

STATEMENT OF ACCOUNTS 2013/2014



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INTRODUCTION TO FOREST OF DEAN DISTRICT COUNCIL

Address	Forest of Dean Council Offices, High Street, Coleford, Gloucestershire, GL16 8HG
Telephone (all departments)	01594 810000
E-mail address	council@fdean.gov.uk
Chairman of the Council	Councillor N Stephens
Vice Chairman of the Council	Councillor J Horne
Cabinet in 2013/14	
Leader of the Council and Cabinet Member for Regeneration	Councillor P Molyneux
Deputy Leader of the Council and Cabinet Member for an Efficient Council and Planning Policy	Councillor B Robinson
Cabinet Member for Strategic Partnerships and Projects	Councillor D Edwards
Cabinet Member for Community	Councillor T Hale
Cabinet Member for Environment	Councillor M Quaile
Chairman of Committees in 2013/14	
Licensing Committee	Councillor B O'Neill
Planning Committee	Councillor T Glastonbury
Strategic Overview and Scrutiny Committee	Councillor P Burford
Audit Committee	Councillor R Birch
Chief Officers in 2013/14	
Head of Paid Service	Ms. S Pangbourne
Strategic Director	Mr. P Hibberd
Section 151 Responsible Officer	Mr. D Broom
Monitoring Officer	Mrs. C Hughes
External Auditor in 2013/14	
Appointed Auditor	Grant Thornton LLP
Address	Hartwell House, 55 – 61 Victoria Street Bristol, BS1 6FT
Bankers in 2013/14	
Bankers	Co-operative Bank PLC
Address	23A St Aldate Street, Gloucester, GL1 1RU

FOREST OF DEAN PROFILE

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

COUNCIL VISION

The Council's vision is for the Forest of Dean District to be a thriving community where people are proud to live. The Sustainable Community Plan for the Forest of Dean; Our Forest: Our Future clearly sets out a direction for the future.

By 2020 we want the Forest of Dean district to be a place:

- Where the high quality of our environment is valued and enhanced for future generations and the causes and effects of climate change are addressed;
- Where community life is strengthened and all individuals are confident, safe, feel part of their community and are proud of it;
- Where the economy is vibrant and strong and people can access the services they need; and
- With a distinctive identity locally and nationally.

POLITICAL STRUCTURE

The council has 48 elected members representing 27 wards within the Forest of Dean. Elections are held every four years, with the next elections due to be held in May 2015. There is no overall political control. There are also 40 parish councils within the Forest of Dean, who hold elections every four years, with the next elections due to be held in May 2015. However, casual vacancies may arise from time to time if a councillor or parish councillor resigns from office.

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

EXPLANATORY FOREWORD

The purpose of this explanatory foreword is to provide electors, local taxpayers, members of the authority and other interested parties with an easy to understand guide to the most significant matters reported in the accounts. It provides an explanation in overall terms of the authority's financial position and assists in the interpretation of the accounting statements. These statements should inform readers of the cost of services provided by the council in the year 2013/14 and the council's assets and liabilities at the year end.

INTRODUCTION

The Accounts for the year ending 31st March 2014 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: 2013/14 Accounts (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates International Financial Reporting Standards (IFRS), so that the accounts are compliant with these standards.

The following statements are included:

Statement of Responsibilities for the Statement of Accounts	Sets out the respective responsibilities of the authority and the Chief Financial Officer for the accounts.
Statement of Accounting Policies	This explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts. This includes changes in policy, the basis of charges to revenue and the calculation of items in the Balance Sheet.
Annual Governance Statement	This sets out how the council is meeting its obligations and the improvements it intends to make to its systems of internal control and corporate governance arrangements.
Comprehensive Income and Expenditure Statement	This reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
Balance Sheet	This summarises the overall financial position of the council at 31 st March 2014, showing its assets, liabilities and reserves.
Movement in Reserves Statement	This details the movement in the year of all the authority's reserves analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves.
Cash Flow Statement	This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Collection Fund	Reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions in relation to non-domestic business rates and the council tax, indicating how the amounts collected are distributed to Gloucestershire County Council, Gloucestershire Police Authority and Forest of Dean District Council.

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

COUNCIL SPENDING

Forest of Dean District Council is a large organisation employing 328 people at 31st March 2014. The activities vary widely and include the provision for the collection of refuse, leisure and recreation, car parking, cemeteries and crematoria, environmental health and many other services.

GENERAL FUND REVENUE BUDGET

In February 2013, the council set a net budget of £10.671m for spending on General Fund Services, of which £4.327m was to be financed by government grant, £2.301m from non-domestic rates, and £4.043m from local council tax payers. The table below compares the financial outturn with the budget as detailed in the council's budget book, followed by a brief explanation of the financial aspects of the council's activities, drawing attention to the main characteristics of the council's financial position. This represents the council's management accounts that are included in the Comprehensive Income and Expenditure Statement on page 23, in accordance with the Code.

	Original Budget 2013/14	Revised Budget 2013/14	Outturn 2013/14	Variance 2013/14
	£	£	£	£
SERVICES				
Customer Services	631,590	945,040	940,865	(4,175)
Financial Services	1,810,630	2,503,880	2,365,272	(138,608)
Legal & Member Services	1,038,720	1,040,350	1,129,541	89,191
Land & Property	389,790	342,530	315,737	(26,793)
Strategic Services	3,577,290	2,944,120	2,912,644	(31,476)
Environmental Services	1,838,220	1,153,160	1,066,250	(86,910)
Planning & Housing Services	1,401,990	1,368,150	1,189,301	(178,849)
TOTAL NET SERVICE EXPENDITURE	10,688,230	10,297,230	9,919,610	(377,620)
Capital charges	(675,250)	37,720	37,722	2
Interest and investment income	(251,600)	(140,690)	(77,094)	63,596
Use of balances and reserves	909,200	476,320	1,071,556	595,236
NET BUDGET	10,670,580	10,670,580	10,951,794	281,214
FINANCED BY:				
Revenue Support Grant	(3,404,000)	(3,404,000)	(3,403,839)	161
National Non-Domestic Rate	(2,301,210)	(2,301,210)	(2,147,511)	153,699
New Homes Bonus	(828,800)	(828,800)	(828,802)	(2)
Council Tax Freeze Grant	(48,070)	(48,070)	(48,390)	(320)
Section 31 NNDR Grant	0	0	(413,228)	(413,228)
Other Government Grants	(45,680)	(45,680)	(66,222)	(20,542)
Council Tax	(4,042,820)	(4,042,820)	(4,043,802)	(982)
	(10,670,580)	(10,670,580)	(10,951,794)	281,214

The council's track record of strong financial management was maintained during 2013/14 which resulted in council services being delivered within budget, with an overall residual saving made in 2013/14 of £507,007. The budget saving has been transferred to the future deficits earmarked reserve and is included in the "use of balances and reserves" line in the Financial Outturn table.

During 2013/14 the council continued with the process of formal monitoring of budgets which are reported to cabinet on a quarterly basis. This has assisted in strengthening the sound management of the council's finances and provides a mechanism to ensure that any budgetary problems are identified and rectified as soon as possible during the year.

The council is required to analyse the expenditure for the year 2013/14 in a standard way in order to enable comparisons to be made between different local authorities and other organisations. This representation of the above position is contained in the form of the Comprehensive Income and Expenditure Statement. The council has its own management arrangements and presents budgets and monitoring statements to cabinet and council which are grouped according to these local arrangements.

CHANGES IN CORE FUNDING ARRANGEMENTS

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

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

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

The introduction of the Business Rates Retention Scheme shifted some of the risk of business rate yield on to local government. For authorities that are not part of business rates pooling arrangements, if business rate yield is lower than "baseline funding level" set for the Council by national government, the financial risk rests with the Council. The government makes additional funding available (via a Safety Net payment) should the shortfall be greater than 7.5% of the baseline.

In January 2014 it was expected that for 2013/14 the Council would report a business rates surplus. The surplus has occurred largely as a result of the government's decision to award a higher level of small business rate relief in 2013/14 and to fund the resulting loss of business rates income to the Council as a grant which is payable to the General Fund rather than to the Collection Fund where the business rates income would have been received. A compensating Section 31 grant of £413,228 was received in 2013/14 and is included in the Council's net surplus in the General Fund at the end of 2013/14.

CAPITAL EXPENDITURE

In 2013/14 the Council spent £1,041m on capital projects (2012/13 £1.834m). Spending by Council priority was as follows:

CAPITAL SCHEME EXPENDITURE 2013/14	£000
Priority 1: Provide Value for Money services	
Replacement vehicles	21
ICT Infrastructure	292
Priority 2: Promote thriving communities	
Grants for social housing, disabled facilities and minor improvements	608
Major refurbishment of public conveniences	56
Flood Alleviation	25
Priority 3: Encourage a thriving economy	
Cinderford Business Plan	39
TOTAL ALL PRIORITIES	1,041

TREASURY MANAGEMENT

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

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

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

The conclusion of the year's activity was that the council earned net income of £197,758 on investments compared to the 2013/14 net budget of £262,000.

PENSION LIABILITY

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

The council's net liability, according to the actuarial assessment at 31st March 2014, was £72,196k which was a relatively minor increase of £311k over the figure for 31st March 2013 of £71,885k. This is principally due to the fact that the financial assumptions as 31st March 2014 are less favourable than they were at 31st March 2013 as a result of falling real bond yields and poor asset returns. All else being equal, these factors serve to increase the value of the liabilities and thus have a negative impact on the IAS19 pension position.

ACCOUNTING POLICIES

The council has reviewed its accounting policies during the year and revised them in accordance with the 2013/14 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 27 to 43).

MAJOR CHANGES IN STATUTORY FUNCTIONS

Business Rates

2013/2014 has seen a major reform in local government funding. The localisation of National Non-Domestic Rates (NNDR) has resulted in a move to a variable funding stream as the replacement for a fixed, formula grant. This change brings an opportunity to benefit from economic growth in the district. The Council has an agreed expenditure reduction plan that should allow it to successfully manage any adverse change in resources.

In the Spending Review 2010, the Government announced that it would localise financial support for council tax from 2013/2014 at the same time reducing expenditure by 10%. This reform, coupled with the changes to NNDR above, is part of a wider policy of decentralisation, aimed at giving councils increased financial autonomy and a greater stake in the economic future of their local area. Councils have been given the freedom to manage this change in a manner that suits the needs of the local community.

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

In order to maximise the value of business rates retained within Gloucestershire, the Council is a member of the Gloucestershire Business Rates Pool. Being a part of the Pool has the benefit of reducing the levy from 50% to 19%. Any surpluses generated by the Pool will be allocated in accordance with the governance arrangements agreed by the Gloucestershire Councils.

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

IMPACT OF PLANNED LEGISLATION

New procurement directives

In September 2013, the Council of the European Union published revised drafts of the texts of the three new procurement directives first published by the European Commission in December 2012:

- A proposed new Classical Directive replacing 2004/18/EC.
- A proposed new directive on the award of concession contracts.
- A proposed new Utilities Directive replacing 2004/17/EC.

These directives came into force on 17th April 2014. EU member states now have 2 years to implement them in national legislation.

The new classical directive makes some fundamental changes to procurement law, for example, it:

- Removes the distinction between Part A and Part B services contracts, and instead provides for contracts for specified services that may have previously been Part B valued at EUR750,000 or more to be advertised. However, it will be for member states to determine the rules for the award of such contracts.
- Enables contracts to be lawfully modified during their term without triggering a new procurement process, subject to certain conditions.
- Codifies the existing case law on public to public arrangements which fall outside the procurement regime.
- Includes new procedures "competitive procedure with negotiation", "innovation partnerships" in place of the negotiated procedure with prior publication of a notice, while retaining the competitive dialogue procedure and the negotiated procedure without prior publication of a notice.

The procurement thresholds have changed slightly and have taken effect from 1st January 2014. While they have risen in Euro terms, due to the exchange rate they have actually fallen in GBP terms. The revised thresholds are, in summary:

- Goods and services contracts (central government): £111,676.
- Goods and services contracts (local government): £172,914.
- Works contracts: £4,322,012.

Local Authorities (Goods and Services) (Public Bodies) (England) Order 2014 laid before Parliament

On 9th May 2014, the Local Authorities (Goods and Services) (Public Bodies) (England) Order 2014 (*SI 2014/1197*) was laid before Parliament. The Order:

- designates specified Community Rehabilitation Companies in England and the National Probation Service as public bodies for the purposes of section 1 of the Local Authorities (Goods and Services) Act 1970, which means that they are permitted to enter into agreements for the supply of goods and services.
- is limited to contracts by the above bodies for the supply of legal, occupational health, health and safety, human resources or accounting services, or a combination of these services, which local authorities have previously provided to some probation trusts.
- takes effect only for a transitional period that ends on 30th June 2015, after which any such agreement will cease to have effect.

The explanatory memorandum states that the Order is intended to help ensure a smooth transition to new probation arrangements, by providing continuity with existing practice. The Order comes into force on 1st June 2014.

Anti-social Behaviour, Crime and Policing Act 2014 (Commencement No 2) Order

On 8 April 2014, the Anti-social Behaviour, Crime and Policing Act 2014 (Commencement No 2, Transitional and Transitory Provisions) Order 2014 (*SI 2014/949*) (Order) was made. The Order brings into force from 13 May 2014 certain parts of the Anti-social Behaviour, Crime and Policing Act 2014 (Act). The provisions being brought into force relate to:

- Discretionary grounds for ordering possession of secure and assured tenancies, plus the repossession of homes on grounds of anti-social behaviour (sections 98 to 100 of the Act). Transitional provisions have also been introduced until the absolute grounds for possession in sections 94 to 97 come into force.

- Community remedies and complaints about anti-social behaviour (sections 101, 104 and 105 of, and Schedule 4 to, the Act).
- The new grounds for possession of homes for offences connected to a riot. Article 7 of the Order makes transitional provisions to make it clear that this new ground only applies where the offence was committed on or after 13 May 2014.

DEVELOPMENTS IN SERVICE DELIVERY

GO Shared Service

GO Shared Services was established from 1st April 2012. This is a service to provide Human Resources, Payroll, Finance and Procurement functions shared with Cotswold DC, Cheltenham BC and West Oxfordshire DC, using a common platform (Agresso Enterprise Resource Planning (ERP) system).

Revenues and Benefits Service

A partnership was formed with Gloucester City Council and Civica on 1st December 2012 for the shared provision of the Revenues and Benefits service. This has improved access to the service for customers and protected jobs locally.

The Council continues to examine all opportunities to share delivery of services with other public sector bodies, or the private sector where appropriate, to provide services at best value for taxpayers.

ICT Services Shared Service

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

Gloucestershire Joint Waste Committee

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

2020 Vision

Further Joint Working savings are planned to be delivered by increasing the shared services between this Council and its "GO Partners" (West Oxfordshire District Council, Cheltenham Borough Council and Cotswold District Council). In June 2014, the four Councils have approved a vision document "2020 Vision for Joint Working" which sets out the outline business case for extending joint working.

Housing

More than 120 affordable homes have been delivered this year (against a target of 60). This reflects continued effective engagement with communities and developers.

As a result of this - and the pro-active approach taken by the council - homelessness applications and acceptances have reduced again for the 10th successive year, at a time when they have been increasing elsewhere in the country. This provides better outcomes for individual families as well as saving money for the council and partner agencies.

In February, King's Lodge housing development off Valley Road, in Cinderford was launched. This £20 million housing investment project is the result of partnership working between the Forest of Dean District Council, Two Rivers Housing and the Homes and Communities Agency (HCA), and developers Kier Partnership Homes. The development will provide a mix of 92 much needed affordable and private, high quality, sustainable new homes.

In Coleford, the Bank Street Extra Care Development with Rooftop housing association has commenced and is expected to be completed before March 2015.

Cinderford Northern Quarter Regeneration

The council has been driving forward the regeneration of Cinderford's Northern Quarter, where the plans include a proposed new £15m Gloucestershire College Forest of Dean campus, a new £8.9m spine road and other residential, leisure and commercial units.

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

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

Market Towns

In March 2014, to encourage the revitalisation of market towns, the council worked with partner organisations to set up the first Town Team event in Newent, which it is hoped can be used as a pilot project for other towns. This event was attended by over 50 people, including representatives from local businesses, organisations, residents and councillors. Together they raised important issues affecting the town and discussed solutions on how they could work together to overcome these for the benefit of the town.

Traffic surveys and transport modelling have been undertaken to determine what would help reduce the impact of traffic on the air quality in Lydney. The results of this work will be used to create an Air Quality Management Area action plan to improve the air quality in the centre of Lydney.

A new website was developed (www.forestleisure.org.uk) for our five leisure centres which offers the online functionality for our customers to book classes and activities, for people to join as a new member and to upgrade an existing membership.

Community Support

The council continues to provide a high level of support to local voluntary and community sector groups and provided more than £169,000 through service level agreements and small grants over the last year, to support the local community. In addition, the Forest of Dean Local Action Group, hosted and supported by the council completed its programme having funded a total of 50 projects, with a combined value of £1,841,446. These projects cover a wide range of themes including business development, tourism, village development/renewal, environment, culture and heritage.

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

Following the extreme weather during the winter, the council has been carrying out flood defence works to mitigate flood risk in the future, and is planning multiagency works to reduce the impact of severe rainfall in a number of locations, including Lydney and Lydbrook.

The council is responsible for inspecting more than 480 high risk food premises across the district and also provide food safety coaching and advice to caterers and shops, as well as acting on food and health and safety complaints. The council received a prestigious Royal Society for the Protection of Health award in October for its innovative work on the E-bug project which seeks to educate school children about the importance of good hygiene.

RESERVES

The reserves and provisions are set out in the Balance Sheet on page 24 and detailed in note 9, pages 53 to 56.

EVENTS AFTER THE BALANCE SHEET DATE

There are no known events after the balance sheet date.

FURTHER INFORMATION

Further information about the accounts is available from the GO Shared Service (Finance), Forest of Dean District Council, High Street, Coleford. This is part of the council's policy of providing full information about the council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The accounts were available for inspection by appointment between 22nd July and 18th August 2014 at the Council Offices and the appointed day whereby local government electors for the area may exercise their rights under Sections 15 and 16 of the Audit Commission Act 1998 to question the auditor about or make objections to the accounts for the year ended 31st March 2014 was designated as 19th August 2014.

Paul Jones
Chief Financial Officer

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

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

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

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

The Chief Financial Officer has also:

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

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I certify that the Statement of Accounts on pages 23 to 26 gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2014.

PAUL JONES
Chief Financial Officer

DATE: 25th September 2014

COMMITTEE APPROVAL OF THE STATEMENT OF ACCOUNTS

This statement of accounts was approved by the Audit Committee at its meeting on 25th September 2014.

ROY BIRCH
Audit Committee Chairman

DATE: 25th September 2014

FOREST OF DEAN DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT 2013/2014

1. SCOPE OF RESPONSIBILITY

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

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

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

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

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

In addition to this, CIPFA has issued its “Statement on the Role of the Chief Financial Officer in Local Government (2010)”. The Annual Governance Statement reflects compliance of this statement for reporting purposes. The Council’s Chief Financial Officer is the Group Manager for Finance and Property, who is also the Statutory Section 151 Officer (s151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

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

The governance framework has been in place at the Forest of Dean District Council for the year ended 31st March 2014 and up to the date of approval of the annual statement of accounts.

THE GOVERNANCE ENVIRONMENT

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

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

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

Focusing on the purpose of the authority and on outcomes for the community, and creating and implementing a vision for the local area

- A community and corporate planning process, including consultation with the community and key stakeholders, to identify and communicate the Council's vision of its purpose and intended outcomes for citizens and service users.
- An annual service planning process informed by the Sustainable Community Plan, corporate priorities and objectives (as set out in the Corporate Plan), legislation and government guidance - which links to individual performance appraisals.
- An annual review of the Council's vision and corporate priorities and its implications for governance arrangements conducted by the Corporate Leadership Team and the Cabinet.

- Performance management to measure the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.
- A Partnership Protocol guiding the Council in its governance of partnerships.
- Annual accounts published on a timely basis to help communicate the Council's financial position and performance.
- An Annual Report published each year, which summarises financial and other performance over the previous financial year and sets out the Corporate Plan for the current year.
- All reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial, legal, equalities, risk and sustainability implications to aid understanding of the potential impact of their recommendations.

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

- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution.
- A clear scheme of delegation for officers is included within the Constitution.
- Defined codes of conduct are included in the Constitution for elected members and Council employees, along with specific codes for dealing with planning and licensing matters.
- The three statutory officers (Head of Paid Service, Monitoring Officer and s151 Officer) regularly meet with other officers in the Corporate Governance Group.
- The Monitoring Officer and s151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team.
- Monthly meetings are held between the Leader, Deputy Leader, Head of Paid Service and Strategic Director to maintain a shared understanding of roles and objectives.
- The Constitution includes a protocol on member/officer relations, to ensure effective communication and work between members and officers.
- The s151 Officer leads the promotion and delivery of good financial management through the Corporate Leadership Team, Performance Management meetings, attendance at Cabinet and Committee meetings and specialist workshops and training for officers and members. From 1st April 2012, the s151 Officer has been the Client officer, responsible for the GO Shared Services, ensuring the Council continues to receive good financial, procurement and human resources advice and services. The s151 officer has been the Client officer for Revenues and Benefits, ensuring that the services provided under the s101 agreement with Gloucester City Council are in compliance with the terms agreed.
- The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

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

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

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

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

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

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

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

Engaging the local people and other stakeholders to ensure robust public accountability

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

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the South West Audit Partnership (SWAP) Group Audit Manager (Head of Internal Audit), the officer Corporate Governance Group and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:

- Senior managers and team leaders completing managers' assurance statements at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and working effectively.
- The work of the Corporate Governance Group (CGG), chaired by the Monitoring Officer, particularly monitoring and progressing an annual Governance Action Plan, linked to the key areas of focus in the Annual Governance Statement. CGG meetings are reported to the Corporate Leadership Team (CLT) meetings, where governance is a standing agenda item.
- Corporate Leadership Team (including the s151 Officer) reviewing the Strategic Risk Register on a quarterly basis and operational risk registers being maintained by each Group Manager.
- The Group Auditor (Head of Internal Audit) providing the Audit Committee, as the Committee charged with Governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.
- The Standards Panel reviewing its work to ensure it is fit for purpose in promoting and maintaining high standards of conduct by councillors and co-opted members and considering future changes as a result of the Localism Act 2011.
- The Monitoring Officer working with the Constitution Working Group to review elements of the Constitution, ensuring the Constitution is kept up to date.
- A full review of the Constitution being undertaken and the revised version adopted by Full Council in December 2013.
- The member development programme, led by the Member Development Group, including an induction process for newly elected members after the May 2011 district elections and any members elected at subsequent by-elections.
- The s151 Officer ensuring training and awareness sessions are carried out for the Audit Committee.
- The external auditors presenting progress reports to the August Committee.

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

5. SIGNIFICANT GOVERNANCE ISSUES

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

No.	Key Area of Focus	Planned actions
1	Business continuity	<ul style="list-style-type: none"> • Complete ICT disaster recovery plan; • Review Corporate disaster recovery and business continuity plan; • Ensure all service-level BCPs are kept up to date.
2	Shared services and partnerships	<ul style="list-style-type: none"> • Continue to develop client function to monitor contractual terms for cost and performance of shared services and partnerships; • Develop framework for assessing any future alternative service delivery; • Ensure the Council supports County-wide scrutiny of County-wide partnerships such as Joint Committees.
3	Corporate structure and capacity	<ul style="list-style-type: none"> • Complete plans for phase 2 of senior management restructure in light of future reductions in funding and new partnership arrangements, and ensure adequate capacity will remain to manage the evolving shared services, corporate projects, day-to-day strategic and operational work, and emergency planning.
4	Transparency	<ul style="list-style-type: none"> • Ensure that all decisions are made in an open and transparent manner and recorded as appropriate; • Ensure compliance with the enhanced Code of Practice for Local Authorities on Data Transparency.
5	Contracts and Procurement	<ul style="list-style-type: none"> • Provide refresher training for all staff dealing with contracts and procurement; • Provide targeted training for staff on Agresso to maximise use of purchase orders; • Work with GO Shared Services to carry out a review of the contract procedure rules to ensure they remain fit for purpose; • Embed within the authority the requirement to keep a register of contracts and the need for public accessibility to the register.
6	Information Security	<ul style="list-style-type: none"> • Provide annual refresher training for all members and staff on information security; • Introduce a template for protectively marking hard-copy documents.
7	Planning	<ul style="list-style-type: none"> • Implementation of the Local Plan to ensure that the Planning Committee makes decisions that are robust and capable of being defended at appeal.

We propose to address these matters to improve our governance arrangements further over the coming year. A governance action plan to address these key areas of focus will be drawn up and managed by the Corporate Governance Group. The Corporate Governance Group and the Audit Committee will monitor progress regularly. All actions will be assigned to a named officer as part of their 2014/2015 work-plan.

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

Signed:

Councillor Patrick Molyneux
Leader of the Council
11th September 2014

Sue Pangbourne
Head of Paid Service
11th September 2014

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

Opinion on the Authority financial statements

We have audited the financial statements of Forest of Dean District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

Respective responsibilities of the Head of Financial Management and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Forest of Dean District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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 audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Forest of Dean District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

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

Peter Barber
Associate Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

29th September 2014

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 March 2014

Service	2013/2014			2012/2013 RESTATED			Notes
	Gross Expenditure £	Income £	Net Expenditure £	Gross Expenditure £	Income £	Net Expenditure £	
Services							
Central Services to the Public	1,309,223	574,155	735,068	7,198,512	6,821,704	376,808	
Corporate & Democratic Core	2,115,501	367,644	1,747,857	2,723,183	700,799	2,022,384	
Cultural and Related Services	2,237,258	1,226,846	1,010,412	2,529,702	1,379,448	1,150,254	
Environmental and Regulatory Services	5,670,902	1,600,585	4,070,317	5,716,300	1,941,623	3,774,677	
Highways and Transport Services	9,082	13,282	(4,200)	42,458	8,579	33,879	
Housing Services	24,967,084	24,002,371	964,713	24,724,011	23,310,317	1,413,694	
Planning Services	2,785,973	1,478,704	1,307,269	3,683,268	3,082,547	600,721	
Net Cost of Services	39,095,026	29,263,587	9,831,436	46,617,434	37,245,017	9,372,417	
Other Operating Income and Expenditure	4,220,952	1,134,587	3,086,365	7,974,151	6,593,851	1,380,300	10
Financing and Investment Income and Expenditure	1,856,414	197,758	1,658,656	3,200,378	2,492,096	708,282	11
Taxation and Non Specific Grant Income	2,375,177	15,316,349	(12,941,172)	-	12,351,689	(12,351,689)	12
(Surplus)/Deficit on Provision of Services			1,635,285	57,791,963	58,682,653	(890,690)	
(Surplus)/Deficit on revaluation of non-current assets			(284,591)			(177,666)	13
Actuarial (gains)/losses on pension assets and liabilities			(179,000)			3,918,000	13
Total Comprehensive Income and Expenditure			1,171,694			2,849,644	

BALANCE SHEET AS AT 31 March 2014

	2013/14		2012/2013		Note
	£	£	£	£	
Non-Current Assets					
Property, Plant and Equipment		9,192,400		11,526,570	25
Investment Property		3,378,751		3,715,501	26
Intangible Assets		343,804		308,676	27
Long Term Investments		-		2,006,663	28
Long Term Debtors		29,315		38,291	30
Long Term Assets		12,944,270		17,595,701	
Short Term Investments	10,033,355		10,088,050		28
Inventories and Work in Progress	66,216		49,771		31
Short Term Debtors	4,311,587		5,166,351		32
Cash and Cash Equivalents	8,061,497		4,494,789		33
Assets Held for Sale < 1 year	203,400		210,900		34
Current Assets		22,676,055		20,009,861	
Total Assets		35,620,325		37,605,562	
Finance Lease Liability	(284,478)		(264,412)		35
Short Term Creditors	(4,142,296)		(3,801,570)		36
Provisions	(256,422)		(1,477,300)		37
Current Liabilities		(4,683,196)		(5,543,282)	
Finance Lease Liability	(1,082,147)		(1,366,625)		38
Long Term Liability related to defined benefit pension scheme	(31,908,985)		(31,492,864)		44
Capital Grants Receipts in Advance	(78,769)		(163,869)		39
Long Term Liabilities		(33,069,901)		(33,023,358)	
Total Liabilities		(37,753,097)		(38,566,640)	
Net Assets/(Liabilities)		(2,132,772)		(961,078)	
Usable Reserves		17,733,611		16,337,679	40
Unusable Reserves		(19,866,383)		(17,298,757)	41
Total Reserves		(2,132,772)		(961,078)	

**MOVEMENT IN RESERVES STATEMENT
FOR THE YEARS ENDING 31 MARCH 2013 AND 31 MARCH 2014**

	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 31 March 2012	16,269,426	(14,380,860)	1,888,566
Movement in reserves during 2012/2013:			
Surplus/(Deficit) on provision of services	890,690		890,690
Other Comprehensive Expenditure and Income	84,099	(3,824,433)	(3,740,334)
Total Comprehensive Expenditure and Income	974,789	(3,824,433)	(2,849,644)
Adjustments between accounting basis and funding basis under regulations:			
Reversal of items debited or credited to CIES (Amounts included in I&E to be removed for determining movement in general fund)	2,145,182	(2,145,182)	-
Insertion of items not debited or credited to CIES (Amounts excluded from I&E to be included for determining movement in General Fund)	(3,051,718)	3,051,718	-
Other adjustments	(906,536)	906,536	-
Net increase/(decrease) before transfers to Earmarked Reserves	68,253	(2,917,897)	(2,849,644)
Transfers to/(from) Earmarked Reserves	-	-	-
Movement in Year	68,253	(2,917,897)	(2,849,644)
Balance at 31 March 2013	16,337,679	(17,298,757)	(961,078)
Movement in reserves during 2013/2014:			
Surplus/(Deficit) on provision of services	(1,635,285)	-	(1,635,285)
Other Comprehensive Income and Expenditure	-	463,591	463,591
Total Comprehensive Income and Expenditure	(1,635,285)	463,591	(1,171,694)
Adjustments between accounting basis and funding basis under regulations:			
Reversal of items debited or credited to CIES (Amounts included in I&E to be removed for determining movement in general fund)	5,532,982	(5,532,982)	-
Insertion of items not debited or credited to CIES (Amounts excluded from I&E to be included for determining movement in General Fund)	(2,172,149)	2,172,149	-
Other adjustments	(329,616)	329,616	-
	3,031,217	(3,031,217)	-
Net increase/(decrease) before transfers to Earmarked Reserves	1,395,932	(2,567,626)	(1,171,694)
Transfers to/(from) Earmarked Reserves	-	-	-
Movement in Year	1,395,932	(2,567,626)	(1,171,694)
Balance at 31 March 2014	17,733,611	(19,866,383)	(2,132,772)
Note	40	41	

**CASHFLOW STATEMENT
AS AT 31 March 2014**

	2013/2014 £000	2012/2013 £000	Note
Operating Activities			
Net (Surplus)/Deficit on the provision of services	1,635	(891)	
Adjust Net (Surplus)/Deficit on the provision of services for non-cash movements	(3,671)	(1,078)	48
Adjust for items included in the Net (Surplus)/Deficit on the provision of services that are investing and financing activities	765	551	
Net Cash Flows from Operating Activities	(1,270)	(1,418)	
Investing Activities	(2,562)	574	49
Financing Activities	265	515	50
Net (increase)/decrease in Cash and Cash Equivalents	(3,566)	(329)	
Cash and Cash Equivalents at 1 April	4,495	4,166	
Cash and Cash Equivalents at 31 March	8,061	4,495	
	(3,566)	(329)	

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practice. These practices primarily comprise the Code of Practice on Local Government Accounting in the United Kingdom 2013/14 (The Code) and the Service Reporting Code of Practice 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

The accounting policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. A glossary of terms can be found on pages 95-100.

1.2 SIGNIFICANT CHANGES IN ACCOUNTING POLICY

Where there is a known future change in accounting policy required by the CIPFA Code, the Council will disclose in the notes to the accounts:

- The nature of the change in accounting policy;
- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

There have been changes to post employment benefits to reflect the classification, recognition, measurement and disclosure requirements introduced by the amendments to the IAS19. The presentation of the Comprehensive Income and Expenditure Statement has been amended to reflect the amendments to IAS1, in respect of items that are potentially reclassifiable to the surplus or deficit on the provision of services at a future time.

1.3 ACCOUNTING CONCEPTS

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

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

- Relevance
- Reliability
- Comparability
- Materiality

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

Accruals of Income and Expenditure

The financial statements, other than the cash flow statement, are prepared on an accruals basis, i.e. transactions are reflected in the accounts in the year in which they take place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- All income and expenditure is credited and debited to the Comprehensive Income and Expenditure Statement, unless it comprises capital receipts or capital expenditure.

Going Concern

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

Primacy of legislative requirements

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

1.4 OVERHEADS AND SUPPORT SERVICES

The costs of overhead and support services are charged to those that benefit from the supply or service in accordance with the costing principles of 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 Council's status as a multi-functional democratic organisation.
- Non Distributed Costs – the costs of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for under the heading Central services to the Public in the CIES, as part of Net Expenditure on Continuing Services.

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

1.5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council 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 (known as Minimum Revenue Provision) equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by a contribution from the General Fund Balance, by way of an adjusting transaction to the Capital Adjustment Account in the Movement of Reserves Statement.

1.6 VAT

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

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

1.8 EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

1.9 EXCEPTIONAL ITEMS

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

1.10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.11 RECOGNITION OF CAPITAL EXPENDITURE (DE MINIMIS POLICY)

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

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

The initial cost of an asset is recognised to be:

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

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

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

Subsequent enhancement expenditure is treated as capital when:

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

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

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

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

1.12 NON-CURRENT ASSET CLASSIFICATION

The Council manages its assets in the following categories:

A. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences) is capitalised when it will bring benefits to the council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

Internally generated assets are capitalised where it can be demonstrated that the project is technically feasible and is intended to be completed (with adequate resources being available) and the 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.

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

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

B. Property, Plant and Equipment Assets

Property Plant and Equipment Assets are subcategorised into Operational Land and Buildings, Community Assets, Vehicles Plant and Equipment, Infrastructure Assets, Assets Under Construction, Heritage Assets and Non-Operational Assets.

- Land and/or Buildings assets, in line with IAS 16, are recorded, valued and accounted for based on their significant components.
- Community Assets are assets that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use. If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.
- Infrastructure Assets include all tangible (physical) assets constructed for land drainage, and cemetery roadways. There is no prospect for sale of infrastructure assets; expenditure is only recoverable through continued use of the asset.
- Vehicles, Plant and Equipment Assets and Assets Under Construction are also classified as Property Plant and Equipment where they do not meet the criteria for Investment Property Assets or Assets Held for Sale.
- Heritage Assets are assets held by the Council principally for their contribution to knowledge or culture. The Council does not own any heritage assets.
- Surplus Assets are assets which the Council no longer operates from; however, they do not meet the definition of held for sale. All surplus assets are treated in the same way as operational assets of the same type (valuation, depreciation, recognition, etc.).

C. Investment Property Assets

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.

D. Assets Held for Sale

The Council will classify assets as held for sale where:

- The asset is in the condition required for sale and is vacant.
- The assets sale is highly probable.
- The asset has been advertised for sale and a buyer sought.
- The completion of the sale is expected within 12 months.

Assets which become non-operational or surplus which do not meet all of the requirements set out as assets held for sale continue to be classified and accounted for as their previous category. In addition, if the asset later no longer meets the criteria, it is restored to its previous classification and all transactions that would have occurred shall be retrospectively applied as though the asset had never been held for sale. Investment properties that become available for sale remain as Investment Properties.

Assets meeting the criteria as held for sale are held as current assets on the balance sheet as income is expected within 12 months.

It is possible that assets meet the criteria to be held for sale; however a change in circumstance beyond the control of the Council means that the sale is delayed beyond 12 months. In these instances the Council follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets.

1.13 COMPONENTISATION OF PROPERTY, PLANT AND EQUIPMENT

IAS 16 requires that the Council break down capital expenditure of an individual asset into components which have a significant cost in relation to the total cost of the asset. Where components have similar estimated useful lives, they can be aggregated.

The following policy applies to the various different categories:

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

1.14 NON-CURRENT ASSET VALUATION METHODOLOGY

The various classifications of assets are valued on differing bases. Where not explicitly stated otherwise, property revaluations are completed by an RICS qualified valuer, on a five year rolling programme i.e. approximately 20% of the Council's assets are re-valued each year.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the revaluation reserve. This is then reflected in the CIES as a revaluation gain. Where there is a revaluation that results in a lower than carrying amount valuation, this is treated in line with accounting policy 1.15 Impairment of Non-Current Assets.

Valuations are completed as follows:

- **Intangible Assets** - the Council recognises Intangible Assets at cost. The Council will revalue intangible assets annually where there is determinable market value for the asset.
- **Property Plant and Equipment (PPE)** - Property Assets are held at fair value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value (EUUV) in accordance with UKPS 1.3 of the RICS Valuation Standards. As a matter of last resort, where no other valuation method can be used, depreciated replacement cost is used. Vehicles and Assets under construction within PPE are held at historic cost (not re-valued).
- **Infrastructure Assets** - the Council recognises Infrastructure Assets at historic cost (not re-valued).
- **Investment Property Assets** - Investment Properties are annually re-valued at fair value which is to be interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. This includes investment property under construction. The fair value of investment property held under a lease is the lease interest.
- **Community Assets** - the Council recognises Community Assets at historic cost (not re-valued).
- **Assets Held for Sale** - Assets held for sale are held at the value of expected proceeds less the costs of achieving the sale.

1.15 IMPAIRMENT OF NON-CURRENT ASSETS

In accordance with IAS 36, impairment is the amount to which the carrying amount of an asset exceeds the recoverable amount. At the end of each reporting period the Council assesses whether there is any indication that an asset may be impaired.

The Council recognises impairment as:

- a significant decline (i.e. more than expected as a result of the passage of time or normal use) in an assets market value during the period;
- evidence of obsolescence or physical damage of an asset;
- a commitment by the Council to undertake a significant reorganisation; and
- a significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where there has been a previous revaluation taken to the revaluation reserve, an impairment up to that value would reverse the previous revaluation. Any further impairment, or if there has been no previous revaluation, is charged to revenue. This is then reversed through the Movement in Reserves Statement (MIRS) and charged to the Capital Adjustment Account.

1.16 DISPOSAL OF NON-CURRENT ASSETS

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are transferred to the Reserve from the MIRS. The value of the asset is transferred to the Capital Adjustment Account via the MIRS.

1.17 DEPRECIATION AND AMORTISATION METHODOLOGY

The economic lives of assets are:

- Intangible Assets between 3 to 5 years.
- Property Plant and Equipment
 - Buildings between 10 – 45 years
 - Land not depreciated
 - Infrastructure 40 years
 - Fixtures and Fittings over 10 years.
 - Vehicles, Plant and Equipment between 2 – 10 years
 - Heritage assets between 2-10 years (unless the assets are buildings when between 10-45 years)
 - Surplus Assets between 10 – 40 years
- Investment Property Assets are not depreciated.
- Community Assets are depreciated in line with the normal policy for assets of that nature (i.e. and assets are not depreciated).
- Assets Held for Sale are not depreciated.

The Council does not depreciate assets in the year of acquisition, and charges a full year's depreciation in the year of disposal.

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

1.19 LEASES

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

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

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

1.20 DEFINING A FINANCE LEASE

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

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase).
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised.
- If the lease term is for the major part of the economic life of the asset even if title is not transferred. The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy. The Council recognises the major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease. If this rate cannot be determined the incremental borrowing rate applicable for that year is used. The Council recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% can be used if the Council believes that using this level will give a result that better reflects the underlying transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

A suitably experienced accountant, with assistance from qualified valuers will make a judgement based on the level of risk and reward held by the Council as to whether a lease is an operating or finance lease.

1.21 LESSEE ACCOUNTING FOR A FINANCE LEASE

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

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

1.22 LESSOR ACCOUNTING FOR A FINANCE LEASE

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

1.23 LESSOR ACCOUNTING FOR AN OPERATING LEASE

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

1.24 LESSEE ACCOUNTING FOR OPERATING LEASES

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

1.25 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income & Expenditure Statement until any conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefit 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 or contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

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

1.26 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions or that is capital in nature but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the MIRS so there is no impact on the level of council tax.

1.27 RESERVES

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MIRS. 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 CIES. The reserve is then appropriated back into the General Fund Balance in the MIRS so that there is no net charge against council tax for the expenditure.

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

1.28 EMPLOYEE BENEFITS

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year. Employee Costs are split into three categories; short term benefits, termination benefits and pensions costs.

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu if material) 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the MIRS so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income & Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

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

The Local Government Pension Scheme is a defined benefit scheme. The liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

Pension liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the single average gilt yield plus the median 'credit spread' applying to AA-rated corporate bonds within the iBoxx Over 15 Years Index.

Pension assets attributable to the Council are included in the balance sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property - market value.

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

- current service cost - the increase in liabilities as result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- interest cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid is charged to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- expected return on assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return is credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- gains/losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees is charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- 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 is charged to the Comprehensive Income and Expenditure Statement.
- contributions paid to the Gloucestershire County Council Pension Fund – cash paid as employers contributions to the Pension Fund.

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

Discretionary Benefits

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

1.29 FINANCIAL INSTRUMENTS

Financial Liabilities

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

The Council has no borrowings.

Financial Assets

Financial Assets are classified into two types:

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

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

Available-for-sale financial assets

Available-for-sale financial assets are recognised on the Balance Sheet when the 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 Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the council.

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

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

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

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

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

The Council has no 'Available-for-Sale' financial assets.

1.30 COUNCIL TAX RECOGNITION

Council tax income included in the Comprehensive Income & Expenditure Statement for the year shall be the accrued income for the year. The Council's share of the accrued council tax income is obtained from the information that is required by billing authorities in the production of the Collection Fund Statements.

If the net cash paid to the Council in the year is more than its proportionate share of net cash collected from council tax debtors in the year the Council will recognise a credit adjustment for the same amount in creditors after adjusting for the previous year brought forward and vice versa if net cash paid is less than the proportionate share.

The Cash Flow Statement includes within operating activities the net council tax cash received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous years Collection Fund deficit). The difference between the net cash received from the Collection Fund and the Council's share of cash collected from council tax debtors by the billing Council in the year is included within financing activities in the Cash Flow Statement. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.31 INVENTORIES AND WORK IN PROGRESS

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

1.32 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

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

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

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

1.33 DISCONTINUED OPERATIONS

Any discontinued operations are shown separately on the face of the Comprehensive Income & Expenditure Statement. There are no discontinued operations in 2013/14.

1.34 FOREIGN CURRENCY TRANSLATION

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

1.35 JOINTLY CONTROLLED OPERATIONS AND JOINTLY CONTROLLED ASSETS

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

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

1.36 ESTIMATION TECHNIQUES

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

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

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council. As required by the Code, full adoption of the standard will be required for the 2014/15 financial statements. However, the Council is required to make disclosure of the estimated effect of the new standard in these (2013/14) financial statements.

The accounting policy changes to report in 2013/14 relate to:

- amendments to IAS 32 - Presentation of Financial Instruments (offsetting financial assets and financial liabilities);
- amendments to IFRS 13 - Fair Value measurement.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls.
Provisions Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of approximately 9%, and a one year increase in member life expectancy would increase the pension liability by approximately 3%. A sensitivity analysis is included in Note 44 - Pensions.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 30 June 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. EXCEPTIONAL ITEMS

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

There are no exceptional items to report in 2013/14.

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

The analysis of income and expenditure by service on the face of the Comprehensive Income & Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP) 2013/14. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports across services headed by Group Managers. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

The income and expenditure of Groups recorded in the budget reports for the year, together with a reconciliation to the figures shown in the Comprehensive Income & Expenditure Statement, for the years ending 31 March 2014 and 31 March 2013 is provided in the tables below.

ANALYSIS BY GROUP 31st MARCH 2014

	Customer Services £	Environmental Services £	Legal and Democratic Services £	Finance and Property £	Planning and Housing £	Strategic £	Total £
Fees and Charges	(1,296,251)	(210,669)	(252,369)	(623,460)	(973,542)	(1,089,661)	(4,445,952)
Grants and contributions	(1,281,549)	(169,683)	(144,043)	(23,377,618)	(402,393)	(584,604)	(25,959,890)
Total Income	(2,577,800)	(380,352)	(396,412)	(24,001,078)	(1,375,935)	(1,674,265)	(30,405,842)
Employee Expenses	2,377,462	861,686	451,073	1,747,148	1,560,244	644,415	7,642,028
Other Service Expenses	1,562,213	415,556	948,240	25,136,553	392,502	4,228,360	32,683,424
Support service costs	(421,010)	169,360	126,640	(201,615)	612,490	(285,865)	-
Total Expenditure	3,518,665	1,446,602	1,525,953	26,682,086	2,565,236	4,586,910	40,325,452
Net Cost of Services	940,865	1,066,250	1,129,541	2,681,008	1,189,301	2,912,645	9,919,610

RECONCILIATION TO SUBJECTIVE ANALYSIS 31st MARCH 2014

	Group Analysis £	Not reported to Management £	Not included in CIES £	Net Cost of Services £	Corporate Amounts £	Total £
Reconciliation of Net Cost of Services in CIES						
Cost of services in general fund service analysis	9,919,610	-	83,495	10,003,105	(1,110)	10,001,995
Add amounts not reported to management:						
Capital grants and contributions applied and unapplied	-	(100,515)	-	(100,515)	-	(100,515)
Revenue funded from capital under statute	-	678,787	-	678,787	-	678,787
Accumulated Absences Account	-	(6,249)	-	(6,249)	-	(6,249)
IAS19 Pension adjustment	-	(835,000)	-	(835,000)	-	(835,000)
Depreciation and revaluations	-	84,518	-	84,518	7,900	92,418
Net Cost of Services in CIES	9,919,610	(178,459)	83,495	9,824,646	6,790	9,831,436
Income from council tax	-	-	-	-	(6,025,558)	(6,025,558)
Income from NNDR	-	-	-	-	(2,155,131)	(2,155,131)
Government Grants	-	-	-	-	(4,760,481)	(4,760,481)
Total Income	-	-	-	-	(12,941,170)	(12,941,170)
Interest payments	-	-	-	-	120,663	120,663
Trading Account (Surplus)/Deficit	-	-	(83,495)	(83,495)	(6,793)	(90,288)
Precepts and levies	-	-	-	-	1,790,397	1,790,397
Interest and investment income	-	-	-	-	(197,758)	(197,758)
(Gain)/Loss on disposal of fixed assets	-	-	-	-	1,378,755	1,378,755
Impairment/revaluations assets held for sale	-	-	-	-	7,500	7,500
Income from investment properties	-	-	-	-	336,750	336,750
Pension scheme interest costs	-	-	-	-	1,399,000	1,399,000
Total Operating Expenses	-	-	(83,495)	(83,495)	4,828,514	4,745,019
(Surplus)/Deficit on provision of services	-	-	-	9,741,151	(8,105,866)	1,635,285

ANALYSIS BY GROUP 31st MARCH 2013 - RESTATED

	Customer Services £	Environmental Services £	Legal and Democratic Services £	Finance and Property £	Planning and Housing £	Strategic £	Total £
Fees and Charges	1,261,126	1,411,616	199,117	823,577	1,984,048	949,204	6,628,688
Grants and contributions	-	-	13,420	28,720,427	118,140	-	28,851,987
Total Income	1,261,126	1,411,616	212,537	29,544,004	2,102,188	949,204	35,480,675
Employee Expenses	1,805,866	1,076,356	513,044	1,706,964	1,591,434	427,620	7,121,284
Other Service Expenses	853,853	3,361,795	592,807	30,000,519	548,492	915,933	36,273,399
Total Expenditure	2,659,719	4,438,151	1,105,851	31,707,483	2,139,926	1,343,553	43,394,683
Net Cost of Services	1,398,593	3,026,535	893,314	2,163,479	37,738	394,349	7,914,008

RECONCILIATION TO SUBJECTIVE ANALYSIS 31st MARCH 2013

	Group Analysis £	Not reported to Management £	Not included in CIES £	Allocation of Recharges £	Net Cost of Services £	Corporate Amounts £	Total £
Fees, charges and other service income	6,628,688	-	-	7,707,754	14,336,442	362,513	14,698,955
Interest and investment income	-	-	-	-	-	489,097	489,097
Income from council tax	-	-	-	-	-	6,573,250	6,573,250
Income from NNDR	-	-	-	-	-	5,127,953	5,127,953
Grants and contributions	28,851,987	-	-	-	28,851,987	650,487	29,502,474
Trading Account Surplus/(Deficit)	-	-	-	-	-	(7,786)	(7,786)
Expected return on pension scheme assets	-	-	-	-	-	2,003,000	2,003,000
Total Income	35,480,675	-	-	7,707,754	43,188,429	15,198,514	58,386,943
Employee expenses	7,121,283	-	-	-	7,121,283	-	7,121,283
Other Service expenses	36,273,400	650,460	-	7,707,754	44,631,614	-	44,631,614
Depreciation, amortisation & Impairment	-	876,050	-	-	876,050	-	876,050
Interest Payments						155,379	155,379
Precepts & Levies						1,708,025	1,708,025
Payments to Housing Capital Receipts Pool						6,861	6,861
(Gain) loss on disposal of fixed assets						(47,959)	(47,959)
Pension Scheme Interest Costs						3,045,000	3,045,000
Total Operating Expenses	43,394,683	1,526,510	-	7,707,754	52,628,947	4,867,306	57,496,253
(Surplus)/Deficit on provision of services	7,914,008	1,526,510	-	-	9,440,518	(10,331,209)	(890,690)

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2013/2014	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £	Movement in Unusable Reserves £
Adjustments between accounting basis and funding basis under the regulations				
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES:				
Charges for depreciation and impairment of non-current assets	634,364	-	-	634,364
Revaluation losses on Property Plant & Equipment	92,018	-	-	92,018
Movements in the market value of Investment Properties	336,750	-	-	336,750
Amortisation of Intangible Assets	86,972	-	-	86,972
Capital Grants and Contributions applied	(595,165)	-	-	(595,165)
Revenue expenditure funded from capital under statute	678,787	-	-	678,787
Amounts of non-current assets written off on disposal or sale to the CIES	2,083,278	-	-	2,083,278
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	(264,412)	-	-	(264,412)
Capital expenditure charged against the General Fund balance	(122,737)	-	-	(122,737)
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the CIES	-	-	15,419	15,419
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(44,214)	(44,214)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited as part of loss/profit on disposal to the CIES	-	56,788	-	56,788
Right to Buy and VAT Shelter receipts	(709,331)	709,331	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	(294,378)	-	(294,378)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	4,809	(4,809)	-	-
Capital Grants repaid	-	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Mortgage Income received	-	8,976	-	8,976
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to CIES	(1,785,000)	-	-	(1,785,000)
Employer's pension contributions	2,349,000	-	-	2,349,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to CIES is different from council tax income calculated for the year in accordance with statute	(198,980)	-	-	(198,980)
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in year in accordance with statute	(6,249)	-	-	(6,249)
TOTAL ADJUSTMENTS	2,584,104	475,908	(28,795)	3,031,217

2012/2013	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied £	Movement in Unusable Reserves £
Adjustments between accounting basis and funding basis under the regulations				
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES:				
Charges for depreciation and impairment of non-current assets	584,248			584,248
Revaluation losses on Property Plant & Equipment	142,124			142,124
Movements in the market value of Investment Properties	(162,076)			(162,076)
Amortisation of Intangible Assets	81,578			81,578
Capital Grants and Contributions applied	(1,075,495)		493,575	(581,920)
Revenue expenditure funded from capital under statute	650,460			650,460
Amounts of non-current assets written off on disposal or sale to the CIES	(47,959)	79,471		31,512
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	(515,844)			(515,844)
Capital expenditure charged against the General Fund balance				
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the CIES				
Application of grants to capital financing transferred to the Capital Adjustment Account				
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited as part of loss/profit on disposal to the CIES				
Right to Buy and VAT Shelter receipts	(350,576)	350,576		-
Use of Capital Receipts Reserve to finance new capital expenditure		(1,251,597)		(1,251,597)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	6,861	(6,861)		-
Capital Grants repaid	(11,937)	11,937		-
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Mortgage Income received		9,897		9,897
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to CIES	1,918,000			1,918,000
Employer's pension contributions	(1,800,121)			(1,800,121)
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to CIES is different from council tax income calculated for the year in accordance with statute	(5,010)			(5,010)
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in year in accordance with statute	(7,787)			(7,787)
TOTAL ADJUSTMENTS	(593,534)	(806,577)	493,575	906,536

9. TRANSFERS TO/FROM EARMARKED RESERVES

This note shows 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 2014/2015.

	Balance at 31 March 2012 £	Transfers In 2012/2013 £	Transfers Out 2012/2013 £	Balance at 31 March 2013 £	Transfers In 2013/2014 £	Transfers Out 2013/2014 £	Balance at 31 March 2014 £
Council Initiatives	905,983	-	-	905,983	-	-	905,983
LSP Funding	58,260	-	-	58,260	-	35,180	23,080
Development of Financial Systems	13,839	-	-	13,839	-	-	13,839
Consultation	7,993	-	-	7,993	-	-	7,993
ICT Strategy	21,550	10,000	-	31,550	-	-	31,550
Subsidy Losses	127,950	84,436	-	212,386	50,000	-	262,386
Restructuring	793,169	392,000	550,734	634,435	40,000	128,940	545,495
Unforeseen items	109,926	-	-	109,926	-	-	109,926
Tourism Regeneration	1,576	31,500	1,576	31,500	-	-	31,500
Devolved Budgetary Control	762,712	242,250	511,412	493,550	74,740	242,250	326,040
Planning Delivery Grant	121,138	-	-	121,138	-	78,840	42,298
Electoral Registration	4,538	-	-	4,538	-	-	4,538
Asset Management	-	-	-	-	135,000	-	135,000
SW Members' Charter	5,000	-	-	5,000	-	-	5,000
Insurance Reserve	43,144	-	-	43,144	-	-	43,144
Lydney Pitch	17,058	-	11,197	5,861	-	1,360	4,501
Mortgage Rescue Scheme	57,600	24,000	-	81,600	22,200	-	103,800
District Elections	67,500	27,500	-	95,000	20,000	-	115,000
SW RIEP	169,443	-	13,641	155,802	-	45,890	109,912
Choice Based Letting	120,214	-	20,560	99,654	-	7,580	92,074
Historic Buildings	24,919	-	-	24,919	-	-	24,919
Local Development Framework	211,296	-	24,150	187,146	60,000	43,600	203,546
Sports Development	17,878	53,660	-	71,538	22,500	4,840	89,198
Repairs & Renewals	100,437	66,000	-	166,437	135,000	101,237	200,200
Capital Reserve	1,186,912	70,000	-	1,256,912	80,000	31,040	1,305,872
Commercial Services Initiatives	107,423	-	17,258	90,165	-	35,165	55,000
Public Conveniences Refurbishment	44,542	-	-	44,542	-	-	44,542
Vehicle Replacement Reserve	25,923	25,000	-	50,923	50,000	36,500	64,423

	Balance at 31 March 2012 £	Transfers In 2012/2013 £	Transfers Out 2012/2013 £	Balance at 31 March 2013 £	Transfers In 2013/2014 £	Transfers Out 2013/2014 £	Balance at 31 March 2014 £
Land Charges	34,356	27,000	-	61,356	-	-	61,356
Future Deficits	40,000	20,670	-	60,670	1,081,717	-	1,142,387
Homelessness CAB	8,300	-	-	8,300	-	-	8,300
Cinderford Business Plan	136,587	-	-	136,587	-	-	136,587
DWP Efficiency	5,300	-	-	5,300	-	-	5,300
S106 Commuted Sums	244,984	9,369	20,220	234,133	-	-	234,133
DWP Funding	23,717	70,024	-	93,741	-	-	93,741
ATLAS	7,439	-	-	7,439	-	-	7,439
Health Improvement Funding	231,493	28,170	45,573	214,090	26,790	10,440	230,440
Affordable Housing	-	297,000	-	297,000	-	-	297,000
Legal & Planning Appeals	-	70,000	-	70,000	-	-	70,000
Community Right to Challenge	-	13,420	-	13,420	16,402	-	29,822
Ebug Project	-	-	-	-	5,590	-	5,590
BRR Equalisation Reserve	-	-	-	-	48,683	-	48,683
	5,860,099	1,561,999	1,216,321	6,205,777	1,868,622	802,862	7,271,537

The purpose for holding the individual reserves is as follows:

- Council Initiatives – this reserve is used to meet the initial cost of invest-to-save initiatives and one-off projects supporting the Council's Corporate Plan objectives.
- Forest of Dean Partnership Projects – funds project bids.
- Development of Financial Systems – to be used for a new HR/Finance/Procurement IT system.
- Consultation – to be used to meet the costs of consultation on the community's priorities to feed into the review of the Community Plan and Corporate Plan, as well as the Best Value User Satisfaction Survey.
- ICT Strategy – to implement new procedures and projects in ICT.
- Subsidy Losses – to be used to cover shortfalls in subsidy due to the authority.
- Restructuring – to be used to meet costs arising from staff restructuring including redundancy costs, pension lump sums and capitalised pension costs.
- Unforeseen items – unbudgeted costs which cannot be met from savings or virements.
- Tourism Regeneration – to meet the Council's contribution to tourism regeneration projects.
- Devolved Budgetary Control – carry forward, within financial regulations, of unspent budgets.
- Planning Delivery Grant – to be used to improve Planning services.
- Electoral Registration – to fund additional staff costs relating to updating the electoral register.
- Central HQ Refurbishment – potential repairs of plant and equipment.
- SW Members' Charter – costs relating to applying for the Charter.
- Insurance – used to meet minor claims arising from uninsured sundry risks.
- Lydney Pitch – contribution from Lydney Leisure Trust for upkeep of the artificial pitch.
- Mortgage Rescue Scheme – funds received from Government to support vulnerable homeowners in danger of losing their homes to repossession.
- District Elections – to meet the cost of future elections.
- SW RIEP – funding received from South West Regional Improvement and Efficiency Partnership to meet the additional costs of the Council's Improvement Plan.
- Choice Based Letting – funds from Gloucestershire districts held to manage the Gloucestershire Homeseekers' service.
- Historic Buildings – used to make grants towards the cost of building conservation.
- Local Development Framework – used to meet the costs of the Framework including consultation and public enquiries.
- Sports Development – to fund future sports development initiatives.
- Repairs & Renewals – to fund repairs and renewals of the Council's buildings and ICT equipment.
- Capital – used to finance capital expenditure.
- Regeneration Capital – to fund unforeseen regeneration initiatives not budgeted for that have the ability to help the Council meet the Corporate Plan objectives.
- Public Convenience Refurbishment – to meet the costs of refurbishing public conveniences.
- Vehicle Replacement – used to meet the costs of replacing vehicles.
- Land Charges - funding received to cover claims made against the Council following legislative changes.
- Future Deficits - is to be used to fund any budget deficits resulting in the reduction of funding from the Government.
- Homelessness - CAB - funding received from the Citizen Advice Bureau for homelessness.
- Cinderford Business Plan - funding received to fund staffing costs to carry out Cinderford Regeneration Project works.

- DWP Efficiency - funding from the Department of Works and Pensions to cover additional works following legislative changes in Housing Benefits.
- S106 Commuted Sums - Developer contributions received for maintenance of play areas and open spaces adopted by the Council.
- DWP Funding - funding from the Department for Works and Pensions to cover additional works/software costs following legislative changes in Housing Benefits.
- Automated Transfer to Local Authority Systems (ATLAS) - funding from the Department of Works and Pensions to cover software costs to implement the ATLAS project
- Health Improvement Funding – funds received from third parties to be used to fund health improvement projects.
- Affordable Housing – Additional New Homes Bonus Grant to fund affordable housing.
- Planning Appeals – funding for planning appeal costs as and when they occur.
- Community Right to Challenge – funds received to fund future Community Right to Challenge bids.
- Ebug project – funding received from Gloucestershire County Council to support the Ebug Project.
- BRR Equalisation – to fund fluctuations in income from retained business rates.

10. OTHER OPERATING INCOME AND EXPENDITURE

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

	2013/2014 £	Restated 2012/2013 £
Income		
VAT Shelter and right to buy income	(709,331)	(350,576)
Grant repayments	-	(11,938)
	(709,331)	(362,514)
Expenditure		
Parish Precepts	1,763,236	1,680,864
Levies	27,161	27,161
Contribution of housing capital receipts to Government Pool	4,809	6,861
(Gain)/Loss on Disposal of non-current assets	2,083,278	(47,959)
(Gain)/loss on trading account	(90,288)	7,787
Revaluation loss on assets held for sale	7,500	68,100
	3,795,696	1,742,814
Net Other Operating Expenditure	3,086,365	1,380,300

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2013/2014 £	2012/2013 £
Interest payable and similar charges	120,664	155,378
Net interest on the net defined benefit liability (asset)	1,399,000	1,042,000
Interest receivable and similar income	(197,758)	(342,020)
Income and expenditure in relation to investment properties and charges in their fair value	336,750	(147,076)
Net Financing and Investment Expenditure	1,658,656	708,282

12. TAXATION AND NON SPECIFIC GRANT INCOME

	2013/2014 £	2012/2013 £
Council Tax Income	6,033,180	6,573,249
Non-Domestic Rates Income	4,522,688	5,127,953
Non-ringfenced government grants	4,760,481	621,037
Capital grants and contributions	-	29,450
Net Taxation and Non Specific Grant Income	15,316,349	12,351,689

13. OTHER COMPREHENSIVE INCOME AND EXPENDITURE

	2013/2014 £	2012/2013 £
Revaluation Gains/(Losses) credited to Revaluation Reserve	(284,591)	(177,666)
Actuarial Gains/(Losses) on pension scheme assets/liabilities	(179,000)	3,918,000
	(463,591)	3,740,334

14. TRADING ACCOUNT

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

	2013/14				2012/13			
	Income	Expenditure	Revaluations	Net (surplus) /deficit	Income	Expenditure	Revaluations	Net (surplus)/ Deficit
Forest Vale Industrial Estate	(168,385)	91,811	-	(76,574)	(160,470)	151,539	(15,000)	(23,931)
Car Parks	(170,224)	164,410	(7,900)	(13,714)	(144,066)	175,784	-	31,718
Surplus/(Deficit)	(338,609)	256,221	(7,900)	(90,288)	(304,536)	327,323	(15,000)	7,787

The Council lets a number of industrial units at Forest Vale Industrial Estate. Market rents are normally charged for these units, which are expected to contribute a revenue trading account surplus annually.

The Council own a number of car parks within the district where a charge for parking is made. The charges are expected to make a contribution to reduce the subsidy annually. Expenditure was high in 2012/13 where the Council still had to carry out a lot of work to get the car parks up to standard.

15. ACQUIRED OR DISCONTINUED OPERATIONS

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

There were no such acquisitions or disposals during 2013/14.

16. AGENCY INCOME AND EXPENDITURE

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

The Council did not undertake any significant agency work in 2013/2014.

17. SCHEMES UNDER THE TRANSPORT ACT 2000

The Transport Act 2000 requires that expenditure and income in respect of road charging and workplace charging levies should be disclosed.

The Council did not participate in any such schemes during 2013/2014.

18. HEALTH ACT 1999 POOLED FUNDS

Section 31 of the Health Act 1999 enabled the establishment of joint working arrangements between local authorities and NHS bodies with pooled funding arrangements. Such arrangements must be disclosed.

In 2013/2014 Gloucestershire County Council provided £31,000 funding (2012/2013 £9,000) as a contribution for health delivery and grants to the local community to support physical activity.

The Council currently makes no direct financial contribution to any pooled budget.

19. MEMBERS' ALLOWANCES

The allowances and expenses paid to Members in 2013/2014 under The Local Authorities (Members Allowances) Amendment Regulations totalled £291,524 (2012/2013 £294,103).

20. STAFF REMUNERATION

The number of employees (including senior employees shown in the table on the following page) whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000:

Remuneration band	2013/2014 Number of employees	2012/2013 Number of employees
£50,000 to £54,999	1	4
£55,000 to £59,999	4	3
£60,000 to £64,999	-	-
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £79,999	-	-
£80,000 to £84,999	2	2

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

Exit package cost band (inc special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £	
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
£0-£20,000	-	-	2	2	2	2	11,249	18,304
£20,001-£40,000	-	-	1	3	1	3	37,912	94,887
£40,001-£60,000	-	-	1	2	1	2	40,899	111,878
£60,001-£80,000	-	-	1	-	1	-	70,212	-
£80,001-£100,000	-	-	-	1	-	1	-	87,842
Total	-	-	5	8	5	8	160,272	312,911
Amounts provided for in CIES not included in bandings	-	-	2	3	2	3	128,940	152,112
Total	-	-	7	11	7	11	289,212	465,023

Remuneration of senior employees during 2013/2014 and 2012/2013 is shown in the next table. For disclosure purposes, the term 'senior employees' is deemed to be the Chief Executive, their direct reports (excluding administrative staff) and statutory chief officers.

The Authority's Comprehensive Income and Expenditure Statement includes a provision for £128,940 which has been agreed and is payable to 2 officers. These costs are not included in the bands and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

Senior employee remuneration – salary is between £50,000 and £150,000 p.a.

Post Title	2013/2014						
	Salary inc Fees and Allowances	Expense Allowances	Compensation for loss of office	Benefits-in-kind	Total Remuneration excl pension contributions	Pension contributions	Total Remuneration incl pension contributions
	£	£	£	£	£	£	£
Head of Paid Service	84,229	-	-	-	84,229	12,045	96,274
Strategic Director	82,229	274	-	-	82,503	11,759	94,262
S151 Officer	56,844	434	-	-	57,278	8,122	65,400
Monitoring Officer *	21,745	265	-	-	22,010	3,093	25,103
	245,047	973	-	-	246,020	35,019	281,039
2012/2013							
Head of Paid Service	84,229	75	-	-	84,304	12,045	96,349
Strategic Director	82,229	221	-	-	82,450	11,759	94,209
S151 Officer	58,297	719	-	-	59,016	8,336	67,352
Monitoring Officer	56,129	766	-	-	56,895	8,026	64,921
	280,884	1,781	-	-	282,665	40,166	322,831

Notes:

- a) For the purposes of this disclosure, senior employee means Head of Paid Service, his/her direct reports and statutory chief officers whose salary is between £50,000 and £150,000.
- b) The Council does not operate a Performance Pay System and does not pay bonuses to any member of staff.
- c) The Monitoring Officer left the Council in August 2013.

21. LOCAL STRATEGIC PARTNERSHIP

The Forest of Dean Local Strategic Partnership (LSP) successfully secured £2.6m from the Rural Development Programme for England (RDPE) at the end of July 2008. This is European funding administered by the Department of the Environment, Food and Rural Affairs (DEFRA). The Council is the accountable body for this funding.

A Local Action Group (LAG) has been formed to administer the funding and this group includes members of the Forest of Dean LSP as well as other partners brought in to strengthen engagement with the wider community and to provide specific expertise across the public, private and voluntary sectors within the Forest. The LAG membership includes the Council, the Forestry Commission and Primary Care Trust in the public sector; it has a wide range of voluntary and community partners such as Gloucestershire Wildlife Trust, Forest Voluntary Action Forum, Forest Education Business Partnership, Forest Youth Forum, Gloucestershire Rural Community Council and Gloucestershire Association of Parish and Town Councils; in the private sector the organisations currently involved are Severn Wye Energy Association, Two Rivers Housing, the National Farmers' Union and the Chair of the Federation of Small Businesses.

During 2013/2014 administrative costs of £101,366 (£97,926 2012/13) were incurred and costs of £399,478 (£850,290 2012/13) were paid out to community projects.

Details of the projects funded by this programme can be found on the Local Action Group website: <http://forestofdeanlocalactiongroup.co.uk>

22. RELATED PARTY TRANSACTIONS

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

Central Government

Central Government has significant influence over the general operations of the Council; it is responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 7 on reporting for resources allocation decisions. There were no grant receipts outstanding at 31 March 2014.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2013/2014 is shown in note 19. During 2013/2014, works and services to the value of £225,203 were commissioned from organisations in which thirteen members had an interest, grants totalling £296,625 were paid to voluntary organisations in which fourteen members had an interest. In all instances, contracts were awarded in accordance with the Council's standing orders and grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of these transactions are recorded in the Register of Members' Interests, open to public inspection at the Council offices during office hours.

Officers

During 2013/2014 works and services to the value of £1,359,532 were commissioned from organisations in which eight officers declared an interest, and grants totalling £100,337 were paid to organisations in which three officers declared an interest. In all instances, contracts were awarded in accordance with the Council's standing orders and officers did not take part in any discussions, decisions or administration relating to the grants.

South West Audit Partnership (SWAP)

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

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

The Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police Authority and the Town and Parish Councils within the district's area. Precepts for the County and Police Authority are shown in the Collection Fund at note 66. Five members of the district council are also members of Gloucestershire County Council. Parish Precepts are shown in the CIES. 22 members of the district council are also members of town or parish councils.

23. EXTERNAL AUDIT COSTS

The following fees are payable by the Council in respect of external audit and inspection costs.

	2013/2014 £	2012/2013 £
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	61,650	61,650
Audit Commission rebate	-	(5,400)
Fees paid to the External Auditor for the certification of grant claims and returns	16,150	20,189
	77,800	76,439

24. NON-CURRENT ASSETS

The following table shows the progress of the Council's rolling programme for the revaluation of non-current assets. On 31 March 2014 assets were revalued by internal valuer Paul Smith FRICS, IRRV. The basis of the valuations of property assets is shown in the Statement of Accounting Policies.

Valued at	Land and Buildings £	Vehicles Plant and Equipment £	Infra-structure £	Community Assets £	Surplus Assets £	Investment Properties £	Total Property Assets £
Historic Cost	-	3,711,519	606,739	41,159	-	-	4,359,417
Current Cost in: 2013/14	5,579,275	-	-	-	491,501	3,378,751	9,449,527
Total	5,579,275	3,711,519	606,739	41,159	491,501	3,378,751	13,808,944

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

	Number of assets held at	
	2013/2014	2012/2013
Other Land and Buildings:		
Off Street Car Parks	17	16
Lorry Parks	1	1
Office Buildings	1	1
Public Conveniences	13	13
Cemetery Buildings	1	1
Swimming Pools	1	1
Vehicles, Plant and Equipment	52	52
Surplus Assets	14	18
Investment Properties	27	26

25. PROPERTY, PLANT AND EQUIPMENT

2013/2014 Movement in property, plant and equipment	Other Land and Buildings £	Vehicles, Plant and Equipment £	Infrastructure £	Community £	Surplus Assets £	Total £
Certified valuations as at 31 st March 2013	5,626,178	3,596,841	606,739	41,159	2,585,156	12,456,073
Additions	55,688	184,499	-	-	-	240,187
Revaluation increases/decreases to Revaluation Reserve	75,531	-	-	-	30,874	106,405
Revaluation losses to CIES	(178,121)	-	-	-	4,000	(174,121)
Disposals	-	(69,821)	-	-	(2,139,280)	(2,209,101)
Other reclassifications	-	-	-	-	-	-
Certified valuations as at 31 st March 2014	5,579,276	3,711,519	606,739	41,159	480,750	10,419,443
Accumulated Depreciation as at 31 st March 2013	173,541	569,926	182,961	-	3,075	929,503
Depreciation in year	121,971	488,703	17,647	-	6,044	634,365
Depreciation written out to Revaluation Reserve	(169,067)	-	-	-	(9,119)	(178,186)
Depreciation written out to CIES	(89,602)	-	-	-	-	(89,602)
Disposals	-	(69,037)	-	-	-	(69,037)
Accumulated depreciation as at 31 March 2014	36,843	989,592	200,608	-	-	1,227,043
Net Book Value 31 March 2014	5,542,433	2,721,927	406,131	41,159	480,750	9,192,400
Net Book Value 1 April 2013	5,452,637	3,026,915	423,778	41,159	2,582,081	11,526,570
Nature of asset holding:						
Owned	5,542,433	1,207,891	406,131	41,159	480,750	7,678,364
Finance Leased	-	1,514,036	-	-	-	1,514,036
	5,542,433	2,721,927	406,131	41,159	480,750	9,192,400

2012/2013 Movement in property, plant and equipment	Other Land and Buildings £	Vehicles, Plant and Equipment £	Infrastructure £	Community £	Surplus Assets £	Total £
Cost or Valuation as at 1 April 2012	5,511,078	2,731,922	606,739	65,159	2,669,471	11,584,369
Additions	162,604	2,768,719	-	-	-	2,931,323
Revaluation increases/decreases to Revaluation Reserve	(47,504)	-	-	-	10,280	(37,224)
Impairment losses to CIES	-	-	-	-	(142,124)	(142,124)
Disposals	-	(1,903,800)	-	-	(61,471)	(1,965,271)
Other reclassifications	-	-	-	(24,000)	109,000	85,000
Cost or Valuation as at 31 March 2013	5,626,178	3,596,841	606,739	41,159	2,585,156	12,456,073
Accumulated Depreciation as at 1 April 2012	233,426	1,568,330	165,315	-	36,043	2,003,114
Depreciation in year	114,841	447,564	17,646	-	4,197	584,248
Depreciation written out to Revaluation Reserve	(174,726)	-	-	-	(37,165)	(211,891)
Disposals	-	(1,445,968)	-	-	-	(1,445,968)
Accumulated depreciation as at 31 March 2013	173,541	569,926	182,961	-	3,075	929,503
Net Book Value 31 March 2013	5,452,637	3,026,915	423,778	41,159	2,582,081	11,526,570
Net Book Value 1 April 2012	5,277,652	1,163,592	441,424	65,159	2,633,428	9,581,255
Nature of asset holding:						
Owned	5,452,637	1,210,074	423,778	41,159	2,582,081	9,709,729
Finance Leased	-	1,816,841	-	-	-	1,816,841
	5,452,637	3,026,915	423,778	41,159	2,582,081	11,526,570

The following Community Assets are held by the Council and included in the Balance Sheet at a nominal value:

Amenity Land

Blakeney	Play Area
Broadwell	Woodville Avenue
Cinderford	Greenway Road, Miner's Welfare Field, Triangle, Linear Park
Coleford	Cycle track
Dymock	Rear of The Crypt, Orchard Cottage
Lydney	Footpath off Highfield Hill / Play Area
Mile End	Cedar Way/Edge End Road
Mitcheldean	Deansway
Newent	Court Road, Cleeve Mill Lane, Johnstone Road, Knights Way/Crescent, Cleeve Rise, Bury Bar
Sedbury	Allotments
Soudley	Dean Heritage Museum
Staunton	Play Area
Tibberton	Orchard Rise
Tidenham	Meadowend, Netherhope Lane
Woolaston	Picnic Area

Cemeteries

Cinderford	Yew Tree Brake
Coleford	Mile End

Capital Commitments

There were no capital commitments as at 31st March 2014.

26. INVESTMENT PROPERTY

	2013/2014 £	2012/2013 £
Balance at the start of the year	3,715,501	3,638,425
Net gains/(losses) from fair value adjustment	(336,750)	162,076
Other changes	-	(85,000)
Balance at end of year	3,378,751	3,715,501
Comprising:		
Operational	3,353,751	3,715,501
Available for sale	25,000	-
	3,378,751	3,715,501

The annual rents of assets held for lease is as follows:

	Annual rentals £	Capital values of assets £
Industrial Units	138,950	1,924,250
Other Properties	20,650	1,454,501
	159,600	3,378,751

Capital Commitments

At the year end there were no outstanding capital commitments in respect of Investment Properties.

27. INTANGIBLE ASSETS

	2013/2014 £	2012/2013 £
Balance at start of year:		
Gross carrying amounts	822,633	799,303
Accumulated amortisation	(513,957)	(494,050)
Net carrying amount at start of year	308,676	305,253
Additions:		
Purchases	122,100	85,001
Amortisation for the period	(86,972)	(81,578)
Net carrying amount at end of year	343,804	308,676
Comprising:		
Gross carrying amounts	896,860	822,633
Accumulated amortisation	(553,055)	(513,957)
	343,805	308,676

Capital Commitments

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

28. FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	2013/2014 £	2012/2013 £	2013/2014 £	2012/2013 £
Financial Assets				
Loans and Receivables (investments)	-	2,006,663	10,033,355	10,088,050
Total Loans and Receivables	-	2,006,663	10,033,355	10,088,050
Cash & cash equivalents	-	-	8,061,497	4,494,789
Total Cash & Cash Equivalents	-	-	8,061,497	4,494,789
Debtors	29,315	38,291	2,820,368	1,670,371
Total Debtors	29,315	38,291	2,820,368	1,670,371
Financial Liabilities at amortised cost				
Finance Leases	1,082,147	1,366,625	284,478	264,412
Total Finance Leases	1,082,147	1,366,625	284,478	264,412
Creditors	-	-	550,464	1,454,805
Total Creditors	-	-	550,464	1,454,805

No financial assets or liabilities have been reclassified during the year.

Fair Values of Assets and Liabilities

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

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

Fair values of loans and receivables

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

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

29. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

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

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

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet identified minimum credit criteria in accordance with Fitch, Moody's and Standard and Poors ratings services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The full Investment Strategy for 2013/14 was approved by Council on 21 February 2013 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £14.040m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits but there was no evidence at 31 March 2014 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk (using investments outstanding and arranged at 31 March 2014), based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2014 £ (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2014 % (c)	Estimated maximum exposure to Default £ (a*c)
Deposits with banks and financial institutions				
AAA rated counterparties	-	-	-	-
AA rated counterparties	-	0.0200	0.0200	-
A rated counterparties	10,033,355	0.0900	0.0900	9,030
Other counterparties	-	0.2100	0.2100	-
	10,033,355			9,030

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

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

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

The Council does not generally allow credit for its trade debtors as payment is due immediately. This means that all of the £528,000 trade debtor balance is technically past its due date for payment. The past due amount can be analysed by age as follows:

	2013/2014 £000	2012/2013 £000
Less than 3 months	445	724
3 to 6 months	38	19
6 months to 1 year	8	34
Over 1 year	37	182
	528	959

The Council follows standard accounting practice in respect of debtors and undertakes an assessment of the likelihood of collection of the debts due to the Council to calculate a bad debt provision. The movement in bad debt provision can be seen in the table below.

	2014 £000	2013 £000
Provision at 1 April	1,132	942
Charge from CIES	150	115
Utilised in year	(101)	75
Provision at 31 March	1,181	1,132

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

Liquidity risk

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

Market risk

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

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

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

If all interest rates had been 1% higher at 31 March 2014, with all other variables held constant, the financial effect would be:

	£
Increase in interest receivable on variable rate investments	69,725
Impact on Surplus or Deficit on the Provision of Services	69,725

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

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

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

30. LONG TERM DEBTORS

	31 March 2013 £	During 2013/2014		31 March 2014 £
		Advances £	Repayments/ Write Offs £	
Mortgages	37,491	-	(8,976)	28,515
Homelessness Loan	800	-	-	800
	38,291	-	(8,976)	29,315

31. INVENTORIES AND WORK IN PROGRESS

	2013/2014 £	2012/2013 £
Sports Centre Inventories for resale	18,437	15,555
Green Waste wheeled bins	34,313	26,872
Other Inventories	13,466	7,344
Total Inventories and Work in Progress	66,216	49,771

32. SHORT TERM DEBTORS

	2013/2014 £	2012/2013 £
Debtors falling due within one year:		
Central Government bodies	1,066,059	3,258,226
Local Authorities	793,455	133,246
Other trade debtors	3,279,642	2,756,423
Prepayments	154,727	150,941
Total Debtors and Prepayments	5,293,883	6,298,836
Less Provision for Bad and Doubtful Debts:		
Other trade debtors	696,443	847,487
Collection Fund	285,853	284,998
Total Provisions for Bad and Doubtful Debts	982,296	1,132,485
Net Debtors and Prepayments	4,311,587	5,166,351

33. CASH AND CASH EQUIVALENTS

	2013/2014 £	2012/2013 £
Cash in Hand	600	600
Demand Deposits	(913,047)	(444,061)
Cash Equivalents	8,973,944	4,938,250
Total Cash and Cash Equivalents	8,061,497	4,494,789

34. ASSETS HELD FOR SALE

	2013/2014 £	2012/2013 £
Balance outstanding at start of year	210,900	302,000
Revaluation losses	(7,500)	(68,100)
Impairment losses	-	(13,000)
Assets sold	-	(10,000)
Balance outstanding at year-end	203,400	210,900

35. FINANCE LEASES – PAYMENTS DUE WITHIN 1 YEAR

	2013/2014 £	2012/2013 £
Finance Lease payments due within 1 year	284,478	264,412
Total Short Term Finance Lease Liability	284,478	264,412

36. SHORT TERM CREDITORS

	2013/2014 £	2012/2013 £
Creditors falling due within one year:		
Central Government bodies	263,485	121,612
Local Authorities	1,298,240	723,632
Public corporations and trading funds	-	1,033
NHS Bodies	417	-
Other trade creditors	1,487,095	960,381
Untaken Leave Accruals	84,751	91,001
Receipts in advance	1,008,308	1,903,911
Total Creditors and Receipts in advance	4,142,296	3,801,570

37. PROVISIONS

	31 March 2013 £	During 2013/2014		31 March 2014 £
		Charges/Credits to CIES £	Payments £	
General insurance	(3,000)	(1,000)	3,000	(1,000)
Redundancy and early retirement	(152,112)	(128,940)	152,112	(128,940)
Municipal Mutual Insurance	(13,788)	(2,632)	16,420	-
Business Rates Retention	-	(100,474)	-	(100,474)
NDR Legal Challenge	(1,308,400)	-	1,282,392	(26,008)
	(1,477,300)	(233,046)	1,453,924	(256,422)

General Insurance

The insurance provision is to cover outstanding excesses on liability and property claims as at 31 March 2014, based on information provided by the Council's insurer.

Redundancy and Early Retirement

The redundancy provision relates to 2 members of staff due to leave in 2014/15.

Municipal Mutual Insurance

In 2012/13 Ernst & Young (who managed MMI's business affairs and assets) set a levy of 15% of the potential liability of £91,919 as at 31st March 2012 (£13,788) against clients/owners potential liabilities as an estimate of the amount that would be needed to achieve a solvent run-off. This figure was included in the 2012/13 accounts as a provision. The actual payment made against this provision in 2013/14 was £16,420. The excess against the provision has been charged to the Comprehensive Income and Expenditure Statement in 2013/14.

See also note 58, page 91 for Contingent Liability for Municipal Mutual Insurance as 31st March 2014.

Business Rates Retention

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

From this date local authorities assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts paid over to central government in respect of 2012/2013 and prior years. Consequently the authority considers it necessary to make a provision to cover its share of the repayments likely to be made. The provision is based on the expected success rate of appeals lodged at 31st March 2014.

NDR Legal Challenge

The council was challenged with regards to certain entries on it's version of the valuation list, the majority of which was resolved in 2013/2014.

38. FINANCE LEASES – PAYMENTS DUE AFTER 1 YEAR

	2013/2014	2012/2013
	£	£
Finance Lease Payments due after 1 year	1,082,147	1,366,625
Total Long Term Finance Lease Liability	1,082,147	1,366,625

39. CAPITAL GRANTS RECEIVED IN ADVANCE

	2013/2014	2012/2013
	£	£
Balance outstanding at start of year	163,869	163,869
Utilised	(85,100)	-
Balance outstanding at year-end	78,769	163,869

40. MOVEMENT IN USABLE RESERVES

FOR THE YEAR ENDED 31 March 2014	General Fund Balance £	Earmarked Revenue Reserves £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £
Balance at 31 March 2013	948,596	6,205,777	8,465,591	717,715	16,337,679
Movement in reserves during 2013/2014:					
(Surplus)/Deficit on provision of services	(1,635,285)	-	-	-	(1,635,285)
Total Comprehensive Income and Expenditure	(1,635,285)	-	-	-	(1,635,285)
Adjustments between accounting basis and funding basis under regulations:					
Reversal of items debited or credited to CIES:					
Depreciation/amortisation	721,336	-	-	-	721,336
Impairment/revaluation losses charged to CIES	428,768	-	-	-	428,768
Capital grants and contributions	(595,165)	-	-	15,419	(579,746)
Revenue expenditure funded from capital under statute	678,787	-	-	-	678,787
Gain/loss on sale of non-current assets	2,083,278	-	56,788	-	2,140,066
Capital Grants repaid	-	-	-	-	-
Net retirement benefits per IAS 19	2,349,000	-	-	-	2,349,000
Collection Fund share of residual surplus	(198,980)	-	-	-	(198,980)
Compensation Absences Account	(6,249)	-	-	-	(6,249)
Deferred Income to Capital Receipts Reserve	(709,331)	-	709,331	-	-
	4,751,444	-	766,119	15,419	5,532,982
Insertion of items not debited or credited to CIES:					
HRA Capital Receipts to housing central pool	4,809	-	(4,809)	-	-
Employer's pension scheme contributions	(1,785,000)	-	-	-	(1,785,000)
Minimum Revenue Provision	(264,412)	-	-	-	(264,412)
Capital Expenditure charged against the General Fund	(122,737)	-	-	-	(122,737)
	(2,167,340)	-	(4,809)	-	(2,172,149)
Other adjustments:					
Use of capital receipts to finance capital expenditure	-	-	(294,378)	(44,214)	(338,592)
Mortgage Income Received	-	-	8,976	-	8,976
	-	-	(285,402)	(44,214)	(329,616)
Net increase/(decrease) before transfers to/from Earmarked Reserves	948,819	-	475,908	(28,795)	1,395,932
All other transfers	(1,065,760)	1,065,760	-	-	-
Net increase/decrease in year	(116,941)	1,065,760	475,908	(28,795)	1,395,932
Balance at 31 March 2014 c/fwd	831,655	7,271,537	8,941,499	688,920	17,733,611

FOR THE YEAR ENDED 31 March 2013	General Fund Balance £	Earmarked Revenue Reserves £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £
Balance at 31 March 2012	913,019	5,860,099	9,272,168	224,140	16,269,426
Movement in reserves during 2012/2013:					
(Surplus)/Deficit on provision of services	890,690	-	-	-	890,690
Total Comprehensive Income and Expenditure	890,690	-	-	-	890,690
Adjustments between accounting basis and funding basis under regulations:					
Reversal of items debited or credited to CIES:					
Depreciation/amortisation	665,826	-	-	-	665,826
Impairment/revaluation losses charged to CIES	(19,952)	-	-	-	(19,952)
Capital grants and contributions	(1,075,495)	-	-	493,575	(581,920)
Revenue expenditure funded from capital under statute	650,460	-	-	-	650,460
Gain/loss on sale of non-current assets	(47,959)	-	79,471	-	31,512
Capital Grants repaid	(11,937)	-	11,937	-	-
Net retirement benefits per IAS 19	1,918,000	-	-	-	1,918,000
Collection Fund share of residual surplus	(5,010)	-	-	-	(5,010)
Compensation Absences Account	(7,787)	-	-	-	(7,787)
Deferred Income to Capital Receipts Reserve	(350,576)	-	350,576	-	-
	1,715,570	-	441,984	493,575	2,651,129
Insertion of items not debited or credited to CIES:					
HRA Capital Receipts to housing central pool	6,861	-	(6,861)	-	-
Employer's pension scheme contributions	(1,800,121)	-	-	-	(1,800,121)
Minimum Revenue Provision	(515,844)	-	-	-	(515,844)
Capital Expenditure charged against the General Fund					
	(2,309,104)	-	(6,861)	-	(2,315,965)
Other adjustments:					
Use of capital receipts to finance capital expenditure	-	-	(1,251,597)	-	(1,251,597)
Mortgage Income Received	-	-	9,897	-	9,897
	-	-	(1,241,700)	-	(1,241,700)
Net increase/(decrease) before transfers to/from Earmarked Reserves	297,156	-	(806,577)	493,575	(15,846)
All other transfers	(261,579)	345,678	-	-	84,099
Net increase/decrease in year	35,577	345,678	(806,577)	493,575	68,253
Balance at 31 March 2013 c/fwd	948,596	6,205,777	8,465,591	717,715	16,337,679

41. UNUSABLE RESERVES

	2013/2014 £	2012/2013 £	Note
Revaluation Reserve	1,379,676	1,240,644	42
Capital Adjustment Account	10,352,545	12,870,457	43
Pensions Reserve	(31,877,864)	(31,492,864)	44
Deferred Capital Receipts Account	28,515	37,491	45
Collection Fund Adjustment Account	335,496	136,516	46
Accumulated Absences Account	(84,751)	(91,001)	47
TOTAL UNUSABLE RESERVES	(19,866,383)	(17,298,757)	

42. REVALUATION RESERVE

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

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

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

	2013/2014 £	2012/2013 £
Balance at 1 April	1,240,644	1,091,973
Upward revaluation of assets	344,705	210,664
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(60,114)	(33,000)
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(20,559)	(17,962)
Accumulated gains on assets sold or scrapped written off to Capital Adjustment Account	(125,000)	(11,031)
Balance at 31 March	1,379,676	1,240,644

43. CAPITAL ADJUSTMENT ACCOUNT

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

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

Note 8 provides details of the source of all the transactions posted to the account apart from those involving the Revaluation Reserve.

	2013/2014 £	2012/2013 £
Balance at 1 April	12,870,457	11,904,046
Reversal of items relating to capital expenditure debited or credited to CIES:		
Charges for depreciation and impairment of non-current Assets	(634,364)	(726,372)
Revaluation losses on Property Plant & Equipment	(92,019)	(84,099)
Amortisation of Intangible Assets	(86,972)	(81,578)
Revenue expenditure funded from capital under statute	(678,787)	(650,460)
Amounts of Non-current Assets written off on disposal or sale as part of the loss/profit on disposal to CIES	(2,140,066)	(31,512)
Adjusting amounts written out of the Revaluation Reserve	145,559	28,994
Net written out amount of the cost of Non-current Assets consumed in year	(3,486,649)	(1,545,027)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	294,378	1,251,598
Capital grants and contributions credited to CIES that have been applied to capital financing	579,746	383,045
Application of grants to capital financing from the Capital Grants Unapplied Account	44,214	198,875
Statutory provision for the financing of capital investment charged against the General Fund	264,412	515,844
Capital expenditure charges against the General Fund	122,737	-
Movements in the market value of Investment Properties debited or credited to CIES	(336,750)	162,076
	968,737	2,511,438
Balance at 31 March	10,352,545	12,870,457

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

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

	2013/2014 £	2012/2013 £
Balance at 1 April	(31,492,864)	(27,456,985)
Actuarial gains or (losses) on pensions assets and liabilities	179,000	(3,918,000)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,349,000)	(1,918,000)
Employer's pensions contributions payable in the year	1,753,879	1,800,121
Balance at 31 March	(31,908,985)	(31,492,864)

45. DEFERRED CAPITAL RECEIPTS RESERVE

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

	2013/2014 £	2012/2013 £
Balance at 1 April	37,491	47,388
Transfer of deferred sale proceeds credited as part of the loss/profit on disposal to the CIES	(8,976)	(9,897)
Balance at 31 March	28,515	37,491

46. COLLECTION FUND ADJUSTMENT ACCOUNT

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

	2013/2014 £	2012/2013 £
Balance at 1 April	136,516	131,506
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	198,980	5,010
Balance at 31 March	335,496	136,516

47. ACCUMULATED ABSENCES ACCOUNT

	2013/2014 £	2012/2013 £
Balance at 1 April	(91,001)	(98,788)
Settlement or cancellation of accrual made at the end of the preceding year	91,001	98,788
Amounts accrued at the end of the current year	(84,751)	(91,001)
Balance at 31 March	(84,751)	(91,001)

48. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cashflows from operating activities include the following items:

	2013/2014 £000	2012/2013 £000
Interest received	188	342
Interest paid	(120)	(154)

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

	2013/2014 £000	2012/2013 £000
Depreciation charges	(634)	(585)
Amortisation charges	(87)	(82)
Impairment and downward valuations	(92)	(226)
(Increase)/decrease in creditors	(198)	(713)
Increase/(decrease) in debtors	(1,006)	839
Increase/(decrease) in inventories	16	7
Increase/(decrease) in long term debtors	-	(10)
(Increase)/decrease in provisions	1,372	(164)
Non-cash charges for retirement benefits	(564)	(279)
Carrying amount of non-current assets disposed of	(2,141)	(32)
Movements in the value of investment properties	(337)	162
Collection Fund Adjustment Account	-	5
	(3,671)	(1,078)

49. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2013/2014 £000	2012/2013 £000
Purchase of Property Plant and Equipment, Investment Property and Intangible Assets	274	1,199
Purchase of short term and long term investments	90,726	10,068
Proceeds from sale of Property Plant and Equipment, Investment Property and Intangible Assets	(775)	(443)
Proceeds from short term and long term investments	(92,787)	(10,062)
Other receipts from investing activities	-	(188)
Net cash flows from investing activities	(2,562)	574

50. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2013/2014 £000	2012/2013 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	265	515
Net cash flows from financing activities	265	515

51. GRANT INCOME

The Council credited the following grants, contributions and donations to the CIES in 2013/2014.

	2013/2014 £000	2012/2013 £000
Credited to Taxation and Non Specific Grant Income:		
DCLG Revenue Support Grant	3,404	99
DCLG New Homes Bonus	829	402
DCLG Council Tax Freeze Grant	48	120
DCLG Community Right to Challenge	9	-
DCLG Community Right to Bid	8	-
DCLG Efficiency Support for Services in Sparse Areas	8	-
DCLG Transitional Grant – Council Tax Support	21	-
DCLG Capital Provision Redistribution Grant	18	-
DCLG Transparency	3	-
DCLG S31 Grant	413	-
	4,761	621
Credited to Services:		
DWP Housing Benefit Grant	22,802	22,239
DWP Council Tax Grant	-	6,336
DCLG NNDR Administration	120	120
DWP Discretionary Housing Payments	62	36
DWP Additional Grant	36	23
DCLG Additional Grant	-	87
DCLG Community Right to Challenge	-	13
DCLG Disabled Facilities Grant	304	383
DCLG ABG – Homelessness	-	50
HCA Cinderford Regeneration Grant	-	221
HCA Cinderford Biodiversity	-	510
DCLG Council Tax Support New Burdens Funding	50	-
DCLG Decentralisation and Neighbourhood Planning Grant	10	-
DEFRA Air Quality Grant	44	-
CABINET OFFICE Elections Grant	7	-
	28,196	30,639

DWP = Department for Work and Pensions
DCLG = Department for Communities and Local Govt
DFT = Department for Transport

HO = Home Office
HCA = Homes & Communities Agency
MOJ = Ministry of Justice

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

Current Liabilities	2013/2014	2012/2013
Grants Receipts in Advance (Capital Grants)		
Government grant: Council tax leaflets	5,300	5,300
Contribution: Gloucestershire Wildlife Trust Biodiversity	1,000	1,000
Contribution: S106 Drybrook Housing	72,469	157,569
	78,769	163,869

52. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2013/2014 £	2012/2013 £
Opening Capital Financing Requirement	1,621,866	818,658
<i>Capital Investment:</i>		
Property Plant and Equipment	240,187	2,931,323
Intangible Assets	122,101	85,002
Revenue Expenditure Funded from Capital under Statute	678,787	634,036
Sources of finance:		
Capital Receipts	(294,378)	(1,251,597)
Government grants and other contributions	(623,960)	(581,921)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(122,737)	-
Minimum Revenue Provision	(264,412)	(515,844)
Lease settlement	-	(497,791)
Closing Capital Financing Requirement	1,357,454	1,621,866
<i>Explanation of movements in year:</i>		
Increase in underlying need to borrow (supported by government financial assistance)	-	-
Increase in underlying need to borrow (unsupported by government financial assistance)	-	-
Assets acquired under finance leases	(264,412)	803,206
Assets acquired under PFI/PPP contracts	-	-
Increase/(decrease) in Capital Financing Requirement	(264,412)	803,206

53. LEASES

Council as Lessee

Finance Leases

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

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

	2013/2014 £	2012/2013 £
Vehicles Plant and Equipment	1,366,625	1,816,841
	1,366,625	1,816,841

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

	2013/2014 £	Restated 2012/2013 £
Finance lease liabilities (net present value of minimum lease payments):		
Current	284,478	264,412
Non-current	1,082,147	1,366,625
Finance costs payable in future years	228,524	339,441
Minimum lease payments	1,595,149	1,970,478

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

	Minimum Lease Payments		Finance Lease Liabilities	
	2013/2014 £	2012/2013 £	2013/2014 £	2012/2013 £
Not later than 1 year	375,329	375,329	284,478	264,412
Later than 1 year and not later than 5 years	1,219,820	1,595,149	1,082,147	1,366,625
Later than 5 years	-	-	-	-
	1,595,149	1,970,478	1,366,625	1,631,037

Operating Leases

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

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

	2013/2014 £	2012/2013 £
Vehicles and Equipment		
Not later than 1 year	42,784	1,478
Later than 1 year and not later than 5 years	59,034	-
Later than 5 years	-	-
Leisure Facilities		
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	5
	101,818	1,483

The expenditure charged to all service lines in the CIES during the year in relation to the Vehicle and Equipment leases was £31,660 (2012/2013 £8,694).

Council as Lessor

Operating Leases

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

	2013/2014 £	2012/2013 £
Not later than 1 year	159,600	201,950
Later than 1 year and not later than 5 years	472,842	637,125
Later than 5 years	782,233	796,275
	1,414,675	1,635,350

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

54. IMPAIRMENT LOSSES

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

55. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2013/2014 following a restructure of services incurring liabilities of £160,272 (2012/2013 £312,911) for redundancy payments and early retirement costs. Note 20 provides detail of the number of exit packages and total cost per band.

56. DEFINED BENEFIT PENSION SCHEMES

Participation in the pension scheme

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

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

Transactions relating to post-employment benefits

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

	2013/2014 £000	2012/2013 £000
CIES:		
Cost of Services:		
Current service (cost)	(921)	(763)
Past service (cost)/gain	(29)	(135)
(Gain)/loss from settlements	-	22
Financing and Investment Income and Expenditure:		
Interest cost on defined benefit obligation	(3,202)	(3,045)
Interest income on plan assets	1,803	1,748
Total post-employment benefit charged to Surplus or Deficit on Provision of Services	(2,349)	(2,173)
Other post-employment benefit charged to CIES:		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(1,320)	3,400
Actuarial gains and losses arising on changes in demographic assumptions	(1,207)	-
Actuarial gains and losses arising on changes in financial assumptions	(1,503)	(7,164)
Other experience	4,209	101
Total post-employment benefit charged to CIES	(2,170)	(5,836)
Movement in Reserves Statement:		
Reversal of net charges made to Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	2,349	1,918
Actual amount charged against General Fund Balance for pensions in the year		
Employers' contributions payable	1,754	1,800

Assets and Liabilities in relation to Retirement Benefits

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

	2013/2014 £	2012/2013 £
Present value of the funded liabilities	(69,665)	(69,411)
Present value of the unfunded liabilities	(2,531)	(2,474)
Fair value of plan assets	40,287	40,361
Net liability arising from defined benefit obligation	(31,909)	(31,524)

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities Local Government Pension Scheme	
	2013/2014 £	2012/2013 £
Opening value of funded liabilities	(69,411)	(62,282)
Opening value of unfunded liabilities	(2,474)	(2,336)
Current service cost	(921)	(763)
Interest cost	(3,202)	(3,045)
Contributions by members	(263)	(278)
Remeasurement gain/(loss)		
Changes in demographic assumptions	(1,207)	-
Changes in financial assumptions	(1,503)	(7,164)
Other experience	4,209	101
Past service costs	(29)	-
(Gains)/losses on curtailments	-	(135)
Liabilities extinguished on settlements	-	1,364
Benefits paid	2,474	2,523
Unfunded benefits paid	131	130
31 March 2014 – Funded	(69,665)	(69,411)
31 March 2014 – Unfunded	(2,531)	(2,474)

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

	Funded Assets Local Government Pension Scheme	
	2013/2014 £000	2012/2013 £000
Opening value of scheme assets	40,392	37,161
Interest income	1,803	1,748
Remeasurement gain/(loss)		
Return on plan assets (excluding the amount included in the net interest expense)	(1,320)	3,400
Contribution by members	263	278
Contribution by employer	1,623	1,670
Contributions re unfunded benefits	131	130
Assets distributed on settlements	-	(1,342)
Unfunded benefits paid	(131)	(130)
Benefits paid	(2,474)	(2,523)
Closing fair value of scheme assets as at 31 March	40,287	40,392

Fair Value of Scheme Assets						
2013/2014			2012/2013			
Quoted prices in active market £000	Quoted prices not in active market £000	Total £000	Quoted prices in active market £000	Quoted prices not in active market £000	Total £000	
Cash and cash equivalents	682	682	754		754	
Equity instruments (by industry type):						
Consumer	2,312	2,312	2,133		2,133	
Manufacturing	968	968	877		877	
Energy and Utilities	1,326	1,326	1,377		1,377	
Financial Institution	2,012	2,012	1,913		1,913	
Health and Care	450	450	438		438	
Information Technology	63	63	146		146	
Other	1,495	1,495	1,381		1,381	
Debt Securities:						
Corporate Bonds (investment grade)	1,928	1,928	2,124		2,124	
Corporate Bonds (non-investment grade)	128	128	115		115	
UK Government	3,615	3,615	4,208		4,208	
Other	292	292	147		147	
Real Estate:						
UK Property	1,827	420.00	2,247	1,869	263	2,132
Overseas Property		140.00	140		152	152
Private Equity:		135.00	135		128	128
Investment Funds and Unit Trusts:						
Equities	1,294	17,547.00	18,841	1,529	17,158	18,687
Bonds	1,737	41.00	1,778	1,755	46	1,801
Hedge Funds						
Commodities						
Infrastructure						
Other		1,870.00	1,870		1,851	1,851
Derivatives:						
Foreign Exchange	7.00		7.00			
Other	(2.00)		(2.00)	(3.00)		(3.00)
Closing fair value of scheme assets as at 31st March	20,134	20,153	40,287	20,763	19,598	40,361

Basis for estimating assets and liabilities

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

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

	Local Government Pension Scheme	
	2013/2014 £	2012/2013 £
Long term expected rate of return on assets in the scheme:		
Equity investments	4.3%	4.5%
Bonds	4.3%	4.5%
Property	4.3%	4.5%
Cash	4.3%	4.5%
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.5 years	21.7 years
Women	24.6 years	23.6 years
Longevity at 65 for future pensioners		
Men	24.4 years	23.5 years
Women	27.0 years	25.8 years
Rate of inflation/pension increase (CPI)	2.8%	2.8%
Rate of increase in salaries **	4.1%	4.6%
Expected return on assets	4.3%	4.5%
Rate for discounting scheme liabilities	4.3%	4.5%
Take up of option to convert annual pension into retirement grant		50%

* Salary increases are assumed to be 1% p.a. until 31 March 2015, reverting to 4.6% thereafter.

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

	2013/2014 %	2012/2013 %
Equity investments	73	75
Bonds	19	17
Property	6	6
Cash	2	2
Total	100	100

Sensitivity analysis

Change in assumptions at year ended 31 March 2014	Approximate % increase to Employer	Approximate cost to Employer £000
0.5% decrease in Real Discount Rate	9%	6,189
1 year increase in member life expectancy	3%	2,166
0.5% increase in the Salary Increase Rate	2%	1,553
0.5% increase in the Pension Increase Rate	6%	4,584

The authority is estimated to pay £1,769,000 employers' contributions for 2014/2015.

57. CONTINGENT LIABILITIES

The Council transferred its housing stock to Two Rivers Housing on 31 March 2003. As part of the transfer arrangements the Council provided a warranty to Two Rivers Housing and its funders covering future liabilities or claims that may occur in respect of land transferred to them. The warranty covers potential liabilities such as contamination caused by previous land use which could give rise to a potential risk to the occupants of houses built on the land. The Council decided to self-fund the liability instead of paying for insurance cover following an environmental study that concluded that the risk of contamination of the land is very low. A minimum sum of £2m will be retained within Useable Capital Receipts to cover this potential liability. These arrangements will be reviewed in 2014/15.

In addition to the warranty in respect of contaminated land outlined above, the Council also provided warranties to Two Rivers Housing that all the freehold conveyances contained provisions that would enable Two Rivers Housing to recover contributions from future owners for maintenance, insurance, etc., relating to adjoining properties and common parts. Although notice of a breach of warranty was received from Two Rivers Housing in March 2009, no claim has been received. Any claim received will be defended.

The Council's former insurers Municipal Mutual Insurance Ltd ceased trading in 1992; the Council became a party to the scheme of administration for liabilities outstanding at that time. Whilst there is a very low risk that the assets of the company will not meet the liabilities from insurance claims, the scheme guarantees that the Council will reimburse the total of payments made in respect of claims less £50,000. At 31 March 2014 this potential liability equated to £109,472. This is kept under review annually to ensure that a solvent run-off of the company's business is still anticipated.

Following the trigger of the scheme of arrangement and the payment of a 15% levy in 2013/14, Ernst and Young predict that a total amount of 35% may need to be levied on creditors to achieve a solvent run off. The potential liability at 31st March 2014 is £18,610, based on the remaining predicted levy of 20% and after having allowed for the £16,420 levy paid in 2013/14. The likelihood and timing of any additional liabilities is unknown at this stage.

A number of search companies have indicated an intention to commence legal proceedings regarding charges made for personal searches of the Land Charges Register. The Council has been informed that the value of those claims at present is £49,813.67.

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

From this date district councils like Cheltenham assume a 40% share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A successful appeal may mean the authority having to refund rates paid in previous years. The authority has therefore set aside a provision to cover its share of the repayments likely to be made (see note 31).

The provision is based on the expected success rate of appeals lodged at 31 March 2014, so no allowance has been made for any successful appeals against previous years' rate liabilities that may be received after this date. The likely amount and timing of such appeals cannot easily be quantified, however it is considered unlikely that any successful future appeal will be settled in less than one year of the balance sheet date. The adequacy of the current provision is also reviewed annually, so that any appeals received in 2014/15 will be taken into account in the calculation of the provision required at 31st March 2015.

58. CONTINGENT ASSETS

There are no known contingent assets as at 31 March 2013.

59. NON ADJUSTING POST BALANCE SHEET EVENTS

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

60. STATEMENT OF ACCOUNTS ISSUE DATE

The draft Statement of Accounts was certified by the Chief Financial Officer on 30th June 2014.

61. COLLECTION FUND 2013/14

The Collection Fund – Income and Expenditure Account	2013/2014 £	2013/2013 £
INCOME		
Council Tax	40,617,770	39,358,018
Transfers from General Fund		
Council Tax Benefits	-	6,056,655
Non Domestic Rates	10,451,607	9,974,247
Impairment of debts/appeals for council tax		
Decrease in provision	1,282,392	-
Total Income	52,351,739	55,388,920
EXPENDITURE		
Precepts and Demands – County, Police and District	39,388,096	44,493,551
Non Domestic Rates:		
Shares paid to County Council and the Authority	5,653,360	
Payment of central share to the government	5,653,360	
Payment to national pool	-	9,693,083
Transitional protection payments		
Charge payable to general fund for cost of collection	119,683	119,682
Interest on repayments	-	2,891
Impairment of debts/appeals for Council Tax		
Write offs	24,366	164,648
Increase in provision	5,800	-
Impairment of debts/appeals for Non Domestic Rates		
Write offs	37,362	83,405
Increase in provision	251,184	75,185
Adjustments to previous year expenditure	2,800	2,700
Contribution towards previous year estimated surplus	430,800	736,700
Total Expenditure	51,566,811	55,371,845
Surplus/(deficit) for the year		
Council Tax	765,905	17,075
Non Domestic Rates	19,050	-
	784,958	17,075
Balance of fund as at 1 st April		
Council Tax	939,995	922,920
Non Domestic Rates	-	-
	939,995	922,920
Balance of fund as at 31 st March		
Council Tax	1,705,903	939,995
Non Domestic Rates	19,050	-
	1,724,953	939,995

NOTES TO THE COLLECTION FUND

62. GENERAL

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

63. COUNCIL TAX AND TRANSFERS FROM GENERAL FUND

Council Tax is levied as an amount per property.

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

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

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

The tax base for 2013/2014 was as follows:

Band	Number of chargeable dwellings	Proportion to Band D	Band D equivalent	Tax base
Z	17.50	5/9	9.72	9.53
A	4,062.26	6/9	2,256.81	2,211.67
B	9,349.36	7/9	5,194.09	5,090.21
C	10,418.34	8/9	5,787.97	5,672.21
D	8,446.65	1	4,692.58	4,598.73
E	7,705.01	11/9	4,280.56	4,194.95
F	4,553.87	13/9	2,529.93	2,479.33
G	2,614.02	15/9	1,452.23	1,423.19
H	232.17	2	128.98	126.40
Armed Forces Class O contribution in lieu of council tax			170.30	166.89
Council Tax base at 31st March 2013			26,503.18	£25,973.11
Council tax collectable (excl Parish Precepts)				£37,829,060
Parish Precepts collectable			£1,766,036	
Less Localisation support for Council Tax (LSCT)			£205,176	£1,560,860
Total tax collectable				£39,389,920
Band D tax for 2012/13 (excl Parish Precepts)				£1,456.47

64. BUSINESS RATES

The Council collects National Non Domestic Rates (business rates) for its area. These are based on local rateable values (£34,364,801 at 31 March 2014) multiplied by a rate in the pound set by central government (47.1p for 2012/2013). The total amount less certain reliefs and other deductions is paid to a central pool, the NNDR pool, managed by central government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

65. PRECEPTS AND DEMANDS

Significant precepts on the fund for 2013/2014 are as follows:

	Precept £	Surplus £	Total £
Gloucestershire County Council	28,323,665	313,400	28,637,065
Gloucestershire Police Authority	5,290,201	57,400	5,347,601
Forest of Dean District Council	5,774,230	60,000	5,834,230
	39,388,096	430,800	39,818,896

66. FUND BALANCE

The balance of the Collection Fund is analysed between the precepting/demanding authorities in the ratio of their latest precepts/demands. The balance at 31 March 2014 is the amount estimated to be receivable by the Council as follows:

	FODDC share £	County Council share £	Police share £	Total £
Balance at 1 st April 2013	136,521	679,116	124,358	939,995
Increase in the Year	114,839	542,685	108,384	765,908
Balance at 31st March 2014	251,360	1,221,801	232,742	1,705,903

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING CODE OF PRACTICE

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

ACCOUNTING PERIOD

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

ACCOUNTING POLICIES

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

ACCRUAL

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

ACTUARIAL BASIS

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

ACTUARIAL GAINS AND LOSSES

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

ASSETS

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

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

AUDIT OF ACCOUNTS

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

BALANCE SHEET

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

BILLING AUTHORITY

The authority that sets Council Tax and collects it from Council Tax payers.

BUDGET

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

BUDGET STRATEGY

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPT

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

CASHFLOW STATEMENT

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

CIPFA

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

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONSISTENCY

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

CONTINGENT LIABILITY

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

COUNCIL TAX

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

CORPORATE AND DEMOCRATIC CORE

Comprises two service divisions:

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

CREDITOR

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

DEBTOR

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

DEPRECIATION

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

EMOLUMENTS

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

ESTIMATE

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

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

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

FINANCE LEASE

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

FINANCIAL REPORTING STANDARDS

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

FINANCIAL REGULATIONS

A formal code of the policy and procedures to be followed in the financial management of the Council.

GOVERNMENT GRANTS

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

HOUSING BENEFITS

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

IBOXX

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

IMPAIRMENT

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

INCOME

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

INCOME AND EXPENDITURE ACCOUNT

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

INVENTORIES

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

LIABILITY

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

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

LIQUID RESOURCES

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

MATERIALITY

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

MOVEMENT in RESERVES STATEMENT

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

NATIONAL NON-DOMESTIC RATES

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

NET BOOK VALUE

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

NON OPERATIONAL ASSETS

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

OPERATING LEASE

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

OPERATIONAL ASSETS

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

OUTTURN

Actual income and expenditure.

PRECEPT

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

PROVISION

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

PRUDENCE

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

RATEABLE VALUE

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

RELATED PARTIES

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

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

The Council's related parties include:

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

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

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

RELATED PARTY TRANSACTIONS

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

Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party
- The provision of services to a related party
- The transactions with individuals who are related parties of the organisation, except those that are also made to other members of the community such as Council Tax, rents and payment of benefits.

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

RESERVES

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

RESIDUAL VALUE

This is the net realisable value of an asset at the end of its useful life.

REVENUE EXPENDITURE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL

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

REVENUE SUPPORT GRANT

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

TEMPORARY BORROWING

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

WORK IN PROGRESS

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