.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 48.

The authority is not liable to the Scheme for any other entities' obligations under the plan.

Public Health staff

Under the new arrangements for Public Health, staff performing public health functions at NHS North Lincolnshire were compulsorily transferred to the authority on 1 April 2013 on the abolition of the Primary Care Trusts nationally. The transferred staff retained access to the NHS Pension Scheme. The Scheme provides specified benefits upon retirement towards which the authority makes contributions based on a percentage of members' salaries. The Scheme is administered by the NHS Business Services Authority on behalf of the Department of Health.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded and the Department of Health uses a notional fund as the basis for setting employer contribution rates. Valuations of the fund are undertaken every four years.

The Scheme has over 1.3m active members employed in a wide variety of organisations. Forty six staff transferred from NHS North Lincolnshire and consequently the authority is unable to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/2016 the authority paid £111k to the NHS Pension Scheme in respect of the retirement benefits of public health staff representing 14.3% of pensionable pay. In 2014/2015 the authority paid £125k to the NHS Pension Scheme, representing 14% of pensionable pay. There were no contributions remaining payable at the year-end. Contributions due to be paid in the next financial year are estimated to be £109k.

The authority is not liable to the Scheme for any other entities' obligations under the plan.

Note 48 Defined Benefit Pension Schemes

Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The authority participates in two post-employment schemes:

- (i) The Local Government Pension Scheme, administered locally by East Riding of Yorkshire Council - this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- (ii) Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The East Riding Pension Scheme 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 East Riding of Yorkshire Council. Policy is determined in accordance with the Public Service Pensions Act 2013.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Post-Employment Benefits

The authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the authority 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 on Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits	
	2015/2016	2014/2015	2015/2016	2014/2015
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
<i>Cost of services:</i>				
<i>Service cost comprising:</i>				
Current service cost	21,601	16,814	0	0
Past service cost	76	311	0	0
(Gain)/loss from settlements	0	(558)	0	0
<i>Financing and Investment Income and Expenditure:</i>				
Net interest expense	9,278	9,083	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services	30,955	25,650	0	0
<i>Other post-employment benefits charged to the CIES</i>				
Re-measurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	10,818	(32,676)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	(72,401)	101,935	(1,640)	3,075
Other	(11,397)	(4,752)	0	0
Total post-employment benefits charged to the CIES	(42,025)	(90,157)	(1,640)	3,075
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(30,955)	(25,650)	0	0
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	15,672	15,245		
Retirement benefits payable to pensioners			1,963	2,027

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme		Discretionary Benefits	
	2015/2016	2014/2015	2015/2016	2014/2015
	£000	£000	£000	£000
Present value of the defined obligation	(730,664)	(781,951)	(26,194)	(29,797)
Fair value of plan assets	530,216	523,806	0	0
Net liability arising from the defined benefit obligation	(200,448)	(258,145)	(26,194)	(29,797)
Total Liability	(226,642)	(287,942)		

Reconciliation of movements in the fair value of scheme assets

	Local Government Pension Scheme		Discretionary Benefits	
	2015/2016	2014/2015	2015/2016	2014/2015
	£000	£000	£000	£000
Opening fair value of scheme assets	523,806	472,082		
Interest income	16,769	20,249		
Re-measurement gain/(loss):				
the return on plan assets, excluding the amount included in the net interest expense	(10,818)	32,676		
Other (if applicable)	0	0		
The effect of changes in foreign exchange rates				
Contributions from employer	15,672	15,245	1,963	2,027
Contributions from employees into the scheme	4,339	4,180		
Benefits/transfers paid	(19,552)	(20,042)	(1,963)	(2,027)
Other (if applicable)	0	(584)		
Closing value of scheme assets	530,216	523,806	0	0

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme		Discretionary Benefits	
	2015/2016	2014/2015	2015/2016	2014/2015
	£000	£000	£000	£000
Opening balance at 1 April	(781,951)	(655,315)	(29,797)	(28,749)
Current service cost	(21,601)	(16,814)		
Interest cost	(26,047)	(29,332)		
Contributions from scheme participants	(4,339)	(4,180)		
Re-measurement (gains) and losses:				
Actuarial (gains)/losses from changes in demographic assumptions	0	0		
Actuarial (gains)/losses from changes in financial assumptions	72,401	(101,935)	1,640	(3,075)
Other (if applicable)	11,397	4,752		
Past service cost	(76)	(311)		
Losses/(gains) on curtailments where relevant	0	0		
Liabilities assumed on entity combinations				
Benefits/transfers paid	19,552	20,042	1,963	2,027
Liabilities extinguished on settlements (where relevant)	0	1,142		
Balance as at 31 March	(730,664)	(781,951)	(26,194)	(29,797)

Local Government Pension Scheme assets comprised:

	2014/2015 £000	2015/2016 £000
Cash and cash equivalents	16,919	14,878
Equities: <i>by industry type</i>		
Consumer	53,429	53,073
Manufacturing	26,984	14,954
Energy and utilities	31,139	33,228
Financial institutions	32,375	65,201
Health and care	33,614	34,326
Information technology	29,644	31,002
Other	0	0
sub-total equity	207,185	231,784
Bonds: <i>by sector</i>		
Corporate (Investment Grade)	9,326	9,080
Corporate (non-Investment Grade)	7,381	10,423
Government	17,760	15,605
Other	18,146	17,730
sub-total bonds	52,613	52,838
Property: <i>by type</i>		
UK Property	44,646	62,525
Overseas Property	0	0
sub-total property	44,646	62,525
Private equity		
UK	28,114	26,740
Overseas	0	0
sub-total private equity	28,114	26,740
Other investment funds:		
Equities	129,564	93,483
Infrastructure	15,191	16,400
Other	29,574	31,568
sub-total other investment funds	174,329	141,451
Total assets	523,806	530,216

Basis for estimating assets and liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans, Roberts and Partners, an independent firm of actuaries, estimates for the Pension Fund being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary are set out below:

Local Government Pension Scheme		
	2015/2016	2014/2015
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	21.9	21.9
Women	24.1	24.1
<i>Longevity at 65 for future pensioners:</i>		
Men	24.2	24.2
Women	26.7	26.7
Financial assumptions:		
Rate of inflation	0.0%	0.0%
Rate of increase in salaries	3.7%	3.8%
Rate of increase in pensions	2.2%	2.4%
Discount Rate	3.5%	3.2%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2016	Approximate increase to Employer	
	%	£000
0.5% decrease in Real Discount Rate	10%	78,412
1 year increase in member life expectancy	3%	22,706
0.5% increase in the Salary Increase Rate	3%	22,289
0.5% increase in the Pension Increase Rate	7%	55,044

Projected Cost for the Period to 31 March 2017

	Net (Liability)/Asset	
	£000	% of pay
Projected Current Service Cost	(18,527)	(26.7%)
Interest Income on Plan Assets	18,521	26.7%
Interest cost on defined benefit obligation	(26,486)	(38.1%)
	(26,492)	(38.1%)

The actuary estimates that the council's employer's contributions to the Local Government Pension Scheme for the period to 31 March 2017 will be approximately £14.7m.

Note 49 Contingent Liabilities

The council has provided for all known National Non-Domestic Rate appeals in its area. However future successful appeals may be backdated several years. Neither the timing nor the value of these appeals can be foreseen. The council therefore has a contingent liability in relation to these appeals.

Note 50 Contingent Assets

The council does not have any material contingent assets.

Note 51 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.

The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies.

Credit risk

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

This risk is minimised through the Annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Standard & Poors, Fitch and Moody's Ratings Services. The Annual Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution or group of financial institutions located within each category.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all of the council's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

Liquidity Risk

The council closely monitors cash flow to ensure that cash is available as needed. If unexpected movements happen, the council has ready access to borrowings from other local authorities and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The council sets limits on the proportion of its fixed rate borrowing maturing during specified periods. The strategy is shown below:

Maturity structure of borrowing	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	15%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	25%

The maturity analysis of financial liabilities is as follows:

	31/03/2016 £000	31/03/2015 £000
Less than 1 year	43,071	36,107
Between 1 and 2 years	9,943	3,336
Between 2 and 5 years	3,659	10,673
Between 5 and 10 years	29,418	14,840
Between 10 and 20 years	69,221	72,421
Over 20 years	7,218	2,097
	162,530	139,474

Interest rate risk

The council faces a risk in terms of its exposure to interest rate movements on its investments and to a lesser extent borrowings. 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 Comprehensive Income and Expenditure Statement will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise

- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance £ for £.

The council's strategy for managing interest rate risk is to predominantly borrow at fixed interest rates.

Secondly the treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and is tracked through monthly budget monitoring reports and periodic budget reviews.

If the interest rate had been 1% higher during 2015/2016 the council would have earned an additional £163k in interest on investments. If rates had been 1% lower the council would have earned no investment interest.

Price risk

The council does not generally invest in equity shares but does have shareholdings in Humberside Airport International Limited and in Engage Limited, the Local Education Partnership (£10k). The council is consequently exposed to losses arising from movements in the prices of the shares. The Airport shares are carried at a value, after impairment, of zero.

Note 52 Prior Period Adjustments

No prior period adjustments were made during the preparation of these accounts.

Collection Fund

2014/2015			2015/2016			
Business Rates £000	Council Tax £000	Total £000	Collection Fund	Business Rates £000	Council Tax £000	Total £000
INCOME						
	(71,537)	(71,537)	Council Tax Receivable		(72,954)	(72,954)
(91,465)		(91,465)	Business Rates Receivable	(79,014)		(79,014)
(91,465)	(71,537)	(163,002)	Total amounts to be credited	(79,014)	(72,954)	(151,968)
EXPENDITURE						
Apportionment of Previous Year Surplus/Deficit						
6		6	Central Government	(206)		(206)
5	0	5	Billing Authority	(201)	1,003	802
0	0	0	Fire Authority	(4)	60	56
	0	0	Police Authority		135	135
Precepts, demands and shares						
41,521		41,521	Central Government	44,759		44,759
40,691	58,309	99,000	Billing Authority	43,864	59,216	103,080
830	3,463	4,293	Fire Authority	895	3,514	4,409
	7,848	7,848	Police Authority		8,122	8,122
Charges to Collection Fund						
795	134	929	Write-offs of uncollectable amounts	705	464	1,169
265	374	639	Increase/(decrease) in allowance for impairment	201	(22)	179
4205		4,205	Increase/(decrease) in allowance for appeals	(5,850)		(5,850)
264		264	Transitional Protection Payments Payable	1,255		1,255
252		252	Charge to General Fund for allowable collection costs for non-domestic rates	251		251
Other transfers to General Fund in accordance with non-domestic rates regulations						
18		18	Enterprise Zone Growth	156		156
747		747	Renewable Energy	1122		1,122
89,599	70,128	159,727	Total amounts to be debited	86,947	72,492	159,439
(1,866)	(1,409)	(3,275)	(Surplus) /deficit arising during the year	7,933	(462)	7,471
(32)	(441)	(473)	(Surplus)/deficit brought forward at 1 April 2015	(1,898)	(1,850)	(3,748)
(1,898)	(1,850)	(3,748)	(Surplus)/deficit carried forward at 31 March 2016	6,035	(2,312)	3,723

Collection Fund Note 1 - General

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

The Business Rates receivable during the year has reduced in comparison to the 2014/2015 receivable amount. This is due to a number of rateable values being reduced by the Valuation Office during the year. This resulted in a number of large refunds being made, fully utilising the provision set aside and requiring the provision to be replenished.

Collection Fund Note 2 - Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Valuation Band Range of Values		
A	Up to & including	40,000
B		40,001 - 52,000
C		52,001 - 68,000
D		68,001 - 88,000
E		88,001 - 120,000
F		120,001 - 160,000
G		160,001 - 320,000
H	More Than	320,001

Collection Fund Note 3 - Council Tax Income

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council Tax payable for each band is established as follows: (The actual amount payable for each property is also subject to discounts where applicable.)

Band	Actual Number of Dwellings	Discounted number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
A	34,547	21,644	6/9	14,429	1,021
B	15,009	11,998	7/9	9,332	1,191
C	10,864	9,193	8/9	8,172	1,362
D	7,245	6,525	9/9	6,525	1,532
E	3,564	3,264	11/9	3,990	1,872
F	1,419	1,297	13/9	1,874	2,213
G	474	437	15/9	728	2,553
H	11	11	18/9	22	3,064
	73,133	54,370		45,071	
		Adjustment for MOD Properties		32	
				45,103	

Collection Fund Note 4 - Council Tax Required

The amount of Council Tax required for Band D, for North Lincolnshire Council and its major preceptors, was calculated on the following basis:

(i) Preceptor's Council Tax Requirements	£69,091,635
(ii) Number of Band D equivalent Dwellings	45,103.1
Band D ((i) divided by (ii))	£1,531.86

Collection Fund Note 5 – Non-Domestic Rates

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2015/2016 the amount was 49.3p (48.2p = 2014/2015) and 48.0p for small businesses (47.1p = 2014/2015) The council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Comprehensive Income and Expenditure Statement and analysed at Note 11. The total rateable value as at 31 March 2016 was £213,720,921 (as at 31 March 2015, it was £214,650,508).

Glossary of Financial Terms

Financial Abbreviations and roundings

Throughout this document we have used standard financial abbreviations k and m. In this case k means thousands and m means millions e.g. £6k means £6,000 and £1.577m means £1,577,000.

Most of the numbers in the accounts are rounded. Those in the main statements are presented to the nearest 1,000 pounds. Where necessary to ensure that totals are correct, small adjustments have been made to individual figures.

Glossary

Accounting Policies

Those 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 through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or balance sheet it is to be presented.

Accruals

This is the concept of recognising income and expenditure when earned or incurred, not as money is received or paid.

Amortisation

The writing off of a balance over a period matching the consumption of its economic benefit.

Balances

Reserves held by the council at the end of the financial year.

Balance Sheet (BS)

Summary of the overall financial position of the council at the end of the financial year.

Capital Adjustments Account

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

Capital Expenditure

This is expenditure on the acquisition, creation or enhancement of a fixed asset.

Capital Receipts

Income received from the sale of capital assets.

Code of Practice (COP)

This is a document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). All English and Welsh Local Authorities must comply with the COP in compiling their financial statements.

Collection Fund

This is a statutory fund for the receipt of Council Tax and Non-Domestic Rates collected by the council and the payments made from these funds including precepts and payments to and from the NNDR pool.

Community Assets

Assets that 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.

Comprehensive Income and Expenditure Statement (CIES)

Report of the net costs for the year of all the functions for which the council is responsible.

Consistency

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

Contingent Liabilities

A contingent liability is either:

- (i) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control; or
- (ii) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Creditors

Amounts owed by the council for goods and services, where payment has not been made at the end of the financial year.

Current Assets

Current assets are items that can be readily converted into cash.

Current Liabilities

Current liabilities are items that are due immediately or in the short term.

Curtailments (Pension)

A curtailment is 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. Examples might include a redundancy programme as a result of e.g. closing a factory or the introduction of a defined contribution pension arrangement covering all employees for future service.

De minimis

An immaterial amount or balance.

Debtors

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

Dedicated Schools Grant (DSG)

School funding for local authorities in England is provided by a ring fenced grant called Dedicated Schools Grant (DSG).

Deferred Credits

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

Deferred Liabilities

These are liabilities which by arrangement are payable beyond the next year at some point in the future or are paid off by an annual sum over a period of time.

Depreciation

Is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, over time or obsolescence through technological or other changes.

Exceptional Items

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

Extraordinary Items

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

Fees and Charges

Income arising from the provision of services.

Financial Year

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

General Fund

This is the main revenue account of a local authority, from which day to day spending on its services is met.

Going Concern

Accounting concept that the council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

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

Gross Book Value

Original (historical) price paid for an asset, without any depreciation deduction.

Impairment

Impairment represents the clear consumption of economic benefits (e.g. storm damage). Impairment losses are also chargeable where there is no accumulated revaluation gain for an asset that can absorb any loss due to general changes in prices.

International Financial Reporting Standards (IFRSs)

Statements prepared by the International Accounting Standards Board. Many of the International Financial Reporting Standards (IFRSs) and some International Public Sector Accounting Standards (IPSAS) apply to local authorities and any departure from these must be disclosed in the published accounts.

Intangible Asset

Assets that have a useful life of over one year but are not material or physical.

Infrastructure Assets

Infrastructure assets can be defined as groups of assets that together form an integrated system. Such a system could not be effectively operated if individual components were removed. Examples of such assets are highways and footpaths.

Investment Properties

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential with any rental income being negotiated at arm's length.

Leasing

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

Liquid Resources

Current asset investments that are readily disposable by the council without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Long Term Borrowing

Amounts repayable in more than 12 months.

Long Term Investments

Long-term investments are investments intended to be held for use on a continuing basis in the activities of the council. They should be so classified only where an intention to hold the asset for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Where investments are not classified as long term investments, they are classified as current assets.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to a council's revenue account each year for the repayment of loan principal.

National Non-Domestic Rate (NNDR)

Amounts payable to the council from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are pooled and then redistributed by the Government to authorities based on the local resident population.

Net Book Value (NBV)

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

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use.

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-Operational Assets

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

Operational Assets

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

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 the authorities which it directly funds, i.e. North Lincolnshire Council, Humberside Police and Humberside Fire and Rescue Service for the services they provide. Parish Councils also raise precepts which are paid by North Lincolnshire Council and included within the Precept it levies on the collection fund.

Property, Plant & Equipment

Tangible assets that yield benefits to the council 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

An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty. Proper allowance must be made for all known and foreseeable losses and liabilities.

Public Works Loan Board (PWLB)

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

Reserves

Sums set aside to meet future expenditure. Some reserves are earmarked for specific purposes only. Others are general reserves.

Revaluation Reserve

This is an account containing any surpluses arising from the revaluation of fixed assets.

Revenue Expenditure

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

Revenue Expenditure Financed From Capital Under Statute (REFCUS)

Revenue Expenditure Financed From Capital Under Statute is expenditure that may properly be capitalised, and results in an asset that is not owned by the council. For example expenditure on items such as improvement grants and the purchase of some assets under the Local Area Agreement.

Tangible Fixed Assets

These are assets that have a useful life of over one year and are material or physical.

Revenue Support Grant (RSG)

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

Settlement (Pension)

A settlement is an irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the assets and liabilities in respect of that obligation. Examples would include purchasing annuities in respect of pensioner liabilities or making a bulk transfer payment to another arrangement.

Short Term Borrowing

This is borrowing repayable on demand or within 12 months.

Useful Life

This is the period over which the council will derive benefits from the use of a fixed asset.