Buckinghamshire County Council

Statement of Accounts

For the year ending 31 March 2015

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The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Assurance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts, delegated to the Regulatory and Audit Committee.

The Director of Assurance Responsibilities

The Director of Assurance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2015 (the Code).

In preparing this Statement of Accounts, the Director of Assurance has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certificate of the Director of Assurance

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

Richard Ambrose
Date: September 2015
Director of Assurance

Approval of the Statement of Accounts

In accordance with Section 8 of the Accounts and Audit Regulations 2011 I confirm that the Statement of Accounts was approved by the Regulatory and Audit Committee at its meeting held on September 2015.

Richard Scott
Date: September 2015
Chairman of the Regulatory and Audit Committee

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

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

Respective responsibilities of the Director of Assurance and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Assurance 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 Buckinghamshire County Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

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

Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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

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

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

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

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

Basis of qualified conclusion

In seeking to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, we have considered reports issued by other regulators. In August 2014, a report by Ofsted concluded that the overall arrangements for ensuring the effectiveness of Children's Services at the Council and the Local Safeguarding Children's Board in the Buckinghamshire area were judged to be 'inadequate'. This judgement is evidence of weaknesses in the arrangements for improving efficiency and productivity.

Qualified Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that in all significant respects, Buckinghamshire County Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Certificate

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

Paul Grady

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

Grant Thornton House

Melton Street

Euston square

London

NW1 2EP

September 2015

Introduction

The Statement of Accounts contains four core statements. Each of the four core statements is accompanied by supplementary notes providing additional detail to the figures presented. The four core statements are:

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total usable reserves held as at 31 March 2015 was £183.920m. Of this amount, £16.571m was earmarked for schools, £3.261m related to usable capital reserves, £10.097m related to capital grants, £21.044m was un-earmarked General Fund and £132.947m was General Fund earmarked for other purposes.
- Comprehensive Income and Expenditure Statement (CIES) - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The loss on the provision of services for 2014/15 was £40.457m.
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement).
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net decrease in cash and cash equivalents during the year was £14.713m.

These four statements are supported by notes to the accounts, which provide supplementary information to aid the understanding of these statements and are rounded to the nearest thousand (£000) pounds.

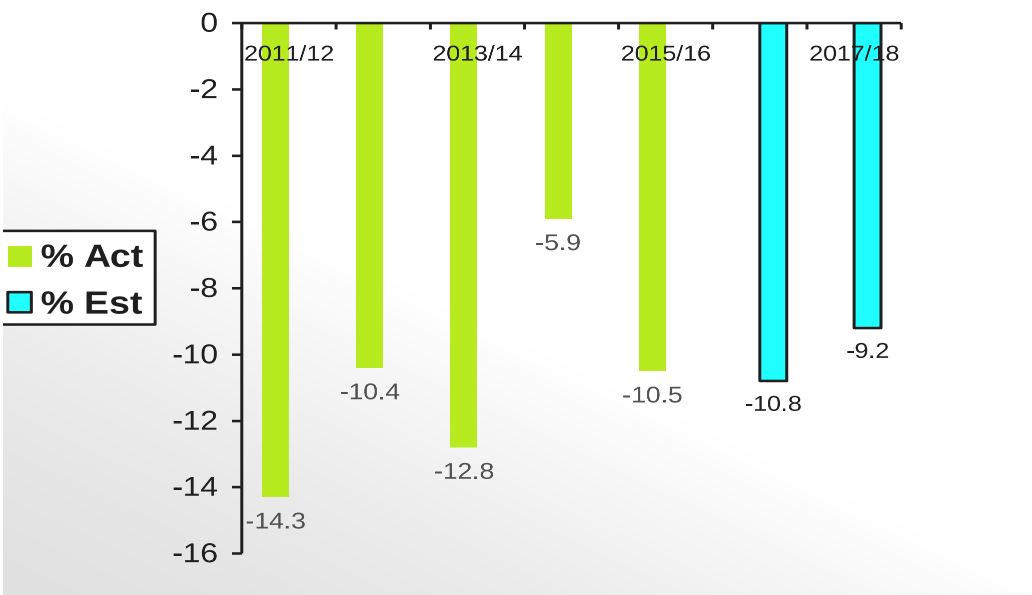
The Statement of Accounts also contains information regarding the Pension Fund (see page 71), as Buckinghamshire County Council is the administering authority.

Financial Review

Although the wider economic picture is showing some signs of recovery the outlook for local authority budgets remains bleak. The Conservative Party manifesto and the Chancellor's Autumn Statement set out a continued emphasis on national deficit reduction, which he is seeking to do predominantly through reducing public expenditure. The provisional local government settlement does not go beyond the next financial year, 2015/16. This leaves future years with a greater degree of uncertainty, although the likelihood is that the age of austerity for local government will continue until at least 2019.

The chart below shows the percentage decrease in the funding settlement for the last few years on a like for like basis, despite steadily increasing demands on services mainly due to demographic changes. Reductions for the final two years are estimates and include business rates income forecasts together with assumed government grant cuts.

Percentage Change in Government Grants (Actual and Predicted)



Key Financial Risks

Given the reductions in government grant levels, the growing unavoidable expenditure pressures and the scale of reductions required the budget will inevitably contain a degree of risk. The key risks include: -

- **Spending Review** – the latest financial settlement is for only one year. The Conservative Party will undertake a spending review during the summer. Indications are that future cuts will be front loaded.
- **Achievability of Reductions** – the Council has a good track record of successfully delivering significant efficiency savings and service reductions. Further budget reductions have been included within the Medium Term Plan (£48.9m over the next 3 years).
- **Demand Led Budgets** – client numbers and levels of need for statutory services are notoriously difficult to control. Buckinghamshire has an ageing population and an increasing birth rate. Furthermore, the Council has struggled to contain the number of 'looked after children'. Although best efforts have been made to accurately forecast budget requirements, there will always be a degree of uncertainty.
- **Care Act** - The capping part of the Care Act will begin to impact from April 2016, although there will be implementation costs prior to that. The full impact is still uncertain but there are risks that the additional costs will not be fully funded.

- **Ofsted Improvement Plan** – Considerable additional resources have had to be found in the current financial year to respond to the need to deliver an improvement plan following the adverse Ofsted inspection of Children's Services. One of the biggest challenges in delivering the improvement plan is the recruitment and retention of more social workers, both to meet increasing demand and to replace more expensive agency staff. The latest budget proposals include a package of measures to achieve this, but there is a national shortage of social workers and many other authorities are taking similar action, which places Buckinghamshire's own plans at some risk.

- **Governance in the new environment following Future Shape launch -** New structures, new roles and new governance arrangements are all aimed at improving the Council's ability to respond to the challenges it faces. However, in the short term there is some risk that the new arrangements are not fully understood by all and mistakes are made. A programme of training is being implemented to mitigate this risk.

Revenue Budget

The table below shows the revenue outturn position against the budgeted income and expenditure for 2014/15.

Portfolio Area	Budget for year £000	Actual £000	Variance £000	Variance %
Portfolio				
Leader	7,810	7,810	0	0.0%
Community Engagement	13,584	13,387	(197)	(1.5%)
Health and Wellbeing	115,944	115,949	5	0.0%
Children's Services	49,792	51,140	1,348	2.6%
Education and Skills	25,749	25,785	36	0.1%
Finance and Resources	25,500	25,476	(24)	(0.1%)
Planning and Environment	20,821	20,809	(12)	(0.1%)
Transportation	27,585	27,691	106	0.4%
Client Transport	17,182	17,182	0	0.0%
Transformation Savings	101	0	(101)	100.0%
Subtotal - Portfolios	**304,068**	**305,229**	**1,161**	**0.4%**
Corporate Costs (Non Portfolio)				
Treasury Management & Capital Financing	38,019	36,942	(1,077)	(2.9%)
Contingencies	2,749	1,261	(1,488)	(118.0%)
Other Corporate Costs	986	216	(770)	(355.8%)
Subtotal - Corporate Costs	**41,754**	**38,419**	**(3,335)**	**(8.7%)**
Total	**345,822**	**343,648**	**(2,174)**	**(0.6%)**
Financing				
Council Tax*	(228,790)	(228,791)	(1)	0.0%
Revenue Support Grant	(52,662)	(52,673)	(11)	0.0%
Business Rates Retention*	(15,350)	(14,402)	948	(6.6%)
Top Up Grant	(24,709)	(24,709)	0	0.0%
Education Service Grant	(6,988)	(6,978)	10	(0.1%)
Other Un-Ringfenced Grants	(6,198)	(6,023)	175	(2.9%)
Contrib to/(Use of) Earmarked Reserves	0	0	0	0.0%
Contrib to/(Use of) General Reserves	(11,074)	(11,074)	0	0.0%
Legal Trading Account	(51)	0	51	100.0%
Subtotal Financing	**(345,822)**	**(344,650)**	**1,172**	**(0.3%)**
Net	**0**	**(1,002)**	**(1,002)**	

*The Council Tax and Business Rate Retention differs from the Council Tax and Locally retained Non Domestic Rates shown on Note 6 (page 33) as the Accounts includes an adjustment for the estimated surplus on the Collection Fund from the previous year.

Overall the Council spent £1.002m less than the net revenue budget of £345.822m. Against the revenue budget for Portfolios of £304,068m there is an overspend of £1.161m (0.4%) at the end of the year.

The biggest contributing factor to the Portfolio outturn overspend is the Children's Services overspend of £1.348m, this is despite additional budget having been approved by full County Council during the year. Health & Wellbeing have managed their overspend by the use of reserves. Transportation were unable to contain all pressures and have a small overspend of £106k which will be carried forward into 2015/16

Despite considerable attention to provide effective management and ensure value for money in the procurement of services within Children's Services, some areas have needed to spend more than expected. The most significant being (a) attracting permanent social workers and (b) the anticipation of increasing demands. In view of the circumstance surrounding this service, Cabinet will be requested not to carry forward this overspend at its meeting in June

Capital budget

The capital budgets are summarised below in respect of released budgets and income. The outturn position for the year is £26.8m (27%) slippage/underspends on the released capital expenditure budget for the year, with an underachievement of income of £3.5m (15%) Significant variances are below.

- **Health and Wellbeing -** Slippage of £4.7m due to delays in the Day Care scheme permissions so will be over a time frame greater than originally envisaged
- **Education and Skills** – Largely Misbourne School due to planning delays and the Temporary Classrooms block.
- **Finance and Resources** – Most significant slippage relates to property maintenance £3.8m, Future Shape, Investment costs and Asset Management at £1.3m each.
- **Unreleased variance** of £11.3m through schemes not being ready to progress through the Gateway process.

Portfolio		Budget 2014-15 £000	Outturn £000	Variance £000	Variance %
Leader	Expenditure - Released	1,425	1,379	(46)	(3%)
	Income	(900)	(898)	2	(0%)
Leader	**Net**	**525**	**481**	**(44)**	**(8%)**
Community Engagement	Expenditure - Released	35	16	(19)	(54%)
	Expenditure - Unreleased	40	0	(40)	(100%)
Community Engagement	**Net**	**75**	**16**	**(59)**	**(79%)**
Health and Wellbeing	Expenditure - Released	8,008	3,306	(4,702)	(59%)
Health and Wellbeing	**Net**	**8,008**	**3,306**	**(4,702)**	**(59%)**
Childrens Services	Expenditure - Released	165	0	(165)	(100%)
	Expenditure - Unreleased	19	0	(19)	(100%)
Childrens Services	**Net**	**184**	**0**	**(184)**	**(100%)**
Education and Skills	Expenditure - Released	32,793	27,324	(5,469)	(17%)
	Expenditure - Unreleased	3,207	0	(3,207)	(100%)
	Income	(11,653)	(12,324)	(671)	6%
Education and Skills	**Net**	**24,347**	**15,000**	**(9,347)**	**(38%)**
Finance and Resources	Expenditure - Released	13,787	6,089	(7,698)	(56%)
	Expenditure - Unreleased	5,725	0	(5,725)	(100%)
	Income	(1,898)	(307)	1,591	(84%)
Finance and Resources	**Net**	**17,614**	**5,782**	**(11,832)**	**(67%)**
Planning and Environment	Expenditure - Released	7,090	4,372	(2,718)	(38%)
	Expenditure - Unreleased	1,700	0	(1,700)	(100%)
	Income	(268)	(76)	192	(72%)
Planning and Environment	**Net**	**8,522**	**4,296**	**(4,226)**	**(50%)**
Transportation	Expenditure - Released	34,822	28,808	(6,014)	(17%)
	Expenditure - Unreleased	607	0	(607)	(100%)
	Income	(8,695)	(6,294)	2,401	(28%)
Transportation	**Net**	**26,734**	**22,514**	**(4,220)**	**(16%)**
Total Expenditure Released		98,125	71,294	(26,831)	(27%)
Total Expenditure Unreleased		11,298	0	(11,298)	(100%)
Total Income		(23,414)	(19,899)	3,515	(15%)
Total Net		**86,009**	**51,395**	**(34,614)**	**(40%)**

The capital outturn report is presented prior to the technical adjustment to recognise the EfW plant as an asset under construction.

Adequacy of Reserves

As well as a contingency budget, to enable those more uncertain budgets to be managed, general reserves (non-schools) are also held to meet unforeseen spending requirements and to provide stability in Medium Term Financial Planning. The level of reserves should take into account the strategic, operational and financial risks facing the authority and, as such, a review of the level of reserves is undertaken as part of the budget formulation.

In 2014/15 reserves have fallen faster than previously planned in order to fund a number of the time limited initiatives being carried out as part of the Children's Services improvement plan as well as an in-year increase in demand pressures and staffing in this service area. Funding of some improvement initiatives will continue for the next few years.

The current budget assumes further use of general reserves over the next three years which will bring the level down to an estimated £18m (5.5% of the Council's net budget requirement). This is after a £3m release agreed by the Council during May 2015 for plane and patch works on unclassified networks.

Current Borrowing Facilities and Capital Borrowing

Gross External Borrowing and the Capital Financing Requirement

The table below shows the extent that gross external borrowing is less than the capital financing requirement (CFR). This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year. The figures for 2015/16 onwards are based on estimates:

	Actual 2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Gross Borrowing	190,714	215,000	220,000	220,000	215,000
Capital Financing Requirement	319,334	325,887	315,205	304,805	294,745

The Council is committed to building an EfW plant. This may require additional borrowing during 2016/17, although in practice much of this may be financed through a combination of earmarked reserves and current cash investments. The gross borrowing indicator assumes borrowing of £15m per annum in advance during 2015/16 and a further £15m during 2016/17 (offset by a scheduled £10m debt repayment). The need for borrowing in advance will be reviewed.

During 2014/15 £11.732m of long-term debt was repaid (2013/14 £5.732m). However £15m of short-term borrowing was undertaken on 31 March 2015 due to a short-term cash requirement.

Internal and External Sources of Funds for Capital Expenditure

Authorities can finance schemes in a variety of ways including:

- The application of usable capital receipts. The capital receipts currently available to finance future years' capital expenditure can be seen in the Movement in Reserves Statement.
- A direct charge to revenue or by use of earmarked revenue reserves. The balance of the Revenue Contributions to Capital Reserve and the Waste Reserve can be seen in the Earmarked Reserves Statement (Note 3)
- Application of a capital grant. The capital grants currently available to finance future years' capital expenditure can be seen in the Movement in Reserves Statement
- Contributions received from another party, including Developer Contributions
- Borrowing

Estimated capital expenditure for the next four years is shown below:

	2015/16	2016/17	2017/18
	£000	£000	£000
Estimates of expenditure	91,572	263,238	57,102

The profile reflects the projected actual payment of the Facilities Payment Sum (a single bullet payment of £180m) due in respect of the EfW plant in 2016/17.

The authorised borrowing limit provides a maximum figure that the Council could borrow at any given point during each financial year. This limit can only be increased with the approval of the full Council:

	Actual 2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Authorised limit for borrowing	250,000	270,000	320,000	320,000
Authorised limit for other long term liabilities	150,000	200,000	15,000	15,000
Authorised limit for total external debt	400,000	470,000	335,000	335,000

The authorised limit for other long term liabilities reflects the recognition of the PFI-type liability for EfW.

Future Developments in Service Delivery

Future Shape

The Council has gone ‘live’ with phase 1 of the move to a new Future Shape operating model. Services are now delivered through four devolved Business Units (Transport, Environment and Economy; Business Services Plus; Communities, Health and Adult Social Care; and Children’s Social Care and Learning) and a small Headquarters. In respect of the latter two Business Units, restructuring in phase 2 is planned for the latter part of 2015/16. Our ambition is to organise ourselves in a more commercially minded way as a result options around further Alternative Delivery Vehicles are being developed during 2015/16.

Care Act

The first phase of implementation of the Care Act will begin to impact from April 2016. This could result in a significant change to how we deliver services around Adult Social care.

General Accounting Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) and the Service Reporting Code of Practice 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods or from the provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- 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
- where income and expenditure have been recognised but cash has not been received or paid, a trade receivable or trade payable for the relevant amount is recorded in the Balance Sheet.
- VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the principles of the CIPFA SeRCOP 2015. 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 multifunctional, democratic organisation.
- Non Distributed Costs – includes the cost of discretionary benefits awarded to employees retiring early.

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

The specific Accounting Policies that explain how transactions and other disclosures are recognised and measured in the accounts are shown alongside the relevant note. Only accounting policies that have a material impact on the Accounts are disclosed. Those specific to the Pension Fund are set out in the Pension Fund accounts on page 71.

Material and Unusual Charges or Credits in the Accounts

Schools Assets

Following the adoption of new International Financial Reporting Standards on group accounting, the Code of Practice for 2014/15 includes new accounting requirements for Schools:

- Schools are separate entities and maintained schools (but not free schools or academies) meet the definition of entities controlled by local authorities
- Rather than prepare Group Accounts, School income and expenditure as well as assets and liabilities are included within the Council's Single Entity Accounts
- Recognition of non-current assets used by Schools should be based on the normal recognition criteria (as set out in Note 14 Property, Plant and Equipment) i.e. based on whether the Council or the School control the future service potential of the asset and not just the ownership of the underlying asset.

There is no change to the accounting for income and expenditure, current assets and liabilities of Schools. However the change to the Code has resulted in a prior year adjustment in respect of Non-Current Assets as follows:

- Foundation Schools – the non-current assets are vested in the Governing Body of the School. Previously these assets were not recognised in the Balance Sheet; however following the change to the Code these Schools meet the definition of entities controlled by the Council and as a result are consolidated into the Balance Sheet. The impact of this change is to increase the value of non-current assets within the Opening Balance Sheet by £45.837m

- Voluntary Controlled Schools – where the non-current assets are owned by religious bodies (the Diocese of the Church of England) and used by the Schools under 'mere' licences which pass no interest to the school these assets are no longer recognised within the balance sheet. The impact of this change is to decrease the value of non-current assets within the Opening Balance Sheet by £58.678m

There is no change to the accounting for Community Schools (these remain on balance sheet); Voluntary Aided Schools (only land owned by the Council is on balance sheet; non-current assets owned by the religious bodies are off-balance sheet); and Academy Schools (property assets transferred under finance leases are off-balance sheet).

Further details of the prior year adjustment are shown in Note 14.

Significance of the Pensions Liability

The pensions liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £583.008m (£471.109m in 2013/14) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. A loss of £140.115m has been recorded in year due to a change in financial assumptions adopted by the actuary, in particular a reduction in the discount rate applied to discount scheme liabilities to 3.3% (2013/14 4.4%). This reflects the downward trend in long-term bond rates. This loss is partly off-set by a £46.408m gain in assets in excess of interest cost. The overall position is a net £111.899m increase in pension liabilities. However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 are £23.506m.

Energy from Waste ('EfW')

On 17 April 2013 the Council signed a 30-year contract for circa £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. Financial close was completed on 22nd August 2013 and construction commenced on site on 11 September 2013. An asset under construction has been recognised in the Authority's balance sheet of £115.675m based on the value of works as at 31 March 2015 certified by an independent certifier. A corresponding long-term liability has been recognised.

The arrangement requires the Council to pay the Facilities Payment Sum (a single bullet payment of £180m) which equates to 85% of the construction costs of the project once the plant is operational and has passed its acceptance tests. The payment is due on 1 May 2016.

Interests in Companies and Other Entities

Buckinghamshire Learning Trust

On 1 August 2013, Buckinghamshire Learning Trust commenced trading. Services to the value of around £8.9m per annum transferred to the Trust including the School Improvement Service, Early Years Improvement Service, Schools, Workforce Development and Business Development. The Council has been represented on the Trust Board, primarily through the Deputy Leader and Cabinet Member for Education & Skills. Although Council members comprise approx. 20% of the Board, in line with the Charity Commission's rules around the independence of trustees, members of the Board must act solely in the interests of the Charity. The Trust is an independent charity and does not sit within the Council Group for accounting purposes.

Buckinghamshire Council Museum Trust

On 1 July 2014, the operational running of the County Museum in Church Street, Aylesbury and the Museum Resource Centre in Halton transferred to the new Buckinghamshire Council Museum Trust. The Council is represented on the Trust Board. In line with the Charity Commission's rules around the independence of trustees, members of the Board must act solely in the interests of the Charity. The Trust is an independent charity and does not sit within the Council Group for accounting purposes.

Buckinghamshire Law Plus

On the 24th November 2014 Buckinghamshire Law Plus commenced trading. Buckinghamshire Law Plus is the first public sector enterprise to be granted a licence by the Solicitors Regulation Authority as an 'Alternative Business Structure' (ABS). Previously limited to advising 'in-house' to the Council, Buckinghamshire Law Plus can now use their wealth of experience to provide legal advice in all aspects of public law to everyone including any local authority, the voluntary, not-for profit and charitable sectors and the public at large. The Company is 95% owned by the Council and 5% owned by Bucks and Milton Keynes Fire Authority.

Adventure Learning Foundation

On the 1st November 2013 the Council entered in to a Partnership agreement with The Adventure Learning Foundation, a charitable trust developed to run the County Council's two outdoor education centers, Green Park at Aston Clinton and Shortenills at Chalfont St Giles, in partnership with Marlow-based Longridge Activity Centre. Services to the value of around £120k per annum transferred to the trust.

Buckinghamshire Care

On 1 October 2013 Buckinghamshire Care (comprising Buckinghamshire Support Ltd and Buckinghamshire Care Ltd), a wholly owned subsidiary of Buckinghamshire County Council commenced trading. The Company was established to provide Day Care, Employment, Respite and Reablement Services and the results for the Group (before Tax and IAS19 Pensions adjustments) are shown below. The Council has not prepared Group Accounts on the grounds that there would be no material difference to the Single Entity Accounts. In the Council's own single-entity accounts, the interests in the companies are recorded as equity share capital unpaid of £2.

The Bucks Care Accounts are currently being finalised for agreement by the Bucks Care Board. A summary of the audited Profit & Loss Account will be incorporated into the final Statement of Accounts for Buckinghamshire County Council in September.

Accounting Standards that have been issued but have not yet been adopted

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

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

- IFRIC 21 Levies. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. This standard will not have a material impact on the Statement of Accounts.

- Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts. The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out throughout these accounts, 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:

- **Infrastructure Assets (including Highways)** are currently recognised in the Balance Sheet on a depreciated historical cost basis at £315.698m. This is in accordance with the 2014/15 Code. Consultation has now been completed on a change in valuation basis and will be brought into effect in the 2016/17 code. It is estimated that a change in basis would result in a valuation of £9.1bn.

- **Teachers' Pension Scheme** is accounted for as a Defined Contribution Scheme as the liabilities attributable to the Council cannot be specifically identified. The Scheme is an unfunded defined benefit scheme. It is estimated that the liabilities attributable to the Scheme would be significant.

- **Energy from Waste (Service Concession Arrangements)** has been recognised in the balance sheet during the construction phase as the Council is held to control the beneficial entitlement to the asset. The value of the asset and corresponding liability that has been recognised is £115.675m.

- **Schools Non-current Assets** are currently recognised in the balance sheet based on the extent to which the Council or School controls the service potential of the asset, rather than the ownership of the underlying assets. In relation to Voluntary Aided and Voluntary Controlled Schools, where no substantive evidence has been identified that would give either BCC or the School rights to the assets that would override the rights of ownership, these assets are not recognised in the Balance Sheet. The value of these assets is estimated at around £110m.

- **Group Accounts** the Council has not prepared Group Accounts on the basis that there would be no material difference to the Single Entity Accounts. Details of the Councils interests in other companies is on page 17.

- **Statutory override in respect of de-recognition of Schools Assets** the Council has applied the statutory override in respect of the de-recognition of Schools Assets that where the entity transfers out of the Council's control due to the school transferring to Academy status. The impact of not applying the statutory override would be to reduce the General Fund balance by £14.8m.

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 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation (and amortisation of intangible assets)	Useful lives of assets are estimated and components are only recognised and depreciated separately where the asset value is greater than £1m. The Council relies on the expertise of a qualified valuer to provide these estimates based on his professional opinion and experience	Any increase or decrease in component values and useful lives will affect the level of depreciation and the carrying value of the assets. Since each asset has a different remaining useful life, it is not practicable to quantify the potential impact of any changes on the figures that appear in the Statement of Accounts. The carrying amount of assets subject to depreciation is £1.029bn.
Valuations / Impairments	Valuations and impairments are arrived at by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. Actual values may be higher or lower depending on variations in market conditions	Impracticable to quantify - assumptions are standard recommended practice for valuation of properties. The carrying amount of assets subject to revaluation and impairment is £1.151bn inclusive of assets under construction and service concession arrangements.
Pensions Liability	The valuation of the liability is prepared in accordance with International Accounting Standard 19, by the Councils Actuary. Actual values may be higher or lower depending on variations in market conditions	The value of the liability may increase/decrease. Sensitivity to some of the key assumptions is provided in Note 13. The carrying amount of the liability is £583.008m.

Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Assurance on 23rd September 2015. Events taking place after this date are not reflected in the Financial Statements or Notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure (revenue or capital), or reduce local taxation) and unusable reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. Authorities raise taxation to cover expenditure in accordance with regulations. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The unusable reserves hold unrealised gains and losses (for example the Revaluation Reserve) and account for differences under regulations between accounting basis and funding basis which are detailed in Note 2.

Restated	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2014	**(31,116)**	**(10,749)**	**(2,790)**	**(121,365)**	**(9,080)**	**(10,364)**	**(185,464)**	**(371,072)**	**(556,536)**
Movement in reserves during 2014/15									
(Surplus) or deficit on the Provision of Services	40,457	-	-	-	-	-	40,457	-	40,457
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**65,789**	**65,789**
Total Comprehensive Income and Expenditure	**40,457**	**-**	**-**	**-**	**-**	**-**	**40,457**	**65,789**	**106,246**
Adjustments between accounting basis & funding basis under regulations (Note 2)	(44,999)	-	-	-	5,819	267	(38,913)	38,913	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(4,541)**	**-**	**-**	**-**	**5,819**	**267**	**1,545**	**104,702**	**106,246**
Transfers to/(from) Earmarked Reserves (Note 3)	14,614	(3,386)	354	(11,582)	-	-		-	
(Increase) / Decrease in 2014/15	**10,073**	**(3,386)**	**354**	**(11,582)**	**5,819**	**267**	**1,545**	**104,702**	**106,246**
Balance at 31 March 2015	**(21,043)**	**(14,135)**	**(2,436)**	**(132,947)**	**(3,261)**	**(10,097)**	**(183,919)**	**(266,370)**	**(450,290)**

Comparative Figures 2013/14

Restated	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 1 April 2013	**(39,681)**	**(10,540)**	**(3,114)**	**(105,014)**	**(8,172)**	**(46,954)**	**(213,475)**	**(377,181)**	**(590,656)**
Movement in reserves during 2013/14									
(Surplus) or deficit on the Provision of Services	16,707	-	-	-	-	-	16,707	-	**16,707**
Other Comprehensive Income and Expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17,412**	**17,412**
Total Comprehensive Income and Expenditure	**16,707**	**-**	**-**	**-**	**-**	**-**	**16,707**	**17,412**	**34,119**
Adjustments between accounting basis & funding basis under regulations (Note 2)	(24,378)	-	-	-	(908)	36,590	11,304	(11,304)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(7,671)**	**-**	**-**	**-**	**(908)**	**36,590**	**28,011**	**6,108**	**34,119**
Transfers to/(from) Earmarked Reserves (Note 3)	16,236	(209)	324	(16,351)	-	-		-	
(Increase) / Decrease in 2013/14	**8,565**	**(209)**	**324**	**(16,351)**	**(908)**	**36,590**	**28,011**	**6,108**	**34,119**
Balance at 31 March 2014	**(31,116)**	**(10,749)**	**(2,790)**	**(121,365)**	**(9,080)**	**(10,364)**	**(185,464)**	**(371,072)**	**(556,536)**

Further details regarding the transactions and balances of earmarked reserves can be seen in Note 3.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The statutory General Fund position is shown in the Movement in Reserves Statement.

Restated 2013/14				2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,144	(1,439)	1,705	Central Services	2,808	(1,507)	1,301
11,896	(2,305)	9,591	Culture and Related Services	14,611	(1,996)	12,615
26,016	(1,856)	24,160	Environment and Regulatory Services	29,783	(3,297)	26,486
3,919	(1,469)	2,450	Planning Services	4,688	(1,771)	2,917
465,796	(312,280)	153,516	Education and Children's Services	465,724	(324,068)	141,656
53,372	(5,724)	47,648	Highw ays and Transport Services	51,023	(6,963)	44,060
4,494	-	4,494	Housing Services	3,743	(190)	3,553
157,444	(35,083)	122,361	Adult Social Care	168,029	(37,204)	130,825
12,879	(15,853)	(2,974)	Public Health	13,794	(16,154)	(2,360)
2,980	(486)	2,494	Corporate and Democratic Core	4,800	(285)	4,519
-	(1,526)	(1,526)	Non Distributed Costs	1,293	(528)	764
741,940	**(378,021)**	**363,919**	**Cost of Services**	**760,296**	**(393,963)**	**366,336**
357	-	357	Other Operating Expenditure (Note 4)	23,496	-	23,496
29,590	(2,199)	27,391	Financing and Investment Income and Expenditure (Note 5)	28,997	(2,688)	26,309
-	(374,960)	(374,960)	Taxation and Non-Specific Grant Income (Note 6)	-	(375,684)	(375,684)
771,887	**(755,180)**	**16,707**	**(Surplus) or Deficit on Provision of Services**	**812,789**	**(772,335)**	**40,457**
		(7,112)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 14)			(27,293)
		-	Surplus or deficit on revaluation of available-for-sale financial assets (Note 25)			(625)
		37,131	Remeasurement of the defined benefit liability - change in Financial assumptions (Note 13)			140,115
		(12,606)	Remeasurement of the defined benefit liability - return on plan assets (Note 13)			(46,408)
		17,413	**Other Comprehensive Income and Expenditure**			**65,789**
		34,120	**Total Comprehensive Income and Expenditure**			**106,246**

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

1 April 2013 Restated £000	31 March 2014 Restated £000		Notes	31 March 2015 £000
1,010,810	1,071,749	Property, Plant & Equipment	14	1,151,376
7,550	7,550	Heritage Assets	17	7,550
3,007	2,524	Intangible Assets	18	2,141
1,764	15,440	Long Term Investments	20	18,875
22,616	21,422	Long Term Trade and Other Recievables	23	19,767
1,045,747	**1,118,685**	**Long Term Assets**		**1,199,709**
207,547	89,651	Short Term Investments	20	100,186
-	1,463	Temporary Loans	20	1,145
7,897	6,319	Assets Held for Sale	19	3,573
132	264	Inventories		262
41,558	43,656	Short Term Trade and Other Recievables	23	51,794
36,426	82,080	Available for Sale Financial Assets	20	76,369
641	15,728	Cash and Cash Equivalents	22	1,015
294,201	**239,161**	**Current Assets**		**234,344**
(8,000)	(13,453)	Short Term Borrowing	20	(28,250)
(15,779)	-	Temporary Loans	20	-
(97,005)	(99,521)	Short Term Trade and Other Payables	23	(86,930)
(7,601)	(637)	Current Provisions	24	-
(128,385)	**(113,611)**	**Current Liabilities**		**(115,180)**
(5,562)	(6,337)	Provisions and Long Term Liabilities	24	(7,438)
(185,928)	(174,196)	Long Term Borrowing	20	(162,464)
-	(36,057)	Service Concession Arrangements	16	(115,675)
(429,417)	(471,109)	Pension Liability	13	(583,008)
(620,907)	**(687,699)**	**Long Term Liabilities**		**(868,585)**
590,656	**556,536**	**Net Assets**		**450,288**
(213,475)	(185,464)	Usable Reserves	MiRS*	(183,920)
(377,181)	(371,072)	Unusable Reserves	25	(266,368)
(590,656)	**(556,536)**	**Total Reserves**		**(450,288)**

*MiRS - Movement in Reserves Statement (see page 20

These financial statements replace the unaudited financial statements certified by Richard Ambrose on 10 June 2015

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

Restated 2013/14 £000		**2014/15 £000**
16,707	Net (surplus) or deficit on the provision of services	40,457
(63,995)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(95,032)
52,987	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	51,844
5,700	**Net cash flows from Operating Activities**	**(2,730)**
67,246	Purchase of property, plant and equipment, investment property and intangible assets	65,034
993,145	Purchase of short-term and long-term investments	847,565
(10,551)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,540)
(1,034,470)	Proceeds from short-term and long-term investments	(840,246)
(42,436)	Other receipts from investing activities	(42,305)
(27,066)	**Net cash flows from investing activities**	**20,508**
-	Cash receipts of short and long-term borrowing	15,000
6,279	Repayments of short and long-term borrowing	(11,935)
6,279	**Net cash flows from financing activities**	**(3,065)**
(15,087)	**Net (increase) or decrease in cash and cash equivalents**	**14,713**
641	Cash and cash equivalents at the beginning of the reporting period	15,728
15,728	**Cash and cash equivalents at the end of the reporting period**	**1,015**

1 - Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the CIES is that specified by the CIPFA SeRCOP. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Cabinet Member Portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

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

	Net Expenditure per Outturn Report	Fees & Charges	Government Grants	**Total Income**	Employee Expenses	Other Operating Expenses	Recharges	**Total Expenditure**
Portfolio Area	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Leader	7,810	(61)	(45)	(106)	4,163	3,717	35	7,916
Community Engagement	13,387	(3,105)	-	(3,105)	9,775	6,665	52	16,492
Health and Wellbeing	115,949	(38,489)	(17,179)	(55,669)	15,800	155,395	423	171,618
Children's Services	51,140	(4,236)	(703)	(4,939)	20,033	34,612	1,434	56,079
Education and Skills	42,963	(27,973)	(289,282)	(317,255)	202,984	148,539	8,696	360,219
Finance and Resources	25,476	(4,308)	-	(4,308)	25,199	3,946	639	29,784
Environment	20,809	(3,746)	(189)	(3,935)	3,604	20,814	326	24,744
Planning and Transportation	27,691	(6,028)	(1,928)	(7,956)	2,147	33,202	298	35,647
Sub-Total Portfolios	**305,225**	**(87,945)**	**(309,328)**	**(397,273)**	**283,704**	**406,891**	**11,903**	**702,498**
Corporate Costs	38,420	(3,472)	-	(3,472)	825	41,247	(180)	41,892
Total	**343,645**	**(91,417)**	**(309,328)**	**(400,745)**	**284,529**	**448,138**	**11,723**	**744,389**

Financing	(333,573)	(243,190)	(90,383)	(333,573)	-	-	-	-
Earmarked Reserves	-	-	-	-	-	-	-	-
Net (surplus) / deficit	**10,072**	**(334,607)**	**(399,711)**	**(734,317)**	**284,529**	**448,138**	**11,723**	**744,389**
Planned Use of General Fund	(11,074)							
Net Budget (surplus) / deficit	**(1,002)**							

Comparative Figures 2013/14

Portfolio Area	Net Expenditure per Outturn Report £000	Fees & Charges £000	Government Grants £000	Total Income £000	Employee Expenses £000	Other Operating Expenses £000	Recharges £000	Total Expenditure £000
Leader	4,834	(31)	(62)	(94)	3,914	997	17	4,928
Community Engagement	14,008	(3,315)	-	(3,315)	10,523	6,715	85	17,323
Health and Wellbeing	114,830	(34,752)	(15,765)	(50,517)	16,945	147,945	457	165,347
Children's Services	42,241	(3,549)	(1,821)	(5,370)	16,309	29,877	1,426	47,611
Education and Skills	42,987	(28,043)	(283,340)	(311,383)	210,544	137,418	6,408	354,369
Finance and Resources	28,811	(3,817)	-	(3,817)	25,919	4,427	2,282	32,628
Environment	21,924	(2,548)	(84)	(2,632)	2,820	21,442	294	24,556
Planning and Transportation	29,845	(5,265)	(378)	(5,644)	3,488	31,682	318	35,489
Sub-Total Portfolios	**299,480**	**(81,319)**	**(301,451)**	**(382,770)**	**290,460**	**380,503**	**11,287**	**682,250**
Corporate Costs	40,481	(3,070)	(31)	(3,101)	1,150	42,432	-	43,582
Total	**339,962**	**(84,389)**	**(301,481)**	**(385,870)**	**291,610**	**422,936**	**11,287**	**725,832**

Financing	(329,531)	(231,159)	(98,371)	(329,531)	-	-	-	-
Earmarked Reserves	(1,866)	-	-	-	-	(1,866)	-	(1,866)
Net (surplus) / deficit	**8,565**	**(315,548)**	**(399,853)**	**(715,401)**	**291,610**	**421,070**	**11,287**	**723,966**
Planned Use of General Fund	(9,091)							
Net Budget (surplus) / deficit	**(526)**							

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

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to the amounts included in the CIES.

	2013/14	2014/15
	£000	£000
Net expenditure per the Outturn report	8,565	10,072
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	75,546	63,869
Amounts in the Analysis not reported in the Net Cost of Service in the Comprehensive Statement of Income and Expenditure	281,976	292,394
Cost of Services in Comprehensive Income and Expenditure Statement	**366,086**	**366,334**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the CIES.

	Outturn £000	Partnerships & Trading Accounts £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(88,754)	(6,185)	-	-	36,444	(58,495)	-	(58,495)
Interest and investment income	(2,663)	-	(1,961)	4,624	-	-	(4,624)	(4,624)
Income Council Tax and NNDR	(242,995)	-	-	242,995	-	-	(242,996)	(242,996)
Government grants and contributions	(399,711)	(936)	(42,305)	132,688	-	(310,264)	(132,688)	(442,952)
Total Income	**(734,123)**	**(7,121)**	**(44,265)**	**380,307**	**36,444**	**(368,759)**	**(380,308)**	**(749,067)**
Employee expenses	284,529	5,822	(3,848)	(892)	-	285,610	19,900	305,510
Other service expenses	436,441	928	770	(33,214)	(24,349)	380,576	-	380,576
Support Service recharges	11,723	372	-	-	(12,094)	-	-	-
Application of capital grants	-	-	42,305	(42,305)	-	-	-	-
Depreciation, amortisation and impairment	-	-	68,907	-	-	68,907	-	68,907
Interest Payments	11,033	-	-	(11,033)	-	-	11,033	11,033
Precepts and Levies	460	-	-	(460)	-	-	460	460
Gain or Loss on Disposal of non current Assets	9	-	-	(9)	-	-	23,036	23,036
Total Expenditure	**744,195**	**7,121**	**108,134**	**(87,913)**	**(36,444)**	**735,093**	**54,429**	**789,523**
Surplus or deficit on the provision of services	**10,072**		**63,868**	**292,394**	**-**	**366,334**	**(325,879)**	**40,456**

Comparative figures for 2013/14

	Outturn £000	Partnerships & Trading Accounts £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(81,794)	(4,145)	-	-	35,780	(50,158)	-	(50,158)
Interest and investment income	(2,183)	-	(22)	2,197	-	(8)	(2,197)	(2,205)
Income Council Tax and NNDR	(231,159)	-	(2,994)	234,153	-	-	(234,429)	(234,429)
Government grants and contributions	(399,822)	(2,497)	(42,436)	140,807	-	(303,948)	(140,531)	(444,479)
Total Income	**(714,958)**	**(6,642)**	**(45,452)**	**377,157**	**35,780**	**(354,114)**	**(377,157)**	**(731,271)**
Employee expenses	291,047	6,246	115	(1,201)	-	296,208	18,150	314,358
Other service expenses	414,916	9,145	2,994	(39,679)	(38,813)	348,563	27	348,590
Support Service recharges	5,694	(8,727)	-	-	3,033	-	-	-
Application of capital grants	-	-	42,436	(42,436)	-	-	-	-
Depreciation, amortisation and impairment	-	-	72,756	-	-	72,756	-	72,756
Interest Payments	11,410	-	-	(11,410)	-		11,410	11,410
Precepts and Levies	456	-	-	(456)	-	-	456	456
Gain or Loss on Disposal of non current Assets	-	-	-	-	-	-	409	409
Total Expenditure	**723,523**	**6,665**	**118,300**	**(95,182)**	**(35,780)**	**717,526**	**30,452**	**747,978**
Surplus or deficit on the provision of services	**8,565**	**23**	**72,849**	**281,976**	**-**	**363,412**	**(346,705)**	**16,707**

2 - Adjustments between Accounting Basis and Funding Basis under Regulations

This note analyses the differences between the CIES compiled in accordance with proper accounting practice and the resource specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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 authority are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment 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. The reserve is restricted by statute from being used other than to fund new capital expenditure or to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied Reserve
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.

2014/15

	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(32,018)	-	-	32,018
Revaluation losses on Property, Plant and Equipment	(29,534)	-	-	29,534
Amortisation of Intangible Assets	(1,085)	-	-	1,085
Capital grants and contributions applied	41,142	-	-	(41,142)
Revenue Expenditure Funded from Capital Under Statute	(6,270)	-	-	6,270
Amounts of non-current assets w ritten off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(32,811)	-	-	32,811
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment (minimum revenue provision)	8,084	-	-	(8,084)
Capital expenditure financed from the General Fund	11,869	-	-	(11,869)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,163	-	(1,163)	
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	1,430	(1,430)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	9,783	(9,783)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	16,864	-	(16,864)
Contribution from the Capital Receipts Reserve tow ards the costs of non-current asset disposals	(243)	243		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,505)	-	1,505
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by w hich finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance w ith statutory requirements	160	-	-	(160)
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(42,709)	-	-	42,709
Employer's pensions contributions and direct payments to pensioners payable in the year	24,517	-	-	(24,517)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by w hich Council Tax and NNDR income credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance w ith statutory requirements	(198)	-	-	198
Adjustments primarily involving the Accumulated Absences Account:				
Amount by w hich officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance w ith statutory requirements	1,191	-	-	(1,191)
Total Adjustments	**(44,999)**	**5,819**	**267**	**38,913**

2013/14 Comparative Figures

Restated	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(32,638)	-	-	32,638
Revaluation losses on Property, Plant and Equipment	(5,242)	-	-	5,242
Amortisation of intangible assets	(1,162)	-	-	1,162
Capital grants and contributions applied	32,665	-	-	(32,665)
Revenue Expenditure Funded from Capital Under Statute	(30,062)	-	-	30,062
Writedown of grants relating to Revenue Expenditure Funded from Capital Under Statute	(4,159)	-	-	4,159
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,903)	-	-	10,903
Statutory provision for the financing of capital investment (minimum revenue provision)	8,408	-	-	(8,408)
Capital expenditure financed from the General Fund	9,778	-	-	(9,778)
Voluntary minimum revenue provision	1,961	-		(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,771	-	(9,771)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	46,361	(46,361)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	10,551	(10,551)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	11,072	-	(11,072)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,429)	-	1,429
Write Down of deferred capital receipts	451	-	-	(451)
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	160	-	-	(160)
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(42,481)	-	-	42,481
Employer's pensions contributions and direct payments to pensioners payable in the year	25,314	-	-	(25,314)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	2,994	-	-	(2,994)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	217	-	-	(217)
Total Adjustments	**(24,377)**	**(908)**	**36,590**	**(11,305)**

3 - Transfers To/From Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year 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 Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

	Balance at 31 March 2013	Transfers Out 2013/14	Transfers In 2013/14	Balance at 31 March 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
Earmarked General Fund Reserves							
A - Revenue Contribution to Capital	(23,807)	7,274	(14,727)	(31,260)	10,243	(17,248)	(38,265)
B - Doubtful Debt Reserve	(1,457)	409	-	(1,048)			(1,048)
C - Priority Spend	(1,564)	316	(5)	(1,253)	329	(145)	(1,069)
D - Learning Skills Council Reserve	(415)	-	(114)	(529)		(49)	(578)
E - Efficiency Fund and SALIX	(2,102)	849	(493)	(1,746)	770	(785)	(1,761)
F - Commuted Sums	(511)	-	(25)	(536)			(536)
G - Renew als	(2,425)	1,753	(1,387)	(2,059)	1,111	(1,529)	(2,477)
H - Insurance	(4,903)	1,066	(1,217)	(5,054)	147	(606)	(5,513)
I - Election Expenses	(461)	288	-	(173)		(124)	(297)
J - Transformation	(1,743)	1,743	(2,559)	(2,559)	783	(39)	(1,815)
K - Social Care	(11,643)	13,383	(9,697)	(7,957)	13,371	(7,714)	(2,300)
L - Waste	(27,974)	-	(8,935)	(36,909)	1,386	(11,085)	(46,608)
M - Revenue Grants Unapplied	(6,332)	24	(5,033)	(11,341)	1,490	(2,552)	(12,403)
N - DSG carry forw ard	(11,949)	4,184	(45)	(7,810)	5,026		(2,784)
O - Strategic Asset Development	-	258	(1,750)	(1,492)		(964)	(2,456)
AA - Other	(7,729)	1,817	(3,728)	(9,640)	2,022	(5,420)	(13,038)
Subtotal	**(105,015)**	**33,364**	**(49,715)**	**(121,366)**	**36,678**	**(48,260)**	**(132,948)**
Earmarked for Schools							
AB - Earmarked Schools Revenue Balances	(10,540)	11,886	(12,095)	(10,749)	10,975	(14,361)	(14,135)
AB - Earmarked Schools Devolved Formula Capital	(3,114)	3,115	(2,791)	(2,790)	2,791	(2,437)	(2,436)
Subtotal	**(13,654)**	**15,001**	**(14,886)**	**(13,539)**	**13,766**	**(16,798)**	**(16,571)**
Total	**(118,669)**	**48,365**	**(64,601)**	**(134,905)**	**50,444**	**(65,058)**	**(149,519)**

A) The Revenue Contribution to Capital Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future capital schemes.

B) The Doubtful Debt Reserve relates to the amounts that the Council is setting aside to mitigate the risk of bad debts.

C) The Priority Spend Reserve is to help address Council budget priorities.

D) The Learning Skills Council (LSC) reserve is used as a mechanism for equalising under and overspends on the adult learning budgets. These budgets are monitored on an academic year basis rather than a financial year.

E) The Efficiency Fund and Salix Reserve is called on by Portfolios to finance initial expenditure on projects that will lead to longer-term savings. The repayment of Salix loans is recycled to fund further projects.

F) The Commuted Sums Reserve is made up of payments from private developers to compensate the Council for additional costs incurred in maintaining infrastructure associated with new developments.

G) The Renewals Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future purchases, particularly vehicles and computers.

H) The Insurance Reserve relates to the estimated liabilities in respect of insurance claims not yet notified.

I) The Election Expenses Reserves has been set up to fund the expenses for the full Council elections which occur every four years.

J) The Transformation Reserve is used to fund upfront work required to achieve future savings resulting from the Council's service transformation activities.

K) The Social Care Reserve supports a range of projects that have social care and health benefits. The funding for these projects is fully allocated to the ongoing projects.

L) The Waste Reserve has been established to smooth the financial impact of the Energy from Waste project to reduce future borrowing requirements in 2016/17.

M) The Revenue Grants Unapplied Reserves has been established to set aside unringfenced, unused revenue grants to be used in future years

N) The DSG Carryforward Reserve relates to unused Dedicated Schools Grant (DSG)

O) The Strategic Asset Development Reserve enables the Council to invest in existing or new asset in order to generate an income stream.

AA) The Other Earmarked Reserves include:

- Support Services Options Appraisal
- Adverse Weather
- Local Priorities
- Adoption Reform
- Country Parks

AB) The General Fund Reserve for Schools contains the balances held by schools under delegated schemes that are ring-fenced.

Further details of the balances earmarked for schools are shown in the table below:

	Balance at 31 March 2014	Balance at 31 March 2015
Devolved Formula Capital carried forward	(2,790)	(2,436)
Supluses carried forward*	(12,719)	(15,880)
Deficits carried forward*	1,970	1,745
Total	**(13,539)**	**(16,571)**

***** Excluding schools that became academies in year.

4 - Other Operating Expenditure

Restated 2013/14 £000		2014/15 £000
(1,154)	(Gain)/losses on the disposal of non-current assets	1,953
1,055	Loss on de-recognition of Academies non-current assets	21,074
456	Levies - Environment Agency	460
-	(Gain)/losses on the disposal of Financial Assets Held for Sale	9
357	**Total**	**23,496**

5 - Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
11,410	Interest payable and similar charges	11,033
18,151	Net interest on the defined pension liability	19,900
(2,197)	Interest receivable and similar income	(4,624)
27	Impairment of financial assets	-
27,391	**Total**	**26,309**

6 – Taxation and Grant Income

Council tax and business rates are collected by the four District Councils (‘billing authorities’) on behalf of the County Council (‘a major preceptor’) and themselves under an agency arrangement. Transactions and balances are allocated between the billing authorities and the major preceptors. The income included in the CIES is the accrued income for the year (i.e. it reflects the Council's proportion of the net billing authorities' surplus or deficit). The difference between the income included in the CIES and the amount required under Regulations to be credited to the General Fund is taken to the Collection Fund Adjustment Account. The Balance Sheet reflects the attributable share of Council Tax and business rates trade receivable; overpaid Council Tax; business rates trade payable; and the net trade receivable / payable between the Council and the billing authorities.

Government grants and third party contributions and donations are credited to the CIES where:

- The grant has been received (or there is reasonable assurance that the grant will be received) and no specific conditions or stipulations are attached (‘Non-ringfenced grants’), or
- the Council has complied with the conditions attached to the payments

Conditions are stipulations that specify that the grant or contribution must be applied as specified, or returned to the transferor. Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as trade payables.

Where capital grants are credited to the CIES, 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.

The Council credited the following from taxation, grants, contributions and donations to the CIES in 2014/15

Taxation and Non Specific Grant Income

2013/14 £000	Grants Held Centrally	2014/15 £000
(220,403)	Council Tax	(227,366)
(58,443)	Revenue Support Grant	(52,673)
(14,026)	Locally retained Non Domestic Rates	(15,630)
(24,237)	NNDR Top up Grant	(24,709)
(15,415)	Non-ringfenced Government Grants *	(13,001)
(42,436)	Capital Grants and Contributions	(42,305)
(374,960)	**Total**	**(375,684)**

*Non-ringfenced government grants detailed below

2013/14 £000	Non-ringfenced Government Grants	2014/15 £000
(687)	Local Service Support Grant	(402)
(2,322)	Council Tax Grant (including Freeze Grant)	-
(7,194)	Education Service Grant	(6,978)
(1,379)	Severe Weather	-
(1,647)	New Homes Bonus	(2,444)
-	SEN / SEN reform grants	(1,498)
(2,186)	Total of other grants below £1m each	(1,679)
(15,415)	**Total**	**(13,001)**

2013/14 £000	Grants Credited to Services	2014/15 £000
(261,989)	Dedicated Schools Grant	(262,127)
(15,681)	Public Health Grant	(17,249)
(7,386)	Education Funding Agency 16-19	(6,468)
(3,978)	Skills Funding Agency	(3,590)
(1,045)	PE and Sports Grant	(1,467)
-	Department for Transport Grant	(1,928)
-	Universal Free School Meals	(4,431)
(6,258)	Pupil Premium	(8,912)
(1,174)	Devolved Formula Capital Grant	(1,154)
(5,013)	Total of other grants below £1m each	(2,938)
(302,523)	**Total**	**(310,264)**

7 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area.

DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012.The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure	Individual Schools Budgets	Total
	£000	£000	£000
Final DSG for 2014/15 before Academy recoupment			366,872
Academy figure recouped for 2014/15			(104,744)
Total DSG after Academy recoupment for 2014/15			**262,127**
Brought forward from 2013/14			7,808
Carry-forward to 2015/16 agreed in advance			(3,677)
Agreed initial budgeted distribution in 2014/15	**71,756**	**194,502**	**266,258**
Final budgeted distribution for 2014/15	71,756	194,502	266,258
Less Actual central expenditure	(72,558)	-	(72,558)
Less Actual ISB deployed to schools	-	(194,596)	(194,596)
Plus agreed carry-forward for 2015/16	499	841	5,018
Carry Forward to 2015/16	**(302)**	**747**	**4,122**

8 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2013/14	2014/15
	£000	£000
Salaries	534	531
Employer Contributions	91	100
Allowances	332	352
Total	**957**	**983**

9 - Related Parties

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

Central Government
Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills). Grants received from government departments are set out in Note 6 Grant Income.

Pension Fund
The Council charged the Fund £1.256m (2013/14 £1.655m) for expenses incurred in administering the Fund.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014/15 is shown in Note 8. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at County Hall during office hours.

TWK Transit
One of the Council's members is a senior manager in TWK Transit, a specialist transport management company that has both private and public sector contracts providing transport services. The firm is owned by a close family member. TWK Transit is part of the Khattak Group of companies including Redline Buses, Red Eagle Buses Ltd and Red Rose Buses. During 2014/15 TWK Transit provided Buckinghamshire County Council with transport services for the Children's Services directorate to the value of £3.06m (2013/14 £2.91m).

Interests in Companies and Other Entities

Buckinghamshire Care Ltd
The Council has 100% ownership of Buckinghamshire Care Ltd and Buckinghamshire Support Ltd (jointly known as 'Buckinghamshire Care') that commenced trading on 1 October 2013 and have the nature of subsidiaries. In the Authority's own single-entity accounts, the interest in the companies is recorded as equity share capital unpaid of £2. The Council has a signed a 3 year contract for the provision of services. Payments under the contract totalled £9.645m for 2014/15 (£3.908m for 2013/14, 6 months only). In addition Buckinghamshire Care has entered into a support services agreement to buy-back a range of back-office functions. Income received by the Council from Buckinghamshire Care for 2014/15 was £0.496m.

Buckinghamshire Learning Trust (BLT)
The BLT is an educational charity delivering a comprehensive range of services to schools and early year's settings, including school and early year's improvement, specialist teaching, CPD and other key support services. The Trust received £11.560m from the Council in 2014/15 (£5.8m in 2013/14), the Trust uses this to work with the Council to fulfil its statutory duties for raising attainment and securing the best possible future for children and young people. In addition the BLT entered into a support services agreement to buy-back a range of back-office functions. Income received by the Council from the BLT during 2014/15 was £0.38m (2013/14 was £0.45m).

Adventure Learning Foundation (ALF)
The ALF is a registered charity and a company limited by guarantee. Its aim is to provide high quality, affordable support services to outdoor education, activity and sport centres and other not for profit organisations that are working with young people. In 2013/14, the Council agreed to lease the Green Park Centre, Aston Clinton and the Shortenills Centre, Chalfont St Giles to the ALF for a period of 25 years. Overall responsibility for the strategic direction of the organisation sits with the board of trustees who delegate operational responsibility to the CEO. The Trustees include representatives from the founding centres, the Council and key stakeholders. In order to enable the setup of this company the Council has made a £250k loan to ALF to cover initial investment, to be repaid over 5 years.

Buckinghamshire County Museum Trust
The Buckinghamshire County Museum Trust is a registered charity and a company limited by guarantee. The Trust was established on 1 August 2014 to provide a museum and arts service previously provided by the County Council. The Trust received £645k funding from the Council for the remainder of 2014/15.

Buckinghamshire Law Plus
Buckinghamshire Law Plus is a private limited company established in a joint venture between Buckinghamshire County Council and Buckinghamshire & Milton Keynes Fire Authority, the first public sector enterprise in the country to be granted a license by the Law Society to operate as a commercial law firm under an Alternative Business Structure (ABS). Previously law firm ownership and investment was restricted to lawyers however, the Legal Reforms Act 2007 removed these barriers enabling non-lawyers to own and invest in law firms. In order to enable the setup of this Company the Council has made a £100k loan to Bucks Law Plus to cover initial investment, to be repaid over 3 years.

Local Authority Companies
Each of the following companies is regulated under the Local Authorities (Companies) Order 1995, by virtue of the Council's interest and any other interest held by other local authorities.

Buckinghamshire Advantage Ltd (was Aylesbury Vale Advantage, AVA)
On 15 April 2014, AVA became Buckinghamshire Advantage, an independent company limited by guarantee, and owned by the Council, the four District Councils and Bucks Business First. As part of the transfer from Aylesbury Vale Advantage to Buckinghamshire Advantage, the Council was paid £1.195m and assets transferred with the value of £0.8m.

Partnerships

Buckinghamshire Thames Valley Local Enterprise Partnership ('BTVLEP')
The BTVLEP purpose is to provide direction and co-ordination for economic development interventions across the region. The Board consists of five nominated local authority Leaders / Deputy Leaders and five business leaders. The BTVLEP is not a legally constituted entity and can decide who it believes should be the appropriate accountable body in relation to funds at its disposal. The County Council is the accountable body for the BTVLEP in respect of the Growing Places Fund. As at 31 March 2015 £6.087m (2013/14 £6.176m) was held on behalf of the BTVLEP.

Youth Offending Service (YOS)
The YOS is a support service for 8-18 year olds. It supports offenders and provides positive action to prevent offending. It is funded externally by the Police, Probation Service and Health and internally by Children and Young Peoples Services. Buckinghamshire County Council's element of the funding in 2014/15 was £673k (2013/14 £781k)

10 - Officers' Remuneration

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense in the year in which employees render service to the Council.

The remuneration paid to the Council's senior employees during 2014/15 was as follows:

	Salary, Fees and Allowances	Benefits in Kind	Pension Contributions	Total
	£	£	£	£
Chief Executive - Chris Williams	216,175	2,867	48,860	267,902
Strategic Director - Resources and Business Transformation	150,585	3,398	33,541	187,524
Strategic Director - Children and Young People *	139,535	1,696	31,814	173,045
Strategic Director - Communities and Built Environment	148,799	-	33,541	182,340
Strategic Director - Adults and Family Wellbeing *	139,988	897	31,928	172,813
Director - Public Health	118,199		16,790	134,989
Service Director - Finance and Commercial Services	115,517	-	26,109	141,626
Service Director - Legal and Demorcratic Services	71,731	-	11,480	83,211
Total	**1,100,529**	**8,858**	**234,063**	**1,343,449**

*The Strategic Director posts for Children and Young People and Adults and Family Wellbeing were held by more than one person during the year

The Council's employees (including those listed above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	Non Schools	Schools	2013/14 Total	Non Schools	Schools	2014/15 Total
£50,000 - £54,999	35	58	93	36	53	89
£55,000 - £59,999	22	60	82	23	47	70
£60,000 - £64,999	22	41	63	14	29	43
£65,000 - £69,999	14	20	34	16	19	35
£70,000 - £74,999	15	13	28	11	10	21
£75,000 - £79,999	3	4	7	7	2	9
£80,000 - £84,999	9	5	14	6	2	8
£85,000 - £89,999	6	3	9	3	2	5
£90,000 - £94,999	2	2	4	3	1	4
£95,000 - £99,999	4	2	6	2	2	4
£100,000 - £104,999	3	1	4	3	0	3
£105,000 - £109,999	0	0	0	0	0	0
£110,000 - £114,999	0	0	0	0	0	0
£115,000 - £119,999	2	0	2	2	0	2
£120,000 - £124,999	1	0	1	0	0	0
£125,000 - £129,999	0	0	0	0	0	0
£130,000 - £134,999	0	0	0	0	0	0
£135,000 - £139,999	1	0	1	1	0	1
£140,000 - £144,999	2	0	2	1	0	1
£145,000 - £149,999	2	0	2	1	0	1
£150,000 - £154,999	0	0	0	1	0	1
£175,000 - £179,999	0	0	0	1	0	1
£210,000 - £214,999	1	0	1	0	0	0
£215,000 - £219,999	0	0	0	1	0	1
	144	**209**	**353**	**132**	**167**	**298**

11 - 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 in exchange for those benefits and are charged to the appropriate service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

The Council terminated the contracts of a number of employees in 2014/15, incurring liabilities of £1.138m (£2.062m in 2013/14). The table below details the total number of exit packages and total cost per band.

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost		Total cost of exit packages in each	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
							£000	£000
£0 - £19,999	70	10	94	55	164	65	1,021	536
£20,000 - £39,999	9	3	20	9	29	12	741	331
£40,000 - £59,999	2		1	1	3	1	134	48
£60,000 - £79,999				2		2		131
£80,000 - £99,999	1		1	1	2	1	166	92
£100,000-£199,999								
	82	**13**	**116**	**68**	**198**	**81**	**2,062**	**1,138**

12 - Pensions Schemes Accounted for as Defined Contributions Schemes

The Teachers' Pension Scheme is an unfunded multi-employer defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. In 2014/15, the Council paid an estimated £12.810m to Teachers' Pensions in respect of teachers' retirement benefits, representing 13.6% of pensionable pay. This is charged to the Education and Children's Service line in the CIES. The figures for 2013/14 were £13.482m and 14.1%. There were no contributions remaining payable at the year-end. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme administered by NHS Pensions that covers NHS employers. In 2014/15 the Council paid an estimated £0.198m to NHS Pensions in respect of public health staff retirement benefits (£0.209m in 2013/14). This is charged to the Public Health line in the CIES.

The arrangements for the teachers' scheme and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

13 - Defined Benefit Pension Schemes

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

- **Local Government Pension Scheme**
  The Local Government Pension Scheme is administered by Buckinghamshire County Council 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.
- **Teachers' Pension Scheme** (see above)
- **NHS Pension Scheme** (see above)

Transactions Relating to Post-employment Benefits

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

Discretionary Benefits

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

Comprehensive Income and Expenditure Statement

2013/14 £000	Cost of Services	2014/15 £000
20,850	Service Cost (comprising)	24,325
27,640	- current service cost	25,265
1,267	- past service costs	657
(6,050)	- settlements and curtailments	(3,604)
1,473	Administration expenses	491
	Financing and Investment Income and Expenditure	
18,151	- net interest on the defined liability	19,900
42,481	**Total Post Employment Benefit Charged to the Surplus Deficit on the Provision of Services**	**42,709**
	Other Comprehensive Income and Expenditure Statement	
	Remeasurement of the defined benefit liability, comprising:	
12,606	- return on plan assets in excess of interest	46,408
12,643	- actuarial gains and losses	-
(21,620)	- change in Financial assumptions	(139,671)
(36,616)	- change in demographic assumptions	-
8,462	experience gain/loss on defined benefit obligation	(444)
(24,525)	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(93,707)**
	Movement in Reserves Statement	
(42,481)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(42,709)
25,314	Actual amount charged against the General Fund Balance employers' contributions payable in year to the scheme	24,517

The change in financial assumptions has resulted in a loss of £140.115m in respect of pensions liabilities (as shown above). This is due, in particular to a reduction in the discount rate applied to discount scheme liabilities to 3.3% (2013/14 4.4%) and reflects the downward trend in long-term bond rates. Due to the materiality of this change this figure has been presented separately on the face of the CIES. The loss is partly off-set by a £46.408m gain in assets in excess of interest cost.

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Councils obligation in respect of its defined benefit plans and discretionary benefits is as follows:

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Present value of the defined benefit obligation	(782,998)	(880,931)	(972,781)	(1,043,725)	(1,211,823)
Fair value of plan assets	504,742	479,150	568,197	597,615	655,142
Net liability on Fund	**(278,256)**	**(401,781)**	**(404,584)**	**(446,110)**	**(556,681)**
Present value of unfunded obligation		(23,905)	(24,833)	(24,999)	(26,327)
Net liability in Balance Sheet	**(278,256)**	**(425,686)**	**(429,417)**	**(471,109)**	**(583,008)**

Reconciliation of present value of the defined benefit obligation

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

Liabilities are discounted to their value at current prices, using a discount rate of 3.3% based on the annualised yield at the 18 year point on the Merill Lynch AA rated corporate bond curve. This is consistent with the approach used at the last accounting date.

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

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to Non Distributed Costs in the CIES.
- net interest on the net defined benefit liability – the net interest expense that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability at the beginning of the period; adjusted for any changes in the net defined benefit liability during the period resulting from contribution and benefit payments.
- contributions paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.
- re-measurements - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

2013/14		**2014/15**
£000		**£000**
(997,614)	**Opening balance at 1 April**	(1,068,724)
(27,640)	Current service cost	(25,265)
(1,267)	Past service costs, including curtailments	(657)
(42,531)	Interest cost	(45,470)
(6,534)	Contributions by scheme participants	(6,528)
	Remeasurement gains and losses:	
(21,620)	- change in financial assumptions	(139,671)
(36,616)	- change in demographic assumptions	
8,462	- experience loss/(gain) on defined benefit obligation	(444)
18,942	Liabilities extinguished on settlements	10,009
35,897	Estimated benefits paid net of transfers in	36,780
1,797	Unfunded pension payments	1,820
(1,068,724)	**Closing balance at 31 March**	**(1,238,150)**

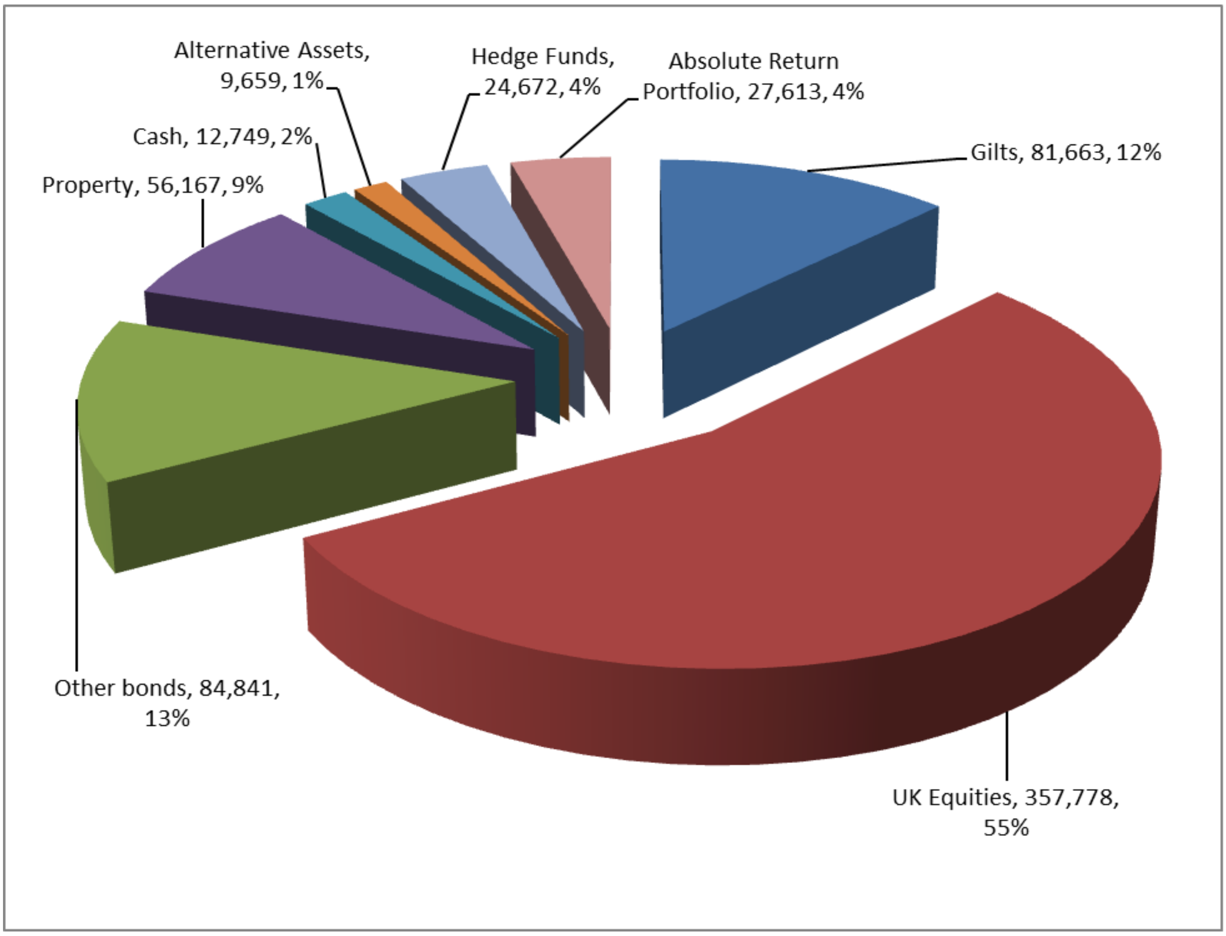
Reconciliation of the movement in the fair value of the scheme (plan) assets:

The Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unitised securities – current bid price
- property – market value.

2013/14		2014/15
£000		£000
568,197	Opening balance at 1 April	597,615
24,380	Interest on assets	25,570
	Remeasurement gains and losses:	
12,606	- return on plan assets less the amount included in net interest exper	46,408
12,643	- other actuarial gains/(losses)	
(1,473)	Administration expenses	(491)
25,314	Employer contributions	24,517
6,534	Contributions by scheme participants	6,528
(37,694)	Estimated benefits paid plus unfunded net of transfers in	(38,600)
(12,892)	Settlement prices received/(paid)	(6,405)
597,615	**Closing balance at 31 March**	**655,142**

The Scheme Assets comprise:



Actuarial methods and assumptions

Both the Local Government Pension Scheme liabilities and unfunded obligation have been estimated by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

2013/14	Mortality assumptions:	2014/15
	Longevity at 65 for current pensioners:	
23.6 years	■ Men	23.7
26.0 years	■ Women	26.1
	Longevity at 65 for future pensioners:	
25.8 years	■ Men	26.0
29.4 years	■ Women	28.4
	Other assumptions:	
3.6%	RPI Increases	3.2%
2.8%	CPI Increases	2.4%
4.6%	Rate of increase in salaries	4.2%
2.8%	Rate of increase in pensions	2.4%
4.4%	Rate for discounting scheme liabilities	3.3%
50.0%	Take-up of option to convert annual pension into retirement lump sum	10.0%

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

Sensitivity analysis		Present value of total obligation £000	Projected service cost £000
Current assumption	0.0%	1,238,150	32,524
Adjustment to discount rate	+0.1%	1,216,226	31,767
	-0.1%	1,260,461	33,300
Adjustment to long term salary increase	+0.1%	1,240,613	32,540
	-0.1%	1,235,701	32,508
Adjustment to pension increases and deferred revaluation	+0.1%	1,258,173	33,291
	-0.1%	1,218,490	31,775
Adjustment to mortality age rating assumption	+ 1 year	1,195,845	31,446

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:-

- Investment risk:- The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real return over the long-term, the short term volatility can cause additional funding to be required if a deficit emerges.
- Interest Rate Risk:- The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value to the assets and liabilities may not move in the same way.
- Inflation Risk:- All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity Risk:- In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Councils Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

Other defined benefit plan information

Employees of the Council make contribution on a variable scale depending on their pensionable salary. The remaining contribution is funded by the Council. Based on historical data, the Council expects to make contributions of £23.506m in 2015/16. The estimated duration of the Employer's liability is 18 years.

Pension guarantees

In accordance with the terms of the Admission Agreement with Buckinghamshire Learning Trust and the Adult Learning Foundation, the Council has provided the Administering Authority a guarantee of the payment of all sums due under the terms of the Admission Agreement and under the LGPS Regulations. No liability is currently recognised in respect of this guarantee.

14 – Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Where additions on any single suite of works falls below the de-minimis level of £10,000 this expenditure will be charged to revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. The Council does not capitalise borrowing costs. All borrowing costs are charged to interest payable shown under Financing and Investment Income and Expenditure in the CIES.

Separate components are recognised where the individual gross replacement cost of the component exceeds 10% of the gross replacement cost of the whole asset (with a minimum of £200,000) and where the cost or NBV of the whole asset is equal to or greater than £1,000,000.

The recognition of the non-current assets is based on the extent to which the Council controls the future service potential of the asset, rather than the ownership of the underlying assets. In respect of schools:

- Community Schools and Foundation Schools are recognised where either the Council or the School controls the service and economic potential of these assets.

- The Council recognises only the value of land it owns in relation to Voluntary Aided Schools and Voluntary Controlled Schools. Assets used by Schools under 'mere' licences where the underlying rights to the property are held by the Diocese of the Church of England are not recognised where the control of the asset has not passed to the school.
- The transfers of assets to Academies are subject to a formal lease agreement and are not recognised in the Balance Sheet in accordance with the requirements of IAS 17.

Measurement

Assets are initially measured at cost, comprising the purchase price, any costs attributable to bringing the asset to the location and condition necessary for operation. Components are measured at gross replacement cost. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, or the assets have short useful lives or low values, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included in the Balance Sheet with a fair value (individually or collectively) of £50,000 or more, are revalued every five years by an external valuer in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS). Components of assets enhanced or revalued are valued at gross replacement cost. BCIS indices are applied to the gross replacement cost to calculate the net book value of the component.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

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

Impairment

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. assets under construction). No depreciation is charged in the year of acquisition however a full years charge is made in the year of disposal.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the Valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are depreciated in the year following revaluation, except where there has been a material movement in the asset balance, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and De-recognition

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES. When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and derecognition takes place regardless of whether the replaced part has been depreciated separately. Any revaluation gains accumulated for the asset or component in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement.

Where the amount due in relation to the asset (including leased assets) is contingent on payments in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement and a long term trade receivable is created in the Balance Sheet. 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 future payments are received, the element of the capital receipt for the disposal of the asset is used to write down the long-term trade receivable. At this point, the Deferred Capital Receipts are transferred to the Capital Receipts Reserve.

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

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged 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 fixed assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual minimum revenue provision (MRP) towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement. The MRP charge for 2014/15 is £8.084m (£8.408m for 2013/14) and is calculated on the following basis:

- Debt relating to capital expenditure incurred prior to 1 April 2008 is calculated broadly on the basis of 4% of the Council's Capital Financing Requirement (reducing balance).
- Debt relating to capital expenditure incurred from 1 April 2008 is calculated broadly on the annuity asset life method.

Property, Plant & Equipment

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Restated Cost or Valuation						
At 1 April 2014	**822,704**	**24,483**	**349,475**	**3,693**	**39,324**	**1,239,680**
additions	28,863	585	30,753	2	83,747	143,950
revaluation increases/(decreases) recognised in the Revaluation Reserve	15,177					15,177
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(29,534)					(29,534)
derecognition - disposals	(31,373)	(239)				(31,612)
derecognition - recategorised as REFCUS						-
derecognition - other	(4,243)					(4,243)
assets reclassified	(2,257)	250		340	(877)	(2,545)
At 31 March 2015	**799,338**	**25,080**	**380,227**	**4,035**	**122,194**	**1,330,874**
Accumulated Depreciation and Impairment						
At 1 April 2014	**(92,751)**	**(20,187)**	**(54,862)**	**(129)**	**-**	**(167,929)**
depreciation charge	(20,424)	(1,949)	(9,668)	23		(32,018)
depreciation written out to the Revaluation Reserve	12,116					12,116
derecognition - disposals	7,052	197				7,249
derecognition - other	1,026					1,026
other movements in depreciation and impairment	108			(49)		59
At 31 March 2015	**(92,873)**	**(21,938)**	**(64,530)**	**(155)**	**-**	**(179,497)**
Net Book Value						
as at 31 March 2015	706,465	3,142	315,697	3,880	122,194	1,151,377
as at 1 April 2014 Restated	729,953	4,297	294,612	3,564	39,324	1,071,751

The main items comprising additions of £143.950m are the Energy from Waste plant (£79.618m) within Assets under construction, Strategic Highways Maintenance and Management of £18.313m within Infrastructure Assets and in Other Land & Buildings £5.578m development of Furzedown School; £2.250 Mandeville School Sports Facilities and £3.461m School Property Maintenance programme.

De-recognition disposals includes the transfer to Academy status of Beaconsfield High School (£19.671m) and Wye Valley School (£6.316m) and disposal of Kingswood School (£4.089m).

Restated 2013/14	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or Valuation						
At 1 April 2013	**802,826**	**22,756**	**323,029**	**3,693**	**5,480**	**1,157,785**
additions	38,944	1,792	26,445	-	38,003	105,184
revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,452)	-	-	-	-	(1,452)
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,242)	-	-	-	-	(5,242)
derecognition - disposals	(9,698)	(65)	-	-	-	(9,763)
derecognition - recategorised as REFCUS	(4,159)					(4,159)
derecognition - other	(2,905)					(2,905)
assets reclassified	4,391	-	-	-	(4,159)	232
At 31 March 2014	**822,704**	**24,483**	**349,475**	**3,693**	**39,324**	**1,239,680**
Accumulated Depreciation and Impairment						
At 1 April 2013	**(84,825)**	**(16,838)**	**(45,194)**	**(118)**	**-**	**(146,975)**
depreciation charge	(19,550)	(3,397)	(9,668)	(11)		(32,626)
depreciation written out to the Revaluation Reserve	8,564	-	-	-		8,564
derecognition - disposals	3,025	48				3,073
derecognition - other	267					267
other movements in depreciation and impairment	(233)	-	-	-	-	(233)
At 31 March 2014	**(92,751)**	**(20,187)**	**(54,862)**	**(129)**	**-**	**(167,929)**
Net Book Value						
as at 31 March 2014 Restated	729,953	4,297	294,612	3,564	39,324	1,071,750
as at 1 April 2013 Restated	718,001	5,918	277,835	3,575	5,480	1,010,810

Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value	Amount Outstanding at 31st March 2015
			£000	**£000**
Furze Down	Construction	Leadbitter	9,250	425
Disraeli	Construction	Jarvis	3,710	3,260
Castlefield	Construction	Edgar Taylor	1,358	990
Misbourne	Construction	Borras	2,720	1,787
St Mary's FL	Construction	Borras	1,485	1,170
Flackwell Heath	Construction	Edgar Taylor	1,065	785
			19,588	**8,417**

At 31 March 2015, the Council has £8.417m capital commitments for the construction or enhancement of Property, Plant, Equipment and Intangible assets. Commitments as at 31 March 2014 were £8.625m.

Revaluations

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations for 2014/15 have been carried out by RICS qualified external company, Carter Jonas. The effective date of valuation for the current year was 1 April 2014.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000
Carried at historical cost:		3,142	315,697
Valued at fair value as at:			
31 March 2011	102,308		
31 March 2012	526,661		
31 March 2013	108,238		
31 March 2014	147,060		
31 March 2015	159,360		
Total Cost or Valuation	**1,043,627**	**3,142**	**315,697**

The significant assumptions applied in estimating fair values are:

- Unless otherwise stated, the title of the properties is free from onerous and unusual restrictions
- No structural surveys or internal inspections have been carried out
- The properties are not affected by deleterious or hazardous materials, land contamination or adverse ground conditions; and no investigation has been carried out to determine the presence of any such contamination
- Assets are unaffected by flooding, subsidence and any matters which would be revealed by local search
- Fair Value in Existing Use is based on the 'modern equivalent asset'

Academy Schools

The total value of Academy Schools that are now held under finance leases (note 28) was £103.107m as at 31 March 2015 (£97.049m as at 31 March 2014).

Prior Period Adjustment

The 2014/15 Code of Practice includes new accounting requirements for Schools which has resulted in a change in accounting policy and a prior period adjustment in relation to non-current assets for Schools. The change in accounting policy requires that Foundation Schools are recognised (where the non-current assets are vested in the Governing Body of the Schools) and Voluntary Controlled Schools are derecognised (where the non-current assets are used by Schools under 'mere' licences) on Balance Sheet as follows:

	£000
Foundation Schools (at 1 April 14)	45,837
Voluntary Controlled Schools (at 1 April 14)	58,678
Net impact	12,841

The effect of the restatement on the Balance Sheet and MiRS is as follows:

	At 31 March 2014 Original £000	**At 31 March 2014 Restated** £000	**Adjustment made** £000
Property, Plant & Equipment	1,084,590	1,071,749	(12,841)
Unusable Reserves	(383,913)	(371,072)	12,841
Capital Adjustment Account (Note 25)	(655,514)	(642,673)	12,841

The effect of the restatement of Property, Plant & Equipment note is as follows:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation at 1 April 2014						
As originally stated	826,512	24,483	349,475	3,693	39,324	1,243,488
As restated	822,704	24,483	349,475	3,693	39,324	1,239,680
Adjustment made	(3,808)	-	-	-		(3,809)
Accumulated Depreciation and Impairment at 1 April 2014						
As originally stated	(83,718)	(20,187)	(54,862)	(129)	-	(158,896)
As restated	(92,751)	(20,187)	(54,862)	(129)	-	(167,929)
Adjustment made	(9,033)	-	-	-	-	(9,033)
Net Book Value at 31 March 2014						
As originally stated	742,794	4,297	294,612	3,564	39,324	1,084,591
As restated	729,953	4,297	294,612	3,564	39,324	1,071,751
Adjustment made	(12,841)	-	-	-		(12,841)

The effect of the restatement on the 2013/14 CIES is as follows:

Cost of Services			
Education and Children's Services	**Expenditure**	**Income**	**Net Expenditure**
As originally stated	467,962	(312,280)	155,682
As restated	465,796	(312,280)	153,516
Adjustment made	(2,166)	-	(2,166)
Other Operational Expenditure	**Expenditure**	**Income**	**Net Expenditure**
As originally stated	865	-	865
As restated	357	-	357
Adjustment made	(508)	-	(508)
Surplus or Deficit on the Provision of Services	**Expenditure**	**Income**	**Net Expenditure**
As originally stated	774,561	(755,180)	19,381
As restated	771,887	(755,180)	16,707
Adjustment made	(2,674)	-	(2,674)

Revenue expenditure funded from Capital under Statute ('REFCUS')

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax. Amounts charged to REFCUS are detailed in note 15 below.

15 - Capital Expenditure and Capital Financing

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

	2013/14	2014/15
	£000	£000
Opening Capital Financing Requirement	220,151	247,801
Capital Investment		
Property, plant and equipment	105,192	143,950
Intangible assets	679	702
Revenue Expenditure Funded from Capital Under Statute	30,063	6,270
Source of Finance		
Capital receipts	(11,072)	(16,864)
Government grants and other contributions	(79,026)	(42,572)
Direct revenue contributions	(9,778)	(11,869)
Minimum revenue provision	(8,408)	(8,084)
Closing Capital Financing Requirement	**247,801**	**319,334**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	(8,408)	(8,084)
Assets acquired under PFI/Service Concession Arrangements	36,057	79,618
Increase/(decrease) in Capital Financing Requirement	**27,649**	**71,534**

16 – Service Concession Arrangements

Service concession arrangements (similar to PFI contracts) are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. As the Council is deemed to control the services and property, plant and equipment that are provided under the scheme, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

On 17 April 2013 the Council signed a 30-year contract for circa £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. FCC Buckinghamshire Ltd, a special purpose vehicle, has been set up by FCC Environment with the sole purpose of delivering the contract. Financial close was completed on 22nd August 2013 and construction commenced on site on 11 September 2013. The arrangement requires the Council to pay the Facilities Payment Sum (a single bullet payment of £180m) which equates to 85% of the construction costs of the project once the plant is operational and has passed its acceptance tests. The payment is due on 1 May 2016.

Assets under construction
An asset under construction has been recognised in the Councils Balance Sheet based on the value of works certified by an independent certifier Mott MacDonalds. A corresponding long-term liability has been recognised within Note 20 Financial Instruments.

Payments
Once the plant is operational, the Council will make an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the contract at 31 March 2015 (excluding any estimation of inflation and availability/ performance rewards or deductions) are as follows:

	Reimbursement of capital expenditure	Payment for services	Total
	£000	£000	£000
Payable in 2015/16	-	270	270
Payable in 2 – 5 years	180,000	6,958	186,958
Payable in 6 – 10 years	-	9,839	9,839
Payable in 11 – 15 years	-	11,236	11,236
Payable in 16 – 20 years	-	12,781	12,781
Payable in 21 – 25 years	-	14,545	14,545
Payable in 26 – 30 years	-	16,557	16,557
Payable in 31 years to end of contract	-	2,981	2,981

Although the payments made to the contractor are described as unitary charge payments, they have been calculated to compensate the contractor for the fair value of the services they provide only. The liability outstanding to be paid to FCC Buckinghamshire Ltd for capital expenditure incurred is as follows:

	2013/14	**2014/15**
	£000	£000
Balance outstanding at start of year	-	36,057
Payments during the year	-	-
Capital expenditure incurred in the year	36,057	79,618
Balance outstanding at year-end	**36,057**	**115,675**

A Waste reserve has been set up to manage the financial implications of this contract; the value of this is £46.608m (2013/14 £36.909m). Provision has been made in the Council's Medium Term Plan for the ongoing interest / financing and MRP requirement of £5.5m.

17 – Heritage Assets

Heritage Assets are those assets (either tangible or intangible) with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.
Where information is held on the cost or value of a Heritage Asset, the asset is recognised and measured (including the treatment of revaluation gains and losses and impairments) in accordance with the policy for Property, Plant and Equipment in respect of tangible heritage assets or in accordance with the policy in respect of intangible heritage assets. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised in the Balance Sheet. No depreciation or amortisation is charged on heritage assets which have indefinite lives.

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

	Historic Sites and Monuments £000	Kederminster Library and Pew £000	Museum Collections and Paintings £000	Total £000
Valuation				
1 April 2013	847	1,022	5,681	7,550
31 March 2014	**847**	**1,022**	**5,681**	**7,550**
1 April 2014	847	1,022	5,681	7,550
31 March 2015	**847**	**1,022**	**5,681**	**7,550**

All heritage assets recognised in the balance sheet are tangible assets. It is not practical to provide a summary of transactions in relation to Heritage Assets prior to 1 April 2010.

Historic Sites and Monuments

The Council has identified six Heritage Assets sited within Country Parks and Green Spaces, managed and maintained by Countryside Services;

- Brill Windmill;
- Cholesbury Camp;
- Whiteleaf Cross and Woods
- Coombe Hill Monument
- The John Hampden Memorial
- Gott's Monument

Kederminster Library and Pew

Kederminster Library and the adjoining aisle and family vault were acquired by the Council in 1945 as part of the Langley Park estate. The Library contains a collection of 300 theological works and is housed in a highly-ornate room provided by Sir John Kederminster in 1623.

County Museum Collections and Paintings

Buckinghamshire County Museum cares for more than 130,000 items, which represent the heritage of the county in collections built up over the last 150 years. The museum is accredited through the National Museum Accreditation programme, entrance is free and opening times are published on the website.
The Council also holds a series of paintings and portraits within the Judges Lodgings. These are reported at insurance value and are not normally open to the public.

Centre for Buckingham Studies

The Centre for Buckinghamshire Studies is located in the County Offices, Aylesbury, and provides the archive service covering the historical county of Buckinghamshire. The Centre holds the County Council's own archive, dating from 1889, and archives inherited from other county bodies. Due to the diverse nature of the collections and lack of comparable market values, the collections are not included in the Balance Sheet.

18 - Intangible Assets

Expenditure on non-monetary assets that do not have physical substance (e.g. software licences) is capitalised as Intangible Assets when it is expected that future economic benefits or service potential will flow to the Council, and to the extent that the asset is not an integral part of Property, Plant and Equipment.

Intangible assets are measured initially at cost. Amounts are not revalued as their fair value cannot be determined by reference to an active market. All software is given a finite useful life, which has been assessed as between 1 and 6 years, based on the period that it is expected to be used. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.085m charged to revenue in 2014/15 is absorbed as an overhead across all the service headings in the CIES. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2013/14	2014/15
	£000	£000
Balance at start year:		
Gross carrying amounts	9,409	10,088
Accumulated amortisation	(6,402)	(7,564)
Net carrying amount at start of year		
Purchases	679	702
Assets reclassified		
Amortisation for the period	(1,162)	(1,085)
Net carrying amount at end of year	**2,524**	**2,141**
Comprising:		
Gross carrying amounts	10,088	10,790
Accumulated amortisation	(7,564)	(8,649)
	2,524	**2,141**

19 - Assets Held for Sale

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

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

	2013/14	2014/15
	£000	£000
Balance outstanding at start of the year:	7,897	6,318
Assets newly classified as held for sale:		
Property, Plant and Equipment	8	2,486
Depreciation	(12)	-
Assets declassified as held for sale:		
Assets sold	(1,575)	(5,231)
Balance outstanding at year end	**6,318**	**3,573**

20 - Financial Instruments

Financial Assets

Financial assets are classified into two types:

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

Loans and receivables

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

Available-for-Sale Assets

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Premiums and discounts on the early redemption of loans are charged to the CIES when incurred, however regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

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

	Long-term		Current	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
Investments				
Loans and Receivables:	**£000**	**£000**	**£000**	**£000**
Cash and Cash Equivalents	-		15,728	1,015
Temporary Loans	-		1,463	1,145
Investments	15,440	18,875	89,651	100,186
Available-for-sale Financial Assets	-	-	82,080	76,369
Total Investments	**15,440**	**18,875**	**188,922**	**178,716**
Trade and Other Receivables				
Loans and Receivables	21,423	19,767	43,656	51,794
Total Trade and Other Receivables	**21,423**	**19,767**	**43,656**	**51,794**
Less Statutory Items to be Excluded				
Payments in Advance	-	-	(3,740)	(5,640)
Collection Fund Adjustment	-	-	(10,674)	(10,431)
Her Majesty's Revenue and Customs (HMRC)	-	-	(6,760)	(11,173)
Total to be Deducted from Loans and Receivables	**-**	**-**	**(21,174)**	**(27,244)**
Total Value of Assets	**36,863**	**38,642**	**211,404**	**203,266**
Borrowings				
Financial Liabilities at Amortised Cost	(174,196)	(162,464)	(13,453)	(28,250)
Total Borrowings	**(174,196)**	**(162,464)**	**(13,453)**	**(28,250)**
Other Long Term Liabilities				
Service Concession Arrangements	(36,057)	(115,675)		
Total Other Long Term Liabilities	**(36,057)**	**(115,675)**		
Trade and Other Payables				
Financial Liabilities at Amortised Cost	-	-	(99,521)	(86,930)
Total Trade and Other Payables	**-**	**-**	**(99,521)**	**(86,930)**
Less Statutory Items to be Excluded				
Receipts in Advance and Deferred Income	-	-	20,647	17,854
Collection Fund Adjustment	-	-	4,179	3,467
HMRC	-	-	4,712	4,600
Total to be Deducted from Liabilities	**-**	**-**	**29,538**	**25,921**
Total Value of Liabilities	**(210,253)**	**(278,139)**	**(83,436)**	**(89,259)**

	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000
Interest expense	11,033	-	-	11,033
Total expense in Surplus or Deficit on the Provision of Services	**11,033**	**-**		**11,033**
Interest income	-	(2,369)	(313)	(2,682)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(2,369)**	**(313)**	**(2,682)**
Net loss/(gain) for the year	**11,033**	**(2,369)**	**(313)**	**8,351**

Fair Values of Assets and Liabilities

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

- The fair value of PWLB loans as at 31 March 2015 is the repayment cost calculated using the repayment interest rates at 31 March 2015. The relevant interest rates are published on the Debt Management Office website
- The fair value of the Lender Option, Borrower Option loans (LOBOs) are based on calculations using the market interest rates available for similar loans from similar lenders at 31 March 2015
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced amount less the provision for bad debt

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	(257,632)	(300,323)	(251,723)	(331,427)
Other long-term liabilities	(36,057)	(36,057)	(115,675)	(115,675)

The fair value of financial liabilities is higher than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2014		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	226,844	227,427	222,141	235,320
Long-term Tade and Other Receivables	21,423	21,423	19,767	19,767

The fair value of loans and receivables is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

21 - Nature and Extent of Risks Arising from Financial Instruments

The Council's overall treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Treasury risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

A country is assigned a sovereign rating which signifies the country's ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is AAA; AA+ is the next strongest.

The Council invests in the UK or specified AAA and AA+ sovereign rated countries, the total maximum that can be invested in an individual AAA sovereign rated country is £30m and the total maximum that can be invested in an individual AA+ sovereign rated country is £15m. Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

Creditworthiness

The Council follows the rating issued by the three main agencies (Fitch, Moodys and Standard and Poor) and defines the following as being of "high credit quality" for making investments, subject to the monetary and time limits shown.

	Monetary Limit	Time limit for UK or AAA sovereign rated countries	Time limit for AA+ sovereign rated countries
Banks and building societies holding long-term credit ratings no lower than AAA or equivalent	£25m each	5 years	5 years
Banks and building societies holding long-term credit ratings no lower than AA+ or equivalent	£25m each	5 years	4 years
Banks and building societies holding long-term credit ratings no lower than AA or equivalent	£25m each	4 years	3 years
Banks and building societies holding long-term credit ratings no lower than AA- or equivalent	£25m each	3 years	2 years
Banks and building societies holding long-term credit ratings no lower than A+ or equivalent	£25m each	2 years	1 year
Banks and building societies holding long-term credit ratings no lower than A or equivalent	£10m each	18 months	6 months
Banks and building societies holding long-term credit ratings no lower than A- or equivalent, with assets greater than £1bn	£10m each	6 months	6 months
UK Building societies holding long-term credit ratings no lower than BBB or equivalent, with assets greater than £1bn	£3m each	6 months	N/A
UK Building societies without credit ratings, with assets greater than £1bn	£3m each	6 months	N/A
Money market funds and similar pooled vehicles whose lowest published credit rating is AAA	£20m each	1 year	N/A
UK Central Government (irrespective of credit rating)	unlimited	50 years	N/A
UK Local Authorities (irrespective of credit rating)	£25m each	25 years	N/A
Organisations and pooled funds which do not meet the above criteria, subject to an external credit assessment and a specific recommendation from the Council's treasury management adviser	£5m per individual	5 years	N/A
	£25m per pooled fund	No defined maturity date	N/A
Collective investment schemes (pooled funds) which do not meet the definition of collective investment schemes in Statutory Instrument (SI) 2004 No 534 or SI 2007 No 573 and subsequent amendments	£25m	No defined maturity date	N/A

Group Limits

The maximum amount invested with a connected group of counterparties is £20m (although the maximum investment with a single counterparty within any group is dependent on the bank's credit rating.) Investments in part nationalised and nationalised banks are not subject to a government group limit.

Credit Watch / Outlook Overlay

From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

Credit Default Swaps (CDS) Overlay

Credit rating agencies lag market events and therefore do not provide investors with an up to date picture of the credit quality of a particular institution. A CDS is a financial instrument which insures against the risk of a counterparty defaulting on its credit. When the cost of this insurance is highest, then it is more likely that the market considers a credit event will occur. Each month Arlingclose provides CDS spreads information enabling the

Treasury Team to monitor short, medium and long term trends of CDS spreads. If there is a spike in the values of CDS's due to adverse market conditions, then Arlingclose alert the Treasury Team immediately.

Exposure to Credit Risk

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

	Amount at 31 March 2015	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015	Estimated maximum exposure at 31 March 2014
	£0	%	%	£0	£0
	A	B	C	(A x C)	
Deposits with banks and financial institutions	175,811	0.05	0.05	87.6	106.5
Customers	22,237	0	1.212	724	594.8
				811.6	**701.3**

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Of the £22.237m (2013/14 £21.198m) balance £18.4m (2013/14 £17.3m) of trade receivables were individually assessed for impairments. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess. This review resulted in a required provision of £0.724m (2013/14 £0.595m) to be made in respect of these trade receivables.

The Council does not generally allow credit for customers, such that £7.623m of the £18.4m balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2014		31 March 2015
£000		£000
4,227	Less than three months	2,234
687	Three to six months	542
632	Six months to one year	1261
3,327	More than one year	3,586
8,873		**7,623**

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

31 March 2014 £000		31 March 2015 £000
11,732	Less than one year	11,732
11,732	Between one and two years	11,732
33,464	Between two and five years	23,464
129,000	More than five years	129,000
185,928		**175,928**

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the CIES will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so notional gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the CIES and affect the General Fund Balance pound for pound.

The Council has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. If interest rates had been 1% higher with all other variables held constant, the financial effect in 2014/15 would have been:

31 March 2014 £000		31 March 2015 £000
0	Increase in interest payable on variable rate borrowings	0
(570)	Increase in interest receivable on variable rate investments	(650)
(570)	**Impact on Surplus/Deficit on the Provision of Services**	**(650)**
731	Decrease in fair value of fixed rate investment assets	554
731	**Impact on other Comprehensive Income and Expenditure**	**554**
16,928	Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus/Deficit on the Provision of Services or other Comprehensive Income and Expenditure	26,560

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

Price Risk

The Council does not invest in equity shares (although the Pension Fund, for which the Council is the administering body, does invest in equity shares)

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. At financial close on the EfW contract, FCC Bucks Ltd entered into the foreign exchange hedges to fix the rate for construction payments. As a result the risk of exposure to loss arising from movements in exchange rates in respect of the EfW contract has been mitigated.

22 - Cash and Cash Equivalents

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

31 March 2014		31 March 2015
£000		£000
(4,280)	Bank current accounts	1,015
20,008	Short-term deposits	
15,728	**Total Cash and Cash Equivalents**	**1,015**

23 – Trade and Other Receivables and Payables

Short-term Trade and Other Receivables

	31 March 2014	31 March 2015
	£000	£000
Central government bodies	828	732
HM Revenue and Customs	6,760	11,173
Other local authorities and NHS	1,051	2,483
Collection Fund adjustment	10,674	10,253
Sundry Tade and Other Receivables	21,198	22,237
Payments in advance	3,740	5,640
Total	**44,251**	**52,518**
Provision for doubtful debts	(595)	(724)
Total Short Term Trade and Other Receivables	**43,656**	**51,794**

Long Term Trade and Other Receivables

	31 March 2014	31 March 2015
	£000	£000
Reprovisioning of social care	16,459	15,633
Finance lease	3,634	2,917
Other Long Term Trade and Other Receivables	1,330	1,217
Total Long Term Trade and Other Receivables	**21,423**	**19,767**

Short-term Trade and Other Payables

	31 March 2014	31 March 2015
	£000	£000
HM Revenue and Customs	(4,712)	(4,600)
Central government bodies	(2,319)	(1,206)
Other local authorities	(2,199)	(2,062)
Collection Fund adjustment	(4,179)	(3,482)
Deposits from contractors and others	(17,361)	(13,235)
Other sundry creditors	(38,692)	(37,059)
Receipts in advance and deferred income	(20,647)	(17,854)
Capital expenditure	(9,412)	(7,432)
Total	**(99,521)**	**(86,930)**

24 - Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. 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. The following provisions have been made as at 31 March 2015:

	Current Provisions		Long Term Provisions			
	Redundancy and Pension Strain	Carbon Reduction Commitment	Insurance	National Non-Domestic Rates	Other	Total
	£000	£000	£000	£000		£000
1 April 2014	**(154)**	**(484)**	**(5,227)**	**(1,111)**	**-**	**(6,976)**
Additional provisions made	-	-	(623)	(474)	(60)	(1,157)
Amounts used	154	484	56	-	-	694
Balance at 31 March 2015	**-**	**-**	**(5,794)**	**(1,585)**	**(60)**	**(7,439)**

Current Provisions

- Redundancy and Pension Strain - the Council has an obligation to make these payments to employees who are made redundant. A provision is recognised when a redundancy plan is reasonably certain and the amount can be reasonably estimated. No provision was required for 2014/15
- Carbon Reduction Commitment (CRC) – The CRC Energy Efficiency Scheme, no provision was required for 2014/15 due to the scheme finishing

Long Term Provisions

- Insurance - these exist for meeting claims under a self-insurance scheme. There are cumulative limits to these, above which claims will be met by the Council's insurers. These cover areas of insurance such as motor, fire, maternity cover and employees. In addition a provision is maintained for probable liabilities following the Municipal Mutual Insurance ceasing to undertake new business.
- The Local Government Finance Act 2012 introduced a business rates retention scheme which came into effect in 2013/14. District Councils are responsible for collecting business rates and are required to make provision for amounts that are likely to be repaid to ratepayers following successful appeals. The Council is required to separately disclose its share of these provisions.

25 - Unusable Reserves

Unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

2013/14 Restated £000		2014/15 £000
(181,718)	Revaluation Reserve	(201,384)
(642,673)	Capital Adjustment Account	(629,931)
2,403	Financial Instruments Adjustment Account	2,243
(21,606)	Deferred Capital Receipts Reserve	(20,101)
471,109	Pensions Reserve	583,008
(5,385)	Collection Fund Adjustment Account	(5,187)
6,798	Accumulated Absences Account	5,607
-	Available for Sale Financial Instruments Reserve	(625)
(371,071)	**Total Unusable Reserves**	**(265,744)**

Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 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.

2013/14 £000			2014/15 £000
(182,336)	**Balance at 1 April**		(181,718)
(9,896)	Upward revalution of assets	(39,877)	
2,784	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12,584	
(7,112)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		**(27,293)**
2,205	Difference between fair value depreciation and historical cost depreciation	2,284	
5,524	Accumulated gains on assets sold or scrapped	5,343	
7,729	Amount written off to the Capital Adjustment Account		**7,627**
(181,718)	**Balance at 31 March**		**(201,384)**

Capital Adjustment Account

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

The Account 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.

2013/14			2014/15
£000			£000
(608,865)	**Balance as restated as at 1 April**		(642,673)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
32,638	- Charges for depreciation and impairment of non-current assets	32,018	
5,242	- Revaluation losses on Property, Plant and Equipment	29,534	
1,162	- Amortisation of intangible assets	1,085	
30,063	- Revenue Expenditure Funded from Capital Under Statute	6,270	
4,159	- Expenditure recategorised as REFCUS financed in prior year	-	
10,903	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	32,811	
84,167			**101,718**
	Adjusting amounts written out of the Revaluation Reserve		
(7,729)	- Net written out amount of the cost of non-current assets consumed in the year	(7,627)	
	Capital financing applied in the year:		
(11,072)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(16,864)	
(32,665)	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(41,142)	
(46,361)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(1,430)	
(8,408)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(8,084)	
(1,961)	- Voluntary provision for the financing of capital investment charged against the General Fund balance	(1,961)	
(9,778)	- Capital expenditure financed from the General Fund	(11,869)	
(117,974)			**(88,976)**
(642,673)	**Balance at 31 March**		**(629,931)**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for premiums and discounts on the early repayment of loans per statutory provisions. The premium or discount is spread over the unexpired term of the loan when it was redeemed.

2013/14		2014/15
£000		£000
2,563	**Balance at 1 April**	2,403
(160)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(160)
(160)		**(160)**
2,403	**Balance at 31 March**	**2,243**

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. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013/14		2014/15
£000		£000
(22,584)	**Balance at 1 April**	(21,606)
(451)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehenisve Income and Expenditure Statement	-
1,429	Transfer to the Capital Receipts Reserve upon receipt of cash	1,505
(21,606)	**Balance at 31 March**	**(20,101)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve indicates a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

2013/14		2014/15
£000		£000
429,417	**Balance at 1 April**	471,109
(12,606)	Actuarial gains on pensions assets	(46,408)
37,131	Actuarial losses on pensions liabilities	140,115
42,481	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	44,716
(25,314)	Employer's pension contributions and direct payments to pensioners payable in the year	(24,517)
471,109	**Balance at 31 March**	**585,015**

Collection Fund Adjustment Account

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

2013/14		2014/15
£000		£000
(2,391)	**Balance at 1 April**	(5,385)
(4,045)	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	1,425
1,051	Amount by which National Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(1,227)
(5,385)	**Balance at 31 March**	**(5,187)**

Accumulated Absences Account

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

2013/14		2014/15
£000		£000
7,015	**Balance at 1 April**	6,798
(7,015)	Settlement or cancellation of accrual made at the end of the preceding year	(6,798)
6,798	Amounts accrued at the end of the current year	5,607
(217)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**(1,191)**
6,798	**Balance at 31 March**	**5,607**

Available for Sale Financial Instrument Reserve

The Available for Sale Financial Instruments Reserve contains the gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are either revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.

2013/14		2014/15
£000		£000
-	**Balance at 1 April**	-
-	Fair Value adjustments on Available for Sale Financial Assets	(625)
-	**Balance at 31 March**	**(625)**

26 - External Audit Costs

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

	2013/14	2014/15
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	115	115
Fees payable for the certification of grant claims and returns for the year	2	2
Fees payable in respect of other services provided during the year	-	-
Total	**117**	**117**

27 – Notes to the Cashflow Statement

Adjustment to net surplus or deficit on the provision of services for non-cash movements

2013/14 £000		2014/15 £000
16,707	Net (surplus) or deficit on the provision of services	40,457
(37,478)	■ Depreciation, impairment and downward valuations	(61,551)
(1,162)	■ Amortisations	(1,085)
46	■ Increase in impairment for provision of bad debts	(129)
(2,516)	■ Increase / decrease in creditors	12,591
858	■ Increase /decrease in debtors	6,612
132	■ Increase / decrease in inventories	(2)
(17,167)	■ Movement in Pension liability	(18,192)
(11,411)	■ Carrying amount of non-current assets sold or derecognised	(32,811)
4,704	■ Other non-cash items charged to the net Surplus or Deficit on the provision of services	(464)
(63,995)		**(95,032)**

Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities

2013/14 £000		2014/15 £000
10,551	■ Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9,539
42,436	■ Any other items for which the cash effects are investing or financing activities	42,305
52,987		**51,844**
5,700	**Net cash flows from Operating Activities**	**(2,730)**

28 - Pooled Budgets

Integrated Mental Health Provision for Adults of Working Age Agreement

This is a partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH). OBMH acted as host for the pooled budget.

2013/14 £000		2014/15 £000
	Expenditure	
8,543	Integrated mental health provided services	8,039
8,543	**Total Expenditure**	**8,039**
	Income	
(2,377)	Contribution from Buckinghamshire County Council	(2,338)
(6,166)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(5,701)
(8,543)	**Total Income**	**(8,039)**
-	**Balance**	-

Children and Adolescence Mental Health Services (CAMHS)

This is a partnership with Clinical Commissioning Group. The Council is the host authority for the pooled fund arrangement.

2013/14 £000		2014/15 £000
	Expenditure	
5,490	Children and adolescence mental health services	5,440
5,490	**Total Expenditure**	**5,440**
	Income	
(1,293)	Contribution from Buckinghamshire County Council	(1,282)
(1,619)	Contribution from Aylesbury Vale Clincial Commissioning Group	(1,604)
(2,578)	Contribution from Chiltern Clinical Commissioning Group	(2,554)
(5,490)	**Total Income**	**(5,440)**
-	**Balance**	-

The Council has a number of other Pooled Budget arrangements, those over £1m are listed below:-

2013/14 £000	Other Pooled Budget Arrangements	2014/15 £000
3,469	Joint Pooled Community Equipment Loan Service	3,384
2,974	Integrated Mental Health Provision for Older People Agreement	2,945
2,371	Residential Respite Short Breaks Pooled Fund	2,371
2,168	Speech and Language Therapy	2,008

29 - 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.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease’s inception and is subject to depreciation being charged over the shorter of the lease term and the asset’s estimated useful life.

The Council has ten properties (libraries and offices) included in its asset register that are finance leases with a net book value of £10.137m (2013/14 £9.368m). All properties have rentals payable of less than £1k per annum, with the exception of Chiltern Area Office for which the rental is £12k per annum. As a result no corresponding liability has been recognised in relation to these assets.

	31 March 2014 £000	31 March 2015 £000
Other Land and Buildings	9,368	10,137
Finance Lease Net Book Value	**9,368**	**10,137**

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The future minimum lease payments due under operating leases are:

	31 March 2014	31 March 2015
	£000	**£000**
Amounts paid during the year	**1,405**	**999**
Not later than one year	827	788
Later than one year and not later than five years	1,301	1,172
Later than five years	881	790
Total Estimated Future Payments	**3,009**	**2,750**

The amounts paid in year comprise the following elements:

	31 March 2014	31 March 2015
	£000	**£000**
Minimum lease payments	1,517	999
Contingent rents	50	-
Sublease payments receivable	(162)	(62)
	1,405	**937**

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal; a gain or loss on disposal is credited to the Comprehensive Income and Expenditure Statement and matched by a lease (long-term trade receivables) asset in the Balance Sheet. Any consideration is treated as a capital receipt.

In 2007/08 the Council granted a finance lease to a company for rights to gravel extraction from Council land near Denham. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land when the lease comes to an end. The minimum lease payments are apportioned between:

- settlement of the long-term trade receivables for the interest in the property acquired by the lessee; and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gross investment is made up of the following amounts:

	31 March 2014	31 March 2015
Finance lease debtor (net present value of minimum lease payments):	**£000**	**£000**
■ current	678	717
■ non-current	3,634	2,917
Unearned finance income	848	599
Unguaranteed residual value of property	200	200
Gross investment in the lease	**5,360**	**4,433**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
	£000	£000	£000	£000
Not later than one year	927	927	927	927
Later than one year and not later than five years	3,708	3,506	3,708	3,306
Later than five years	725	-	525	-
	5,360	**4,433**	**5,160**	**4,233**

The Council has granted a number finance leases to schools on obtaining Academy status for nil rentals. The value of buildings derecognised totals £103.107m 2014/15 (£97.049m 2013/14); the land has not been derecognised. No residual values are held in respect of buildings.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

The Council leases some of its property and vehicles for a variety of purposes including agricultural tenancies, service tenancies, provision of community services, roundabout sponsorship and commercial lets. The future minimum lease payments receivable under these leases in future years are:

	31 March 2014	31 March 2015
	£000	£000
Not later than one year	1,444	2,172
Later than one year and not later than five years	3,119	4,731
Later than five years	3,188	3,726
	7,751	**10,629**

Pension Fund

Statement of Accounts

For the year ending 31 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the Pension Fund financial statements of the Buckinghamshire County Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The Pension Fund financial statements comprise the Pension Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

Respective responsibilities of the Director of Assurance and auditor

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

Scope of the audit of the pension fund 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 pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Assurance; and the overall presentation of the Pension Fund financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited Pension Fund 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 the pension fund financial statements

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword for the financial year for which the Pension Fund financial statements are prepared is consistent with the Pension Fund financial statements.

Darren Wells
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

September 2015

Description of the Fund

Buckinghamshire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Buckinghamshire County Council. Organisations participating in the Fund include the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 21 to these Financial Statements. A review of the investment strategy in May 2014 showed that the overall risk factor (standard deviation) for the Fund could be reduced from 15.2% to 13.5% by decreasing the Fund's allocation to equities and increasing the allocation to bonds. At the beginning of June 2014, the allocation to equities was decreased from 58% to 49% of the Fund and the allocation to bonds was increased from 15% to 25%. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Employee contribution bands range from 5.5% to 12.5% of pensionable pay for the year ending 31 March 2015. From April 2014 there is a 50/50 option which means members can pay half their contribution rate and build up half the pension benefit whilst retaining full value of other scheme benefits such as death in service lump sum and ill health cover. Accrued pension is revised annually in line with the Consumer Prices Index. Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. More details of benefits provided under the scheme are available on the Council's pension website.
http://www.buckscc.gov.uk/about-your-council/local-government-pension-fund/scheme-members/

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2014	Membership of the Fund	31 March 2015
21,693	Contributors	25,112
15,266	Pensioners	15,900
20,832	Deferred pensioners	21,791
57,791	**Total Membership of the Fund**	**62,803**

Statement of Investment Principles (SIP)

In order to ensure the proper management of the Fund, the Council has adopted a Statement of Investment Principles (SIP) in relation to the investment of the Pension Fund's assets. The SIP can be viewed on the Council's pension website.
Statement of investment principles - Buckinghamshire County Council

Further Information

The County Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website.
http://www.buckscc.gov.uk/bcc/pensions/investments/accounts.page

Pension Fund Account for the Year Ended 31 March 2015

Restated 31 March 2014 £000	Pension Fund Account	Note	31 March 2015 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
112,454	Contributions	3	107,376
6,426	Transfers in from other pension funds	4	4,238
78	Other income		107
118,958			**111,721**
	Benefits	5	
(70,743)	Pensions		(75,543)
(19,880)	Commutation of pensions and lump sums		(20,542)
	Payments to and on Account of Leavers	6	
(9)	Refunds of contributions		172
(6,286)	Transfers out to other pension funds		(5,708)
(96,918)			**(101,621)**
22,040	**Net Additions from Dealings with Members**		**10,100**
(16,125)	**Management expenses**	7	**(15,619)**
	Returns on Investments		
36,375	Investment income	8	34,769
116,848	Profits and losses on disposal of investments and changes in value of investments	9	236,012
(1,540)	Taxes on income	16	(1,310)
151,683	**Net Returns on Investments**		**269,471**
157,598	**Net Increase/(Decrease) in the Net Assets Available for Benefits During the Year**		**263,952**
1,784,208	**Net Assets of the Fund Available to Fund Benefits at 1 April**		**1,941,806**
1,941,806	**Net Assets of the Fund Available to Fund Benefits at 31 March**		**2,205,758**

For 2014/15 the Fund changed its accounting policy for management expenses in accordance with CIPFA guidance. Management fees on pooled funds have been added to management expenses. The Pension Fund Account has been restated to include management fees on pooled funds and management expenses as a separate category.

Prior Period Adjustment	**2013/14 Original £000**	**2013/14 Restated £000**	**Adjustment Made £000**
Administrative expenses	(2,096)	-	2096
Investment management expenses	(5,179)	-	5,179
Management expenses	-	(16,125)	(16,125)
Profits and losses on disposal of investments and changes in values of investments	107,998	116,848	8,850
Total	**100,723**	**100,723**	**-**

Net Assets Statement

31 March 2014 £000	Net Assets Statement	Note	31 March 2015 £000
	Investments		
	Fixed interest securities		
10,020	▪ Public sector		23,432
114,527	▪ Other		194,261
715,872	Equities - quoted		683,237
48,560	Index-linked securities		87,050
846,696	Pooled investment vehicles		983,239
146,290	Unit trusts - property		160,074
31,956	Cash deposits		50,197
145	Derivative contracts		606
5,003	Dividend income receivable		6,453
1,919,069	**Net Investments**	11	**2,188,549**
-	Borrowings - sterling		-
27,260	Current assets	15	**22,355**
(4,523)	Current liabilities	15	**(5,146)**
1,941,806	**Net Assets of the Fund Available to Fund Benefits at 31 March**		**2,205,758**

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2014/15 financial year and its position at year end as at 31 March 2015. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at Note 18 of these accounts.

The Pension Fund is administered by Buckinghamshire County Council, but the Fund balances are not included in Buckinghamshire County Council's Consolidated Balance Sheet.

2. Accounting Policies and Critical Judgements in Applying Accounting Policies

Accounting Policies

Accruals of Income and Expenditure

The financial statements are prepared on an accruals basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Contributions, benefits and investment income are included on an accruals basis. All settlements for buying and selling investments are accrued on the day of trading. Interest on deposits is accrued if not received by the end of the financial year. Investment management expenses are accounted for on an accruals basis. Administrative expenses are accounted for on an accruals basis, staff costs are paid by Buckinghamshire County Council then recharged to the Pension Fund at the year end. 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 Net Assets Statement. Some additional payments are made to beneficiaries on behalf of certain employers. These payments are subsequently reimbursed by those employers. The figures contained in the accounts are shown exclusive of both payments and reimbursements.

Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Individual transfers in / out are accounted for when received / paid, which is normally when the member liability is accepted or discharged.

Investment Income
Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as dividend income receivable. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits / losses during the year.

Benefits Payable
Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Management Expenses
All management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. These are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee be performance related:

- Global Thematic Partners – global equities
- Investec Asset Management – global equities
- Mirabaud – UK equities
- Royal London Asset Management – bonds
- Schroders – global equities
- Standard Life – UK equities

Financial Instruments
Financial Instruments that are "held for trading" are classified as financial assets and liabilities at fair value through profit or loss when the financial instrument is:

- Acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- Part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- A derivative.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value excluding transaction costs and carried at fair value without any deduction for transaction costs that would be incurred on sale or disposal.

Financial instruments have been classified as Loans and Receivables when they have fixed or determinable payments and are not quoted in an active market. Loans and receivables are initially recognised at Fair Value and carried at historic cost as they are all short term.

The value of market quoted investments is determined by the bid market price ruling on the final day of the accounting period. Fixed interest securities are recorded at net market value based on their current yields. Pooled investments in property funds, equity funds, fixed interest funds, private equity funds and hedge fund of funds are valued by the fund manager in accordance with industry guidelines.

Foreign Currency Transactions
Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives
The Fund uses derivative financial instruments to manage its exposure to certain risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Currently the Fund only holds forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year end with an equal and opposite contract.

Cash and Cash Equivalents
Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Contingent Assets and Liabilities
Contingent liabilities are disclosed by way of note when there is a possible obligation which may require a payment or a transfer of economic benefits. The timing of the economic transfer and the level of certainty attaching to the event are such that it would be inappropriate to make a provision.

Contingent assets are disclosed by way of note where inflow or a receipt or an economic benefit is possible and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Pension Fund.

Critical Judgements in Applying Accounting Policies

Unquoted private equity investments
It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Private equities are valued by the investment managers using guidelines set out by the British Venture Capital Association.

Pension Fund Liability
The Fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Events After The Reporting Date
Since 31 March 2015, there has been some volatility in the financial markets, there would be an impact on the market value of the fund's investments were they to be valued as at the date these accounts were authorised. These changes are deemed to be non-adjusting post balance sheet events. There have been no events since 31 March 2015, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2015 have been included in these accounts.

2013/14 £000	Contributions	2014/15 £000
	Employers	
25,195	Administering authority	24,669
56,836	Scheduled bodies	48,931
5,032	Admitted bodies	6,390
	Employers' Augmentation Costs	
-	Administering authority	-
63	Scheduled bodies	-
-	Admitted bodies	-
	Members	
6,949	Administering authority	7,004
16,504	Scheduled bodies	18,153
1,875	Admitted bodies	2,229
112,454	**Total Contributions**	**107,376**

4. Transfer Values

2013/14 £000	Transfers in from other pension funds	2014/15 £000
-	Group transfers	-
6,426	Individual transfers	4,238
6,426	**Total Transfers in from other pension funds**	**4,238**

The individual transfer values relate to transfers, which have been received during the financial year i.e. included on a cash basis. On 31 March 2015 there were no outstanding transfer values receivable greater than £50k (no outstanding transfer values receivable on 31 March 2014).

On 31 March 2015 there were 5 group transfers to the Fund being negotiated with other Funds (3 on the 31 March 2014), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the 5 transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

5. Benefits

Benefits include all valid benefit claims notified during the financial year.

2013/14 £000	Benefits	2014/15 £000
	Pensions	
28,324	Administering authority	29,791
37,421	Scheduled bodies	40,212
4,998	Admitted bodies	5,540
17,765	Commutations of pensions and lump sum retirement benefits	18,625
2,115	Lump sum death benefits	1,917
90,623	**Total Benefits**	**96,085**

6. Payments to and on Account of Leavers

2013/14 £000	Payments to and on Account of Leavers	2014/15 £000
9	Refunds to members leaving service	87
-	Payments for members joining the state scheme	(259)
-	Group transfers to other pension funds	1,900
6,286	Individual transfers to other pension funds	3,808
6,295	**Total Payments to and on Account of Leavers**	**5,536**

The individual transfer values relate to transfers, which have been paid during the financial year i.e. included on a cash basis. On 31 March 2015 there were 6 outstanding individual transfer values payable greater than £50k, for which £637k had not been paid. There were no outstanding individual transfer values payable on 31 March 2014

On 31 March 2015 there were 2 group transfers from the Fund being negotiated with other Funds (0 on the 31 March 2014), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 1 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available.

7. Management Expenses

Restated 2013/14 £000	Management Expenses	2014/15 £000
1,538	Administrative costs	1,105
14,029	Investment management expenses	13,955
558	Oversight and governance costs	559
16,125	**Total Management Expenses**	**15,619**

The analysis of the cost of managing the Pension Fund during the period has been prepared in accordance with CIPFA guidance. Management expenses have been categorised as administrative costs, investment management expenses and oversight / governance costs. Management fees for pooled funds and transaction costs have been included in the investment management expenses, 2013/14 investment management expenses have been restated to include management fees on pooled funds and transaction costs.

Prior Period Adjustment	2013/14 Original £000	2013/14 Restated £000	Adjustment Made £000
Administrative expenses	2,096	1,538	(558)
Investment management expenses	5,179	14,029	8,850
Oversight and governance costs	-	558	558
Total	**7,275**	**16,125**	**8,850**

The investment management expenses include £1.281m (£1.414m in 2013/14) in respect of performance related fees payable to the fund's investment managers. It also includes £1.554m in respect of transaction costs (£1.519m in 2013/14).

8. Investment Income

2013/14 £000	Investment Income	2014/15 £000
6,774	Interest from fixed interest securities	9,392
22,268	Dividends from equities	19,505
479	Income from index-linked securities	808
157	Interest on cash deposits	69
6,379	Income from property unit trusts	6,443
318	Other	(1,448)
36,375	**Total Investment Income**	**34,769**

9. Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2014 £000	Reclass-ification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2015 £000
Fixed interest securities	124,547	-	147,449	(72,217)	1,164	16,750	217,693
Equities - quoted	715,872	-	438,124	(536,273)	72,446	(6,932)	683,237
Index-linked securities	48,560	-	471,987	(443,186)	7,508	2,181	87,050
Pooled investment vehicles	846,696	-	233,820	(221,620)	62,409	61,934	983,239
Unit Trusts - property funds	146,290	-	16,483	(18,871)	(3,002)	19,174	160,074
Derivative contracts	145	-	2,206	(3,659)	1,453	461	606
Cash deposits	31,956	-	-	17,775	-	466	50,197
	1,914,066	**-**	**1,310,069**	**(1,278,051)**	**141,978**	**94,034**	**2,182,096**
Investment income due	5,003						6,453
	1,919,069						**2,188,549**

Investments (All values are shown £000)	Value at 31 March 2013 £000	Reclass-ification of Assets £000	Purchases at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2014 £000
Fixed interest securities	136,233	588	71,331	(79,841)	154	(3,918)	124,547
Equities - quoted	647,380	-	451,547	(438,489)	63,692	(8,258)	715,872
Index-linked securities	31,943	-	304,925	(286,591)	(324)	(1,393)	48,560
Pooled investment vehicles	792,727	-588	75,396	(72,459)	9,679	41,941	846,696
Unit Trusts - property funds	130,920	-	31,700	(22,475)	(1,937)	8,082	146,290
Derivative contracts	(125)	-	1,194	(1,446)	252	270	145
Cash deposits	28,992	-	-	3,206	-	(242)	31,956
	1,768,070	**-**	**936,093**	**(898,095)**	**71,516**	**36,482**	**1,914,066**
Investment income due	5,208						5,003
	1,773,278						**1,919,069**

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds, but owns a proportion of a pooled fund. The Code requires that pooled investments are analysed between unit trusts, unitised insurance policies and other managed funds. The pooled investment vehicles in the tables above are other managed funds. These funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Diversified Growth Funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The Fund's investments in derivatives are not material and therefore further disclosures are not included in the accounts. Indirect costs are incurred through the bid-offer spread on investments within pooled investments.

The Fund does not participate in a stock lending programme.

On 31 March 2015 assets which exceed 5% of the total value of the net assets of the Fund are a £136.3m investment in Legal & General's All Stocks Index-Linked Gilt Fund (£19.8m as at 31 March 2014) and a £140.9m investment in Legal & General's Europe (ex UK) Equity Index Fund (£197.7m as at 31 March 2014).

IFRS accounting requires that the Fund discloses information on fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Fund has exposure to hedges through its investments in a hedge fund of funds pooled investment vehicle, and so the hedge disclosure is not applicable to this type of investment.

10. Investment Management Arrangements

The value of the Fund with the fund managers as at 31 March 2015 was £2,169m (£1,910m at 31 March 2014). Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as shown in the following table:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund 31 March 2014	Proportion of Fund 31 March 2015
Aviva Investors	Property	Percentage of fund	8%	8%
BlackRock	Cash / inflation plus	Percentage of fund	4%	4%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%	4%
Global Thematic Partners	Less constrained global equities	Performance related fee	6%	7%
Investec Asset Management	Less constrained global equities	Performance related fee	8%	8%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	27%	28%
Mirabaud Investment Management Limited	UK equities	Performance related fee	9%	6%
Pantheon Private Equity	Private equity	Percentage of Funds Committed & Incentive Fee	6%	6%
Partners Group	Private equity	Percentage of fund	3%	2%
Royal London Asset Management	Core plus bonds	Performance related fee	10%	15%
Schroders	Less constrained UK equities	Performance related fee	7%	7%
Standard Life Investments	Less constrained UK equities	Performance related fee	8%	5%

11. Analysis of the Value of Investments

2013/14 £000	Analysis of the Value of Investments	2014/15 £000
	Fixed Interest Securities	
9,240	UK public sector	21,060
780	Overseas public sector	2,372
114,527	UK other	194,261
-	Overseas other	-
124,547	**Total Fixed Interest Securities**	**217,693**
	Equities	
325,485	UK quoted	230,586
390,387	Overseas quoted	452,651
715,872	**Total Equities**	**683,237**
	Other	
48,560	Index-linked securities public sector	87,050
-	Index-linked securities other	-
846,696	Pooled Investment vehicles	983,239
146,290	Unit Trusts - property funds	160,074
5,003	Investment income due	6,453
145	Derivatives	606
31,956	Cash deposits - sterling and foreign cash	50,197
1,078,650	**Total Other**	**1,287,619**
1,919,069	**Total Value of Investments**	**2,188,549**

12. Financial Instruments

The Net Assets of the Fund disclosed in the Net Assets Statement are made up of the following categories of financial instruments:

31 March 2014				31 March 2015		
Fair value through profit and loss	**Loans And Receivables**	**Financial Liabilites At amortised cost**		**Fair value through profit and loss**	**Loans And Receivables**	**Financial Liabilites At amortised cost**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Financial Assets			
124,547	-	-	Fixed interest securities	217,693	-	-
715,872	-	-	Equities - quoted	683,237	-	-
48,560	-	-	Index-linked securities	87,050	-	-
846,696	-	-	Pooled investment vehicles	983,239	-	-
146,290	-	-	Property – unit trusts	160,074	-	-
145	-	-	Derivatives	606	-	-
5,003	-	-	Dividend income receivable	6,453	-	-
-	31,956	-	Cash deposits	-	50,197	-
-	18,195	-	Current assets	-	14,271	-
1,887,113	**50,151**	**-**		**2,138,352**	**64,468**	**-**
			Financial Liabilities			
-	-	-	Derivatives	-	-	-
-	-	-	Borrowings	-	-	-
-	-	(3,651)	Current liabilities	-	-	(4,333)
-	**-**	**(3,651)**		**-**	**-**	**(4,333)**
1,887,113	**50,151**	**(3,651)**	**Total**	**2,138,352**	**64,468**	**(4,333)**

The net gains and losses on financial instruments are shown in the table below.

31 March 2014		31 March 2015
£000		**£000**
	Financial Assets	
142,538	Fair value through profit and loss	266,037
303	Loans and receivables	1,881
-	Financial liabilities measured at amortised cost	-
	Financial Liabilities	
-	Fair value through profit and loss	-
5,762	Loans and receivables	(682)
-	Financial liabilities measured at amortised cost	-
148,603	**Total**	**267,236**

The code requires that for each class of financial assets and financial liabilities an authority shall disclose the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount. As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Valuation of Financial Instruments Carried at Fair Value
The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Financial instruments where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, quoted equities are classified as level 1. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2: Financial instruments where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data, e.g. fixed interest securities.

Level 3: Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. The values of the investment in private equity are based on valuations provided by the general partners to the private equity fund of funds in which the Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS. Valuations are audited annually as at 31 December, and the valuations as at 31 March reflect cash flow transactions since 31 December.

The values of the hedge fund of funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Value at 31 March 2015	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Fixed interest securities	-	217,693	-	217,693
UK equities - quoted	230,586	-	-	230,586
Overseas equities - quoted	452,651	-	-	452,651
Index-linked securities	-	87,050	-	87,050
Pooled investment vehicles	-	-	983,239	983,239
Property – unit trusts	-	-	160,074	160,074
Derivatives	-	606	-	606
Dividend income receivable	6,453	-	-	6,453
Cash deposits	50,197	-	-	50,197
Borrowings	-	-	-	-
Current assets	14,271	-	-	14,271
Current liabilities	(4,333)	-	-	(4,333)
Total	**749,825**	**305,349**	**1,143,313**	**2,198,487**

Value at 31 March 2014	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Fixed interest securities	-	124,547	-	124,547
UK equities - quoted	325,484	-	-	325,484
Overseas equities - quoted	390,387	-	-	390,387
Index-linked securities	-	48,560	-	48,560
Pooled investment vehicles	-	-	846,696	846,696
Property – unit trusts	-	-	146,290	146,290
Derivatives	-	145	-	145
Dividend income receivable	5,003	-	-	5,003
Cash deposits	31,956	-	-	31,956
Borrowings	-	-	-	-
Current assets	18,195	-	-	18,195
Current liabilities	(3,651)	-	-	(3,651)
Total	**767,374**	**173,252**	**992,986**	**1,933,612**

The Fund’s fund managers provided the following commentary on the valuation methods they use:

Blackstone – Fund of Hedge Funds
Blackstone’s direct securities and derivative investments made through Blackstone’s fund of hedge fund vehicles, such as Securities, Options, Futures are valued using prices quoted on the relevant exchanges. Forward currency contracts are valued at the current forward market prices obtained from brokers. Total return swaps are valued using the last reported public closing price of the underlying index.

Partners Group – Private Equity

Partners Group performs independent valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Partners Group gathers the valuation-relevant information by systematically screening a broad set of sources for valuation-relevant information about portfolio companies which are held directly or indirectly by Partners Group's programs and mandates. This includes information supplied by the firm's due diligence and monitoring professionals, underlying fund managers and information published in industry journals and/or other publications.

LGIM – Passive Tracker Fund

The method used to value units is the same at every valuation date throughout the year. All holdings of the appropriate Pooled Fund Sections are valued at the close of business valuation point using a recognised pricing service. These values are then adjusted to allow for outstanding dividends, tax payable or recoverable and any relevant expenses (this creates the “Mid Value”).

Aviva – Property Fund

Aviva rely on the NAV provided by each fund manager, computed in accordance with appropriate local standards, incorporating independent valuations conducted from suitably qualified external providers. These external NAVs are subject to review by Aviva Investors Real Estate Multi Manager (REMM) team.

They also employ an independent external accountant, Langham Hall, to undertake analysis of each fund's NAV when reported, in addition to that undertaken by the REMM team.

Wherever possible, and through the use of side letters if necessary, we seek to ensure consistency of reporting to an IFRS INREV NAV standard basis. Where this is not possible, managers are asked to provide the building blocks to create this analysis. They then work with Langham Hall, to reconcile back to the NAV provided in the fund’s normal accounting standards.

Pantheon – Private Equity

Investments are valued using the most relevant of methods listed below:

- Cost/recent round of financing/price of recent investment where recent transactions may be the most reflective of fair value.
- Comparable Private Company Transactions used for companies with low enterprise value or low EBITDA which means it is not appropriate to use earnings multiples of similar publicly listed companies.
- Earnings/Earnings Multiples /Performance Multiples valuations involve applying a multiple, appropriate to the company being valued, to the earnings of a company. The valuation is described as a function of two variables, price and earnings (The most widely used of the valuation methodologies, especially for buyout or other businesses that have comparable characteristics to companies in the public markets).
- Underlying value of Net Assets.
- Discounted Cash flows (DCF) where there are predictable cash flows visible over a given time horizon.
- Industry Benchmarks are normally based on the assumption that investors are willing to pay for market share, and that profitability of the business in the does not vary greatly.
- Unrestricted Publicly traded securities are valued at the closing public market price on the valuation date.

These methods are consistently applied across all investment types.

BlackRock Institutional Jersey Dynamic Diversified Growth Fund

The above Fund is a sub-fund of the BlackRock Institutional Jersey Funds umbrella which reports under UK SORP and is not exchange-traded. The price is determined daily by the Funds Administrator and will be representative of the Fund’s net asset value (“NAV") at each dealing point subject to any spreads applied, where appropriate. The Fund is not subject to any redemption notice periods and can be redeemed at each dealing point, currently on a daily basis.

13. Additional Financial Risk Management Disclosures

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund Committee manages these investment risks as part of its overall Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Pension Fund Risk Assessment analyses the risks faced by the Council's pensions operations, it is reviewed regularly by the Pension Fund Committee to reflect changes in activity and in market conditions. The analysis below is designed to meet the disclosure requirements of IFRS 7.

Market Risk
Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices of equities, commodities, interest rates, foreign exchange rates and credit spreads. This could be as a result of changes in market price, interest rates or currencies. The objective of the Fund's Investment strategy is to manage and control market risk exposure within acceptable parameters, while optimising the return.

In general excessive volatility in market risk is managed through diversification across asset class, investment manager, country, industry sector and individual securities. Each manager is expected to maintain a diversified portfolio within their allocation.

Market Price Risk
Market price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting the market in general.

By diversifying investments across asset classes and managers, the Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst the appointment of specialist managers enables the Fund to gain from their investment expertise.

Market Price - Sensitivity Analysis
Whilst the value of the Fund's assets is sensitive to changes in market conditions and the Fund's assets are diversified across fund managers and asset classes to mitigate the risks. The Fund's liability to pay future benefits is equally sensitive, particularly to interest rate changes. The Fund's investment consultant undertakes triennial strategy reviews following the triennial actuarial valuation to ensure that the asset allocation of the Fund remains appropriate to expectations for its liabilities both in the short term and in the long term. The latest review, carried out in May 2014, showed that the overall risk factor (standard deviation) for the Fund could be reduced from 15.2% to 13.5% by decreasing the Fund's allocation to equities and increasing the allocation to bonds. At the beginning of June 2014, the allocation to equities was decreased from 58% to 49% of the Fund and the allocation to bonds was increased from 15% to 25%. The next review is due in early 2017, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, State Street Investment Analytics have determined that the following movements in market price risk are reasonably possible for the 2014/15 reporting period and if the market price of the Fund's investments does increase/decrease in line with the table below, the change in the market price of net assets available to pay benefits would be as follows.

Asset Type	31 March 2015 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	217,693	5.79	230,297	205,089
UK equities – quoted	230,586	10.12	253,921	207,251
Overseas equities – quoted	452,651	9.80	497,011	408,291
Index-linked securities	87,050	8.45	94,406	79,694
Pooled investment vehicles	627,859	11.11	697,614	558,104
Property - unit trusts	160,074	3.02	164,908	155,240
Alternatives	355,380	2.64	364,762	345,998
Derivative contracts	606	2.64	622	590
Cash deposits	50,197	0.01	50,202	50,192
Investment income due	6,453	11.11	7,170	5,736
Total	**2,188,549**		**2,360,913**	**2,016,185**

Following analysis of historical data and expected investment return movement during the financial year, State Street Investment Analytics has determined that the following movements in market price risk are reasonably possible for the 2013/14 reporting period and if the market price of the Fund's investments had increased/decreased in line with the table below, the change in the market price of net assets available to pay benefits would have been as follows.

Asset Type	31 March 2014 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	124,547	5.08	130,874	118,220
UK equities – quoted	325,485	13.02	367,863	283,107
Overseas equities – quoted	390,387	13.08	441,450	339,324
Index-linked securities	48,560	8.02	52,455	44,665
Pooled Investment vehicles	518,304	14.13	591,540	445,068
Property - unit trusts	146,290	2.67	150,196	142,384
Alternatives	328,392	2.53	336,700	320,084
Derivative contracts	145	2.53	149	141
Cash deposits	31,956	0.02	31,962	31,950
Investment income due	5,003	14.13	5,710	4,296
Total	**1,919,069**		**2,108,899**	**1,729,239**

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest Rate – Sensitivity Analysis
The Pension Fund recognises that interest rates vary and can impact income to the fund and the fair value of the assets. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the impact of a 1% change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2015	**£000**	**£000**	**£000**
Cash deposits	50,197	-	-
Cash balances (not forming part of the investment assets)	13,466	-	-
Fixed interest securities	217,693	2,177	(2,177)
Total	**281,356**	**2,177**	**(2,177)**

Asset Type	Value	Change for the year in net assets available to pay benefits	
		1%	-1%
As at 31 March 2014	**£000**	**£000**	**£000**
Cash deposits	31,956	-	-
Cash balances (not forming part of the investment assets)	17,446	-	-
Fixed interest securities	124,547	1,245	(1,245)
Total	**173,949**	**1,245**	**(1,245)**

A 1% increase in interest rates will reduce the fair value of the relevant net assets and vice versa.

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2015	**£000**	**£000**	**£000**
Cash deposits / cash and cash equivalents	69	7	(7)
Fixed interest securities	9,392	-	-
Total	**9,461**	**7**	**(7)**

Income Source	Value	Change for the year on income values	
		1%	-1%
As at 31 March 2014	**£000**	**£000**	**£000**
Cash deposits / cash and cash equivalents	157	16	(16)
Fixed interest securities	6,774	-	-
Total	**6,931**	**16**	**(16)**

Changes in interest rates do not impact on the value of cash / cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than sterling. When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value of foreign currency denominated investments will fall. Over the long term the differences in currencies are likely to balance out and the Fund has chosen not to hedge its currencies, with the exception of the European element of the Aviva property mandate.

Currency Risk – Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 6.11% movement in exchange rates in either direction for 31 March 2015. This analysis assumes that all variables, in particular interest rates, remain constant. State Street Investment Analytics provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.11% fluctuation is considered reasonable.

A 6.11% strengthening or weakening of Sterling against the various currencies at 31 March 2015 would have increased or decreased the net assets by the amount shown in the following table.

Currency Exposure by Asset Type	31 March 2015	Value on increase	Value on decrease
	£000	£000	£000
		+6.11%	-6.11%
Fixed interest securities	-	-	-
Equities – quoted	435,060	461,642	408,478
Index-linked securities	5,749	6,100	5,398
Pooled investment vehicles	183,348	194,551	172,145
Property - unit trusts	7,802	8,279	7,325
Cash deposits	8,692	9,223	8,161
Total	**640,651**	**679,795**	**601,507**

The sensitivity of the Fund's investments to changes in foreign currency rates have been analysed using a 5.71% movement in exchange rates in either direction for 31 March 2014. This analysis assumes that all variables, in particular interest rates, remain constant. State Street Investment Analytics provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 5.71% fluctuation in the currency is considered reasonable.

A 5.71% strengthening or weakening of Sterling against the various currencies at 31 March 2014 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2014	Value on increase	Value on decrease
	£000	£000	£000
		+5.71%	-5.71%
Fixed interest securities	-	-	-
Equities – quoted	356,678	377,044	336,312
Index-linked securities	4,027	4,257	3,797
Pooled investment vehicles	168,459	178,078	158,840
Property - unit trusts	6,845	7,236	6,454
Cash deposits	2,814	2,975	2,653
Total	**538,823**	**569,590**	**508,056**

One important point to note is that currency movements are not independent of each other. If sterling strengthened generally it may rise against all the above currencies producing losses across all the currencies.

Currency Exposure by Significant Currency

The Fund's most significant currency exposures are to US Dollars and EUROs, data on currency risk of 7.78% for the US Dollar and 6.15% for the EURO was provided by State Street Investment Analytics. Strengthening or weakening of Sterling against US Dollars and EUROs at 31 March 2015 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2015	Percentage Change	Value on increase	Value on decrease
	£000	%	£000	£000
US Dollars	385,577	7.78	415,575	355,579
EUROs	134,565	6.15	142,841	126,289
Total	**520,142**		**558,416**	**481,868**

Data on currency risk of 8.07% for the US Dollar and 6.31% for the EURO was provided by State Street Investment Analytics. Strengthening or weakening of Sterling against US Dollars and EUROs at 31 March 2014 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2014	Percentage Change	Value on increase	Value on decrease
	£000	%	£000	£000
US Dollars	294,242	8.07	317,987	270,497
EUROs	140,062	6.31	148,900	131,224
Total	**434,304**		**466,887**	**401,721**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some sort of credit risk. The Fund is exposed to credit risk through its investment managers, custodian and its daily treasury management activities. Credit risk is minimised through the careful selection and monitoring of financial institutions and counterparties. Contractual credit risk is represented by the net payment or receipt that remains outstanding.

A source of credit risk is the cash balances held internally or by managers. The Pension Fund's bank account is held at Lloyds TSB, which holds an "A" long term credit rating. The management of the cash held in this account is managed by the Council's Treasury Management Team in line with the Council's Treasury Management Strategy which sets out the permitted counterparties and limits. The value of the Fund invested by the Treasury Management Team at 31 March 2015 was £9.067m in an instant access Lloyds TSB account and £4.507m in an instant access Federated Short-Term Sterling Prime Fund, a AAA rated money market fund. (On 31 March 2014 £9.293m was invested in an instant access Lloyds TSB account and £8.195m in an instant access Federated Short-Term Sterling Prime Fund.) Cash held by investment managers is invested with the global custodian, BNY Mellon, in a diversified money market fund rated AAAm.

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The main liabilities of the Fund relate to the benefits payable which fall due over a long period of time. The investment strategy reflects this and sets out the strategic asset allocation of the Fund. Liquidity risk is mitigated by investing a proportion of the Fund in actively traded instruments in particular equities and fixed income investments. The Fund maintains a cash balance to meet operational requirements.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer to convert in to cash. The following table summarises the Fund's illiquid assets by fund manager.

31 March 2014		31 March 2015
£000		£000
146,506	Aviva	169,885
74,606	Blackstone	79,693
123,618	Pantheon Private Equity	140,206
45,306	Partners Group	46,203
343	Hg Capital	487
390,379		**436,474**

14. Related Parties

The Buckinghamshire County Council Pension Fund is administered by Buckinghamshire County Council and therefore there is a strong relationship between the Council and the Pension Fund.

The County Council was reimbursed £1.3m (£1.7m in 2013/14) for administration costs incurred by the County Council on behalf of the Pension Fund. The County Council is also the single largest employer of members of the Pension Fund and contributed £31.7m to the Fund in 2014/15 (£32.1m in 2013/14).

The Pension Fund's surplus cash held for day to day cash flow purposes is invested on the money markets by the treasury management function of Buckinghamshire County Council, through a service level agreement. During the year to 31 March 2015, the Fund had an average investment balance of £11.4m (£9.1m 2013/14), earning interest of £75k (£61k 2013/14).

There are two members of the Pension Fund Committee who are active members of the Fund and one who is a deferred member. There are three employees who hold key positions in the financial management of the Fund who are active members. A proportion of their role is in respect of the Fund, the cost of that proportion of their work is lower than £50,000, the value required for further detailed disclosure. No exit package has been agreed during the year in respect of these officers.

Paragraph 3.9.4.3 of the Code exempts local authorities from the key management personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in section 3.4 of the Code (which are derived from the requirements of Regulation 7(2) – (4) of the Accounts and Audit (England) Regulations 2011) satisfy the key management personnel disclosure requirements of paragraph 16 of IAS 24. This applies in equal measure to the Buckinghamshire County Council Pension Fund.

15. Current Assets and Liabilities

31 March 2014 £000	Current Assets and Liabilities	31 March 2015 £000
	Current Assets	
7,494	Contributions due from employers 31 March	8,084
17,446	Cash balances (not forming part of the investment assets)	13,466
2,320	Other current assets	805
27,260	**Total Current Assets**	**22,355**
	Current Liabilities	
(956)	Management charges	(640)
(872)	HM Revenue and Customs	(813)
(760)	Unpaid benefits	(485)
(1,935)	Other current liabilities	(3,208)
(4,523)	**Total Current Liabilities**	**(5,146)**
22,737	**Net Current Assets**	**17,209**

31 March 2014 £000	Current Assets and Liabilities	31 March 2015 £000
	Current Assets	
2,434	Central government bodies	2,365
5,413	Other local authorities	4,910
6	NHS bodies	6
17,583	Public corporations and trading funds	13,527
1,824	All other bodies	1,547
27,260	**Total Current Assets**	**22,355**
	Current Liabilities	
(872)	Central government bodies	(813)
(296)	Other local authorities	(1,907)
-	NHS bodies	-
(2,243)	Public corporations and trading funds	(1,774)
(1,112)	All other bodies	(652)
(4,523)	**Total Current Liabilities**	**(5,146)**
22,737	**Net Current Assets**	**17,209**

16. Taxes on Income

2013/14 £000	Taxes on Income	2014/15 £000
-	Witholding tax - fixed interest securities	-
1,540	Witholding tax - equities	1,310
1,540	**Total Taxes on Income**	**1,310**

The Fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire County Council being the administering authority.

- The fund is an exempt approved fund under the Finance Act 2004 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in the United States and certain other countries is exempt from national taxation and therefore not subject to withholding tax.

17. Actuarial Position of the Fund

In accordance with the Local Government Pension Scheme (Administration) Regulations 2008 as amended, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016.

The key elements of the funding policy are:

- Set employer contribution rates that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund
- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

The Fund's Actuary, Barnett Waddingham LLP, undertook a valuation of the Fund as at 31 March 2013 in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 as amended. On that date the market value of the assets held were £1,784m, sufficient to cover 82% of the accrued liabilities assessed on an ongoing basis. The funding policy is set to recover the deficit over seventeen years and the common rate of contribution for the period 1 April 2014 to 31 March 2017 is 19.5% of pensionable pay.

The results of the valuation are that the past service funding level of the Fund as a whole has increased from 79% to 82% between 31 March 2010 and 31 March 2013. The improvement of the funding position since the previous valuation is mainly due to good investment returns over the period but has been offset by a poorer outlook for the future based on market conditions compared to the valuation in 2010. At the same time, the contribution rate for the average employer, including payments to target full funding, has increased from 19% to 19.5% of pensionable salaries mainly due to an increase in the required deficit contributions as total pensionable payroll has reduced.

The main assumptions used in the valuation were:
Future assumed returns

- Investment return - equities 6.9% per annum
- Investment return - gilts 3.3% per annum
- Investment return - bonds 3.9% per annum
- Investment return - property 6.0% per annum
- Investment return – expense allowance 0.1% per annum

Financial assumptions

- Discount rate 6.1% per annum
- Retail price index (RPI) 3.5% per annum
- Consumer price index (CPI) 2.7% per annum
- Pension and deferred pension increases 2.7% per annum
- Short term pay increases in line with CPI assumption for the two years to 31 March 2015
- Long term pay increases 4.5% per annum (RPI plus 1% per annum)

The most recent interim valuation took place as at 31 March 2014 which showed that the funding level had increased to 84% and the average required employer contribution would be 19.2% of payroll assuming the deficit is to be paid by 2030.

18. Actuarial Present Value of Promised Retirement Benefits

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2013. On an IAS 19 basis the Actuary estimates that the net liability as at 31 March 2015 is £1,581m (31 March 2014 £1,175m), but figures calculated on an IAS 19 basis are not relevant for calculations undertaken for funding purposes or for other statutory purposes undertaken under UK pensions legislation. The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

For the Triennial Valuation the actuary asks the question – what is the value of the assets required based on existing investment strategy to be sufficient to meet future liabilities? For IAS 19 valuations, however, the actuary asks the question – how much would need to be borrowed on the corporate bond market to meet future liabilities?

The expected returns on the assets actually held will be different from borrowing costs, and so different amounts are required. This manifests itself in different discount rates being used in each type of valuation, and so different values are placed on the same liabilities.

31 March 2014 £000		**31 March 2015 £000**
3,084,572	Present value of funded obligation	3,750,269
1,909,599	Fair value of scheme assets	2,169,097
1,174,973	**Net Liability**	**1,581,172**

The Present Value of Funded Obligation consists of £3,581m (£2,698m at 31 March 2014) in respect of Vested Obligation and £169m (£386m at 31 March 2014) in respect of Non-Vested Obligation. Vested benefits are the benefits that employees have a right to receive even if they do not render services to the employer. In other words, the employees will receive their vested benefits even if they stop working for the employer. Thus, non-vested benefits are the benefits an employee can receive in the future if he or she continues providing services to the employer. The liabilities above are calculated on an IAS19 basis and therefore differ from the results of the triennial funding valuation (see Note 17) because IAS19 stipulates a discount rate rather than a rate that reflects market rates. The main assumptions used were:

31 March 2014		**31 March 2015**
3.6%	RPI increases	3.2%
2.8%	CPI increases	2.4%
4.6%	Salary increases	4.2%
2.8%	Pension increases	2.4%
4.5%	Discount rate	3.3%

These assumptions are set with reference to market conditions at 31 March. The Actuary's estimate of the duration of the Fund's liabilities is 19 years. The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Fund's liabilities. This is consistent with the approach used at the last accounting date.

The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England, specifically the 19 year point on the Bank of England market implied inflation curve. The RPI assumption is therefore 3.2% per annum. This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on CPI rather than RPI, the Actuary has made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 2.4%.

Salaries are then assumed to increase at 1.8% above CPI in addition to a promotional scale. However, the actuary has allowed for a short-term overlay from 31 March 2013 to 31 March 2015 for salaries to rise in line with CPI.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2015 are:

Contractual Commitments	Amount Paid as at 31 March 2014	Amount Paid as at 31 March 2015	Total Contractual Commitment
	\$000	**\$000**	**\$000**
Pantheon Asia Fund V LP	21,000	21,425	25,000
Pantheon Asia Fund VI LP	13,395	19,035	47,000
Pantheon USA Fund VII Limited	17,999	18,318	21,250
Pantheon USA Fund VIII Feeder LP	50,325	55,575	75,000
Pantheon Global Secondary Fund IV Feeder LP	10,440	9,975	15,000
Partners Group Global Resources 2009, LP	29,316	27,237	35,000
	142,475	**151,565**	**218,250**
	€000	**€000**	**€000**
Pantheon Europe Fund V “A” LP	15,497	15,497	18,125
Pantheon Europe Fund VI LP	39,975	49,010	65,000
Partners Group Global Real Estate 2008 SICAR	22,447	22,996	25,000
Partners Group Global Infrastructure 2009 SICAR	18,901	20,087	25,000
	96,820	**107,590**	**133,125**

These contractual commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity, resources, global real estate and infrastructure parts of the portfolio. The amounts “called” by the funds are irregular in both size and timing over several years from the date of each original commitment. The total contractual commitment at 31 March 2015 is the same as the total contractual commitment at 31 March 2014.

On 31 March 2015 there were 5 group transfers to the Fund under discussion with other Funds (3 on 31 March 2014), with the value of the transfers being negotiated between the Funds’ actuaries. On 31 March 2015 there were 2 group transfers from the Fund under discussion with other Funds (0 on 31 March 2014), with the value of the transfers being negotiated between the Funds’ actuaries.

20. Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including with profits accumulation, deposit and discretionary funds. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. Prudential's contributions, investment income and benefits paid data was not available when these accounts were drafted, the total value of these transactions for 2014/15 are assumed to be similar to the values in 2013/14. These amounts are not included in the Pension Fund Net Assets Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831).

2013/14	**Prudential**	**2014/15**
£000		**£000**
4,973	Value of AVC fund at beginning of year	5,207
755	Employees' contributions and transfers in	755
308	Investment income	308
(829)	Benefits paid and transfers out	(829)
5,207	**Value of AVC fund at year end**	**5,441**

1.11.2013 - 31.10.2014	**Clerical Medical**	**1.11.2014 - 31.10.2015**
£000		**£000**
3,524	Value of AVC fund at beginning of year	3,913
267	Employees' contributions	198
469	Investment income	197
(347)	Benefits paid and transfers out	(520)
3,913	**Value of AVC fund at year end**	**3,788**

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council
Buckinghamshire Fire and Rescue Service
Thames Valley Police
Aylesbury Vale District Council
Chiltern District Council
Milton Keynes Council
South Bucks District Council
Wycombe District Council

Amersham Town Council
Aylesbury Town Council
Bletchley & Fenny Stratford Town Council
Buckingham Town Council
Buckinghamshire Care
Buckinghamshire Support
Burnham Parish Council
Campbell Park Parish Council
Chalfont St Giles Parish Council
Chalfont St Peter Parish Council
Chepping Wycombe Parish Council
Chesham Town Council
Chiltern Crematorium
Chilterns Conservation Board
Coldharbour Parish Council
Gerrards Cross Parish Council
Great Missenden Parish Council
Hambleden Parish Council
Hazlemere Parish Council
Iver Parish Council
Lane End Parish Council
Little Marlow Parish Council
Loughton Parish Council
Marlow Town Council
Newport Pagnell Town Council
Olney Town Council
Piddington & Wheeler End Parish Council
Princes Risborough Town Council
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council
Stantonbury Parish Council
Stony Stratford Town Council
Wendover Parish Council
West Bletchley Town Council
West Wycombe Parish Council
Winslow Town Council
Woburn Sands Town Council
Wolverton & Greenleys Town Council
Wooburn & Bourne End Parish Council
Woughton Community Council
Alfriston School
Amersham School
Amersham & Wycombe College
Aylesbury College
Aylesbury Grammar School
Aylesbury High School
Aylesbury Vale Academy
Beaconsfield High School
Beechview Middle School
Bedgrove Infant School
Bedgrove Junior School
Bourne End Academy
Brill CofE School
Bourton Meadow Academy
Bridge Academy
Brookmead School
Brooksward School
Brushwood Middle School
Buckinghamshire New University
Buckinghamshire UTC
Burnham Grammar School
Burnham Park E-Act Academy
Castlefield School
Chalfonts Community College
Chalfont St Peter CE Academy
Chalfont Valley E-Act Academy
Charles Warren Academy
Chepping View Primary Academy
Chesham Grammar School
Chiltern Hills Academy
Cottesloe School
Danesfield School
Denbigh School
Denham Green E-Act Academy
Dr Challoner's Grammar School
Dr Challoner's High School
George Grenville Academy
Germander Park School
Gerrards Cross C E School
Glastonbury Thorn First School
Great Marlow School
Green Park School
Hamilton Academy
Hazeley Academy
Heronsgate School

Highcrest Academy
Holmer Green Senior School
John Colet School
John Hampden Grammar School
Kents Hill School
Lord Grey School
Loudwater Combined School
Loughton School
Middleton Primary
Milton Keynes Academy
Milton Keynes College
Milton Keynes Development Partnership
Milton Keynes Service Partnership
New Bradwell Combined School
New Chapter Primary School
Oakgrove School
Olney Infant School
Orchard Academy
Ousedale School
Overstone Combined School
Oxley Park Academy
PCC for Thames Valley
Portfields Combined School
Princes Risborough School
Rickley Park Primary School
Royal Grammar School
Royal Latin School
St Nicolas' CE Combined School Taplow
St Paul's RC School
Seer Green CofE School
Shenley Brook End School
Shepherdswell School
Sir Henry Floyd Grammar School
Sir Herbert Leon Academy
Sir William Borlase's Grammar School
Sir William Ramsay School
Southwood Middle School
Stanton School
Stantonbury Campus
Stephenson Academy
The Beaconsfield School
The Premier Academy
The Radcliffe School
Tickford Park School
Two Mile Ash School
Waddesdon C E School
Walton High
Wycombe High School
Wyvern School

Election Fees:
Aylesbury Vale Local
Aylesbury Vale Parliamentary
Chiltern Local
Chiltern Parliamentary
Milton Keynes Local
Milton Keynes Parliamentary
Wycombe Local
Wycombe Parliamentary
South Bucks Local
South Bucks Parliamentary

Glossary of Terms and Acronyms Used

Academies

Academies are publicly funded independent schools, free from local authority and national government control. Other freedoms include setting their own pay and conditions for staff, freedoms concerning the delivery of the curriculum, and the ability to change the length of their terms and school days. The income, expenditure and assets of academies with Buckinghamshire do not form part of the Council's accounts.

Accrue

If an organisation owes money for goods and services but has not received a bill up to the date it prepares its accounts, it will estimate what it owes. It will then include the debt in its accounts. This estimated liability is called an accrual.

Actuary

An actuary is an expert on pension scheme assets and liabilities, life expectancy and probabilities for insurance purposes (the likelihood of things happening). An actuary works out whether enough money is being paid into a pension scheme to pay the pensions when they are due.

Additional Voluntary Contributions (AVC)

An extra pension contribution you can make when a member of an employer Occupational Pension Scheme.

Amortisation

The process of charging capital expenditure, usually on intangible fixed assets, to the accounts over a suitable period of time.

Appropriations

Amounts transferred between the revenue account and revenue or capital reserves.

Balance Sheet

A balance sheet is a summary of an organisation's financial position. It lists the values, in the books of account on a particular date (in the case of the Council this is 31 March) of all the organisation's assets and liabilities. The assets and liabilities are grouped in categories, to paint a picture of the organisation's strengths and weaknesses.

Budget

A statement which reflects the County Council's policies in financial terms and which sets out its spending plans for a given period. The revenue and capital budgets are finalised and approved in February before the start of the financial year on 1 April.

Capital Adjustment Account

The purpose of the Capital Adjustment Account is to contain the details of the costs of consuming fixed assets and the resources that have already been set aside to finance capital expenditure.

Capital Expenditure

Spending on assets which adds value and will provide benefit to the Council for more than one year, for example land, buildings and equipment. It is also referred to as 'capital expenditure' and 'capital payments'.

Capital Financing

The means by which capital expenditure incurred by the Council is funded.

Capitalisation

The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.

Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital grants/contributions or from revenue income), or over the longer term (by prudent minimum revenue provision (MRP) or voluntary application of capital receipts for debt repayment etc). Alternatively it means, capital expenditure incurred but not yet paid for.

Capital Receipts

Amounts received from the sale of capital assets. These can only be used for 'capital purposes' – to repay an existing debt, or to finance new capital expenditure. Amounts received that have not yet been used are referred to a 'capital receipts unapplied'.

Cash Flow Statement

Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Income and Expenditure Statement for the year and the Balance Sheet at the end of the year.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

Comprehensive Income and Expenditure Statement (CIES)

This account records an organisation's income and spending and shows the surplus or shortfall.

Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

Contingencies

Sums set aside to meet the potential costs of activities expected to occur during future years.

Corporate and Democratic Core

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

Council Tax

This is a tax charged locally on private houses. It provides some of the money to run local councils.

Current Assets

These are short-term assets which are constantly changing in value, such as stocks, trade receivables and bank balances.

Current Liabilities

These are short-term liabilities which are due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees' PAYE.

Dedicated Schools Grant (DSG)

A specific grant that is issued by the Department for Education and pass ported directly to Schools by means of a funding formula.

Deferred Benefits

A future benefit which is being paid for in the current accounting period.

Depreciation

Depreciation is the drop in value of an asset due to wear and tear, age and obsolescence (going out of date) as recorded in an organisation's financial records.

Depreciated Historic Cost

The value of an asset shown in the Balance Sheet calculated from the original cost less depreciation to date.

Disposals

This happens when something is sold, transferred or given away.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific usage or purpose.

Exceptional Items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly.

Finance Lease

Under this type of lease the organisation leasing the goods is treated as if it owns the goods and reflects this in the Balance Sheet. It gains the profits that would come with ownership but it also suffers the losses.

Financial Instrument

For all terminology relating to financial instruments please see Financial Instruments section in the sub glossary below.

Fixed Asset

A fixed asset is one which is intended to be used for several years. Examples are buildings, machinery and vehicles.

General Fund

The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in year represents the excess of income over expenditure once notional charges and credits have been replaced by the amounts required to be funded from Council Tax.

Government Grants

Amounts received from central Government towards funding the County Council's activities.

Her Majesty's Revenue and Customs (HMRC)

Formed on 18 April 2005, following the merger of the Inland Revenue and HM Customs and Excise Departments. HMRC ensure the correct tax is paid at the right time.

Impairment

A reduction in the value of a fixed asset arising from physical damage to the asset, dilapidation, obsolescence or a fall in market values.

Infrastructure

The County Council's network of roads, pavements and bridges.

Income

Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rates.

Intangible Fixed Assets

Intangible assets cannot be touched. An example is computer software (although the storage device the software is contained on can be touched, the value of the asset is primarily contained within the software coding, which cannot be touched).

International Financial Reporting Standards (IFRS)

Standards, interpretations and the framework for the preparation and presentation of financial statements.

Investments

Short term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

Lender Option, Borrower Option Loans (LOBOs)

A LOBO is a form of loan where, after an agreed initial period, and then at other pre-agreed intervals, the lender has the option to change the interest rate. If the lender changes the interest rate, the borrower then has the option of either continuing the loan at the new rate, or ending the loan without penalty, by repaying the outstanding principal in full, within the contracted time (usually five days).

Lessor

A lessor is the owner of an asset which is leased to another party.

Lessee

A lessee is the party that leases an asset that is owned by another party.

Local Government Pension Scheme (LGPS)

The pension scheme administered by Buckinghamshire County Council on behalf of its employees and other scheduled and admitted bodies.

Long Term Borrowing

The main element of long term borrowing is comprised of loans over one year in duration that have been raised to finance capital expenditure projects.

Market Value

The monetary value of an asset as determined by current market conditions at the Balance Sheet date.

Materiality

The concept that any omission from or inaccuracy in the Statement of Accounts should not be so large as to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the County Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

National Non-Domestic Rates (NNDR)

Business tax set by central government and distributed to local authorities.

Net Book Value

This is what an asset cost, as recorded in the books of account, less all the depreciation taken off the asset for age and wear.

Net Depreciated Replacement Cost

The estimated cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net Realisable Value

The expected proceeds from the sale of an asset when sold on the open market between a willing buyer and a willing seller less all the expenses incurred in selling the asset.

Non Distributed Costs

Costs that cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

Non Operational Assets

Fixed assets held by the Council that are not currently used in the provision of services. This includes properties that are awaiting sale and properties and assets under construction.

Operating Lease

Under this type of lease, ownership of the leased goods stays with the lessor (the company leasing out the goods).

Precept

The amount collected by the District Councils on behalf of the County Council for the County Council's share of the Council Tax.

Prepayments

In a set of accounts this means something which has been paid out which covers a period after the end of the accounting period.

Prior Period Adjustments/Prior Year Adjustments

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

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provisions

When accounts are being prepared and an amount needs to be set aside for liabilities which are known to exist, but which cannot be measured accurately, the amount set aside is called a provision.

Prudential Code

Since 1 April 2004 the Local Government Act 2003 has required local authorities to have regard to CIPFA's Prudential Code. This replaces the old system of credit approvals and allows local authorities to decide for themselves how much to borrow to finance their capital programme. Under the Code, borrowing must be affordable, prudent and sustainable, as measured by a range of prudential indicators, over the long term.

Public Works Loan Board (PWLB)

A government body from which a local authority may borrow money in the form of loans.

Receipts in Advance

Amounts received by the Council during this year that relate to goods or services to be delivered in future years.

Related Party

This is someone, or an organisation, which controls or significantly influences another organisation.

Reserves

These are amounts set aside in one year's accounts, which can be spent in later years. Some types of reserve can only be spent if certain conditions are met.

Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which legislation classifies as capital, although it does not result in the creation of a fixed asset.

Revenue Support Grant (RSG)

A general grant from central government to contribute towards the cost of providing services. When taken together with national non-domestic rates, it is known as the 'Formula Grant'.

Right to Buy (RTB)

The Right to Buy scheme gives eligible Council tenants the right to buy their property from the Council at a discount.

Royal Institution of Chartered Surveyors (RICS)

Professional body for qualifications and standards in land, property and construction.

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Service Concession Arrangement

An arrangement, similar to Private Finance initiatives (PFI), involving a private sector operator constructing or upgrading an asset that is used to provide the public services on behalf of the Council, and operating and maintaining those assets in the delivery of services for an extended specified period time.

Service Expenditure Analysis (SEA)

The SEA structure is determined by CIPFA Best Value Accounting Code of Practice 2008 (BVACOP) and reflects the format of returns required by the Government and is designed to allow comparisons between the Statements of Accounts of different local authorities.

Service Level Agreement (SLA)

Part of a service contract where the level of service is formally defined.

Statement of Investment Principles (SIP)

Principles adopted by Buckinghamshire County Council in relation to the investment of assets of the Council's Pension Fund.

Surplus

The remainder after taking away all expenditure from income.

Non – Current Assets

Fixed assets that have physical substance and which yield benefits to the County Council for a period of more than one year.

Trading Account

Services which are funded by generating income from internal and external clients.

Trade and Other Payables

This is someone who is owed money.

Trade and Other Receivables

This is someone who owes money.

Trust Funds

Funds administered by the Council for such purposes as charities, prizes and specific projects.

Usable Capital Receipts Reserve

A reserve held to provide an alternative source for financing future capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

Value Added Tax (VAT)

A tax that is charged on most goods and services that VAT-registered businesses provide in the UK.

Voluntary Aided Schools (VA School)

Voluntary Aided schools are mainly religious or 'faith' schools, although anyone can apply for a place.

Voluntary Controlled Schools (VC Schools)

Voluntary Controlled schools are similar to voluntary aided schools, but are run by the local authority.

Work in Progress (WIP)

The value of rechargeable work which has not been recharged at the end of the financial year.

Financial Instrument Accounting is based upon some of the most complicated accounting standards. This sub glossary has been produced to explain some terms to readers of the accounts.

Amortised Cost Using the Effective Interest Rate Method

Amortised cost is a mechanism that sees through contractual terms to measure the real cost that an authority bears each year from entering into a financial liability. For instance, if a premium is paid for the right to enter into a loan at less than market rates or a period of lower than market interest rates is granted and compensated for by a period of higher than market rates, authorities are required to account using a single effective interest rate. Interest payable in the Comprehensive Income and Expenditure Account will then be recognised on a level interest rate basis over the expected life of the loan.

Available for Sale Financial Instrument Reserve

The gain or loss arising from a change in the fair value of an Available for Sale financial asset should be taken to the Available for Sale Reserve with the exception of impairment losses.

Discount

An unforeseen gain to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Effective Interest Rate

When determining 'fair value', adjustments for transaction costs need to be taken into account when calculating the effective interest rate of the instrument. The effective interest rate is defined as the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the asset calculated at initial measurement. The cash flows included in the calculation will cover both interest and principal, plus any other consideration that the authority is scheduled to give or receive during the instrument's life, however described in the contract. Effective Interest Rate Accounting does not apply to all loans. Examples of loans that do involve effective interest rate calculations include:

- Those where interest is programmed to vary in accordance with an underlying measure that reflects the cost of borrowing
- Those where the variation in the interest payable is programmed at the start of the contract (such as a stepped interest loan)

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price adjusted for transaction costs that are directly attributable to the acquisition/issue of the instrument (e.g. fees, commissions, taxes etc).

Financial Asset

A right to future economic benefits controlled by the authority that is represented by:
- Cash
- An equity instrument of another entity
- A contractual right to receive cash (or another financial asset) from another entity
- A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority

Financial Asset Available for Sale

This category contains items that do not fit under any of the other financial asset categories. Examples include equity shareholdings and quoted investments. Available for Sale assets are carried at their fair value, with movements in fair value taken to the Other Comprehensive Income and Expenditure. Interest and dividends income are charged to the Comprehensive Income and Expenditure Account as part of the (Surplus) or Deficit on Provision of Services, alongside gains/losses on derecognition.

Financial Asset Fair Value through Profit and Loss

This designation is used for assets that an entity determines are held for trading and for derivatives with a positive value. The distinctive treatment of such assets would be that all gains and loss are posted to the I+E Account when they arise. However, the Council does not hold any assets of this nature.

Financial Asset Loans and Receivables

These are defined as financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in an active market. Examples include operational trade receivables and bank deposits. Loans and receivables are carried at amortised cost. The I+E Account is charged with interest receivable, impairment losses and any gain or loss on 'derecognition' (i.e. disposal or maturity). Movements in fair value during the life of the asset are not recognised.

Financial Instrument

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

Financial Instruments Adjustment Account

This account has been set up to ameliorate the effects on the General Fund Balance of exceptional occurrence of having to restate financial instruments on the 2007/08 Balance Sheet.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by:
- A contractual obligation to deliver cash (or another financial asset) to another entity
- A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority

Financial Liability Amortised Cost

This category contains all of an authority's financial liabilities that are not 'held for trading' or are derivatives. Examples include operational trade payables and borrowings. These liabilities are carried at amortised cost. The Comprehensive Income and Expenditure Account is charged with interest payable.

Financial Liability Fair Value Through Profit and Loss

This classification is used for liabilities held for trading or derivatives with a negative value. Under FRS 26, an entity can also choose to designate a financial liability as at fair value through profit and loss that would not by definition be required to be so classified, but the Code does not permit this. The distinctive treatment of such assets would be that all gains and loss are posted to the Comprehensive Income and Expenditure Account when they arise. However, the Council does not hold any assets of this nature.

Guarantees

A requirement for the Council to make specified payments to reimburse the holder of a debt if the trade receivables fails to make payment when due in accordance with the terms of the contract.

Impairments

At each Balance Sheet date an assessment is made of whether there is objective evidence that any financial asset or group of financial assets may be impaired (this includes assessing provision for doubtful debts). An assessment should first be made of whether evidence of impairment exists individually for financial assets that are individually significant. Then an assessment of impairment should be made individually or collectively for financial assets that are not individually significant.

Overhanging Premiums and Discounts

Premiums and discounts that relate to transactions prior to 1 April 2007 for which there is either no qualifying replacement loan or modified financial liability or for which the loan/liability has been derecognised. Premiums and discounts do not have a separate existence as financial instruments (as they usually represent payments made in termination of a contractual obligation) but will only be carried on the Balance Sheet to the extent that they can be linked in substance to a replacement transaction. If there is no replacement transaction to link to, the accumulated premiums and discounts will need to be derecognised at 1 April 2007, no matter what year they were first recognised.

Premium

An unforeseen loss to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Soft Loans

These are loans given to or received by the Council with associated interest payments at less than market rates. Examples of Soft Loans made by the Council include loans to employees. The Code requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time. There may be occasions when an authority is in receipt of loans that are interest free or at less than prevailing market rates. If material, the effective interest rate of these loans will need to be calculated so that the value of the financial assistance provided to the authority by the lender can be separated from the financing cost of the transaction. It should be noted that this does not apply to PWLB loans – although they might have marginally lower than market interest rates, this reflects the ability of the Government itself to borrow cheaply, not a subsidisation of local government.