

Buckinghamshire County Council

Statement of Accounts

For the year ended 31 March 2016



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Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to 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 2015-2016 (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 Statement of Accounts for the year ended 31 March 2016 gives a true and fair view of the financial position of the Council as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Richard Ambrose

Date: 28 July 2016

Director of Assurance

Approval of the Statement of Accounts

In accordance with Section 8 of the Accounts and Audit Regulations 2015 I confirm that the Statement of Accounts was approved by the Regulatory and Audit Committee at its meeting held on 28 July 2016.

Date: 28 July 2016

Chairman of the Regulatory and Audit Committee

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

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

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

Respective responsibilities of the Director of Assurance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

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

Matters on which we are required to report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources**Respective responsibilities of the Authority and auditor**

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you if we are not satisfied that the Authority has made proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

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

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Basis for qualified conclusion

In considering the Authority's arrangements for securing efficiency, economy and effectiveness we identified the following matter:

In August 2014, Ofsted issued its report on the inspection of the Authority's services for children in need of help and protection, children looked after and care leavers.

The overall judgement was that children's services were rated as inadequate.

Reviews of children's services undertaken by the Local Government Association in the form of a peer review in October 2015 and the Department of Education in January 2016 found that progress had been made in response to the Ofsted findings, but that further improvements were required in a number of areas. Following these reviews, the Minister of State for Children and Families wrote to the Authority in February 2016, confirming that, although the Authority had made "significant efforts" to address the recommendations made by Ofsted, further improvements were still needed, and the Authority remained subject to intervention by the Department for Education.

Independent Auditor's Report to Members of Buckinghamshire County Council

This matter is evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Qualified conclusion

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

Certificate

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

Paul Grady
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Grant Thornton House
Euston Square
Melton Street
London
W1 2EP
To be dated 2016

Introduction

This report has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery, including revenue and capital investment plans and to provide assistance in understanding the financial statements and the Council's financial position.

Review of 2015/16

Future Shape

2015/16 saw the Council go live with its new "Future Shape" operating model. This has seen a shift to a more commercial approach adopted by the Council. Although this means slightly different things for the diverse range of services delivered by the Council, there are some common themes:

- Improving the customer experience and satisfaction by putting the customer at the centre of our thinking;
- A better understanding of the full cost of delivering services;
- A greater emphasis on charging for services where this is appropriate;
- Being aware of risks and taking a balanced view of the potential rewards that can be derived from accepting some risk, rather than being averse to all;
- Actively managing demand by better understanding our customers, acting earlier and encouraging self-help.

The Future Shape model has seen the Council develop a number of "Alternative Delivery Vehicles" (further information is provided on p17). During 2015/16 the Council has reviewed and strengthened the governance arrangements around these bodies, both in terms of their establishment and their on-going management. The Council has been developing its partnerships with other public sector organisations. Of particular note in 2015/16 has been the developing relationship with the London Borough of Harrow where the Council already has shared arrangements for the Organisational Development Service and has been exploring further possibilities around HR and Legal. The Council has been forging a strategic alliance with other councils in the region focussing primarily on transportation and economic development.

Ofsted Implementation Plan

2015/16 has seen significant progress to improve services for vulnerable children and young people following the outcome of the Ofsted Inspection in June 2014, however we recognise that there is still work to do. The Council is investing in improving these services and although recent performance has improved this will continue to be a key focus of our work for the next financial year. The priority areas are:

- The leadership, culture, values and behaviour of the partnership ensure good outcomes for children and young people;
- To consolidate best practice for children in all areas of frontline services;
- Resources support good practice and improved outcomes for children and young people;
- Self-knowledge, informed by listening to and acting on the voice of children and young people, drives improvements.

The recent visit from auditors from the Department for Education (November 2015) found that "in many areas of activity, as noted, strong practice and performance exists", but this has not yet been sufficient to lift intervention. This, therefore, remains a challenge for the Council looking forward.

Energy from Waste

The Energy from Waste facility at Greatmoor has passed all tests and is due to become operational in late May, with the expectation of £150m of savings over the next 30 years and the generation of 22 megawatts of extra power into the national grid – that's enough to power 20% of all Buckinghamshire's homes. An asset under construction has been recognised in the Councils balance sheet of £159.691m (2014/15 £115.675m) based on the value of works as at 31 March 2016. The plant has passed its acceptance tests and payment of the Facilities Payment Sum (a single bullet payment of £181m) was made in June 2016.

Revenue budget

In part as a direct consequence of the work on the Ofsted Improvement Plan but also for a range of other issues the Council has faced significant financial challenges during 2015/16. Regular monitoring of performance against budget revealed a significant forecast overspend of over £5m in the early part of the year which proved stubborn to shift in the face of initial actions. As a result the Council introduced a freeze on all non-essential spending.

The provisional outturn position is a small overspend of £0.362m against budget. This comprises overspends on portfolio held budgets of £3.405m which is largely offset by an underspend of £3.042m on Corporate Costs and External Financing. The provisional outturn for portfolios reflects the final impact of action plans to address the forecast overspends, the freeze on non-essential expenditure and the use of contingency budgets.

The revenue outturn is summarised below:

Portfolio Area	Outturn £000	Budget £000	Variance £000	Variance %
Leader	5,679	5,961	(282)	(4.7%)
Community Engagement	10,800	11,333	(533)	(4.7%)
Health and Wellbeing	126,828	124,443	2,385	1.9%
Children's Services	58,285	56,171	2,114	3.8%
Education and Skills	36,482	36,872	(390)	(1.1%)
Resources	23,504	23,182	322	1.4%
Planning and Environment	18,207	18,533	(326)	(1.8%)
Transportation	27,245	27,130	115	0.4%
Subtotal - Portfolios	307,030	303,625	3,405	1.1%
Corporate Costs	(306,668)	(303,625)	(3,043)	1.0%
Overall BCC	362	0	362	

Operating deficit

The Comprehensive Income and Expenditure Statement (CIES) p25 shows the net surplus or deficit in the provision of services on an accounting basis. An operating deficit of £17.404m (2014/15 £40.4m) is reported in the CIES as the Council is funded through Council Tax and government grants on a different basis to proper accounting practice. The Movement in Reserves Statement (MiRS) p23 represents the actual impact of income and expenditure during the year on the funds available to the Council. This shows a decrease in usable reserves of £47.2m (2014/15 decrease of £1.5m). This decrease comprises:

- a net deficit charged to the General fund of £3.7m (2014/15 deficit of £10m) comprising a planned use of the general fund of £3.3m and the overspend against budget of £0.362m above;
- a net surplus on schools balances of £2.7m (2014/15 surplus of £3.0m);
- a net use of earmarked reserves of £35.5m; £25m due to the set-aside of funds to finance the EFW plant in advance of completion (£31.6m) less a planned contribution of £6.6m from revenue budgets into the EFW reserve; £15.5m reduction in other reserves; and
- the application of £10.7m of capital reserves to finance the capital programme.

The table below summarises the Council's usable reserves.

	2015/16 £m	2014/15 £m
General Fund	17.4	21.0
Schools balances	19.2	16.6
Earmarked reserves	97.5	132.9
Capital reserves	2.6	13.4
Total	136.7	183.9

Capital budget

At provisional outturn gross capital expenditure was £82.1m. This represents 83.3% of the released budget of £98.5m. There was £6.2m of expenditure budget which remained unreleased in year, on top of the £16.4m of slippage on released expenditure, giving a total slippage of £22.6m (21.6%).

Although larger than desired, the level of slippage is a noticeable improvement on recent years as the new gateway process has helped strengthen governance in this area. It is intended to strengthen things further with the development of a Programme Management Office to facilitate more active management. The capital outturn report is presented prior to the technical adjustment to recognise the EfW plant as an asset under construction.

	Outturn (£000)	Budget (£000)	Variance (£000)	Variance (%)
Children's				
Expenditure	273	338	(65)	19.2%
Total Children's	273	338	(65)	19.2%
Community Engagement				
Expenditure	166	390	(224)	57.4%
Funding	(102)	(121)	19	15.7%
Total Community Engagement	64	269	(205)	76.2%
Education & Skills				
Expenditure	31,321	31,728	(407)	1.3%
Funding	(9,282)	(11,556)	2,274	19.7%
Total Education & Skills	22,039	20,172	1,867	-9.3%
Health & Wellbeing				
Expenditure	1,632	5,248	(3,616)	68.9%
Funding	(58)	(58)	0	0.0%
Total Health & Wellbeing	1,574	5,190	(3,616)	69.7%
Leader				
Expenditure	7,938	14,156	(6,218)	43.9%
Funding	(5,529)	(11,251)	5,722	50.9%
Total Leader	2,409	2,905	(496)	17.1%
Planning & Environment				
Expenditure	1,501	5,227	(3,726)	71.3%
Funding	(439)	(1,371)	932	68.0%
Total Planning & Environment	1,062	3,856	(2,794)	72.5%
Resources ICT				
Expenditure	1,447	3,398	(1,951)	57.4%
Funding	(966)	(1,128)	162	14.4%
Total Resources ICT	481	2,270	(1,789)	78.8%
Resources Property				
Expenditure	3,921	5,562	(1,641)	29.5%
Total Resources Property	3,921	5,562	(1,641)	29.5%
Transportation				
Expenditure	33,853	38,623	(4,770)	12.4%
Funding	(2,406)	(3,550)	1,144	32.2%
Total Transportation	31,447	35,073	(3,626)	10.3%
Grand Total	63,270	75,635	(12,365)	16.3%
Expenditure	82,052	104,670	(22,618)	21.6%
Funding	(18,782)	(29,035)	10,253	35.3%
Grand Total	63,270	75,635	(12,365)	16.3%

Strategic Plan

Our Strategic Plan sets out our vision for ensuring that in the next ten years, Buckinghamshire will still be a great place to live and work, with our economy one of the strongest in the country. The refreshed 2015-17 Strategic Plan was agreed at Council on 16th July 2015 and contains three key priorities:

- Safeguarding Our Vulnerable;
- Creating Opportunities and Building Self Reliance ;
- Keeping Buckinghamshire Thriving and Attractive.

We want to enable the conditions in which local communities can thrive, work with our partners to continue to find new and innovative ways of securing services and provide value for all residents by delivering all of our services as efficiently as possible.

Operational performance

The Council's performance management framework focuses on four key elements of performance: Finance, Business Improvement, Service to Customers and HR. The Business Improvement Performance Indicators provides information on the progress in achieving the Council's priorities as detailed in the Strategic Plan.

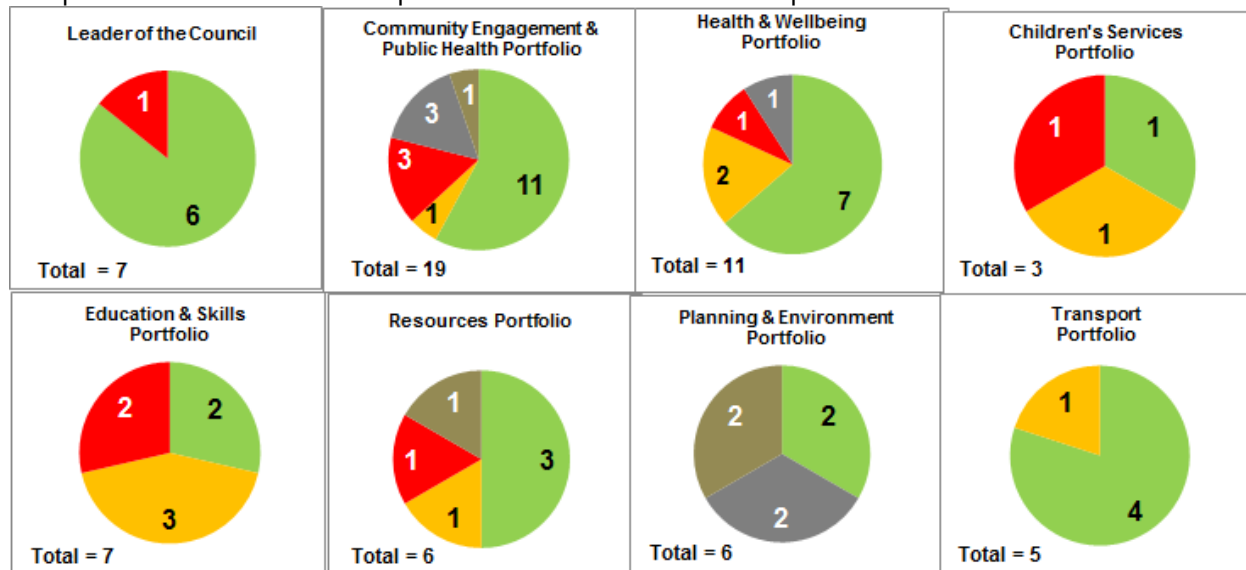
During 2015/16 the council achieved its targets across 66% of the performance indicators (36 of 54 indicators with set targets). Performance was within five percent of target for 17% of indicators and more than five percent away from target for 17% of indicators. Note that there were 16 indicators with no target and 12 indicators that could not be reported due to the availability of data.

- Planning and Environment Portfolio have achieved their target, specifically in the reduction of household waste and in planning applications processed within required timescales;
- Transportation Portfolio satisfaction with highway condition and maintenance has improved compared to last year, and most indicators reached target;
- Leader Portfolio, the majority of performance indicators have reached target , specifically in supporting economic development and the number of children and young people not in education, employment or training;
- Education and Skills Portfolio, pupils perform well against national averages and most improvement targets were met for pupils in Early Years Foundation Stage;
- Community Engagement and Public Health Portfolio have reached targets in a range of areas including smokers achieving to quit, weight loss management, completion of drug treatment and those invited to NHS Health Checks.
- The Health and Wellbeing Portfolio is mostly on target, particularly in admissions to residential care, the proportion of people receiving direct payments and reducing the number of delayed transfers of care from hospital.

Below is an extract from the Corporate Balanced Scorecard.

Business Improvement (Performance)

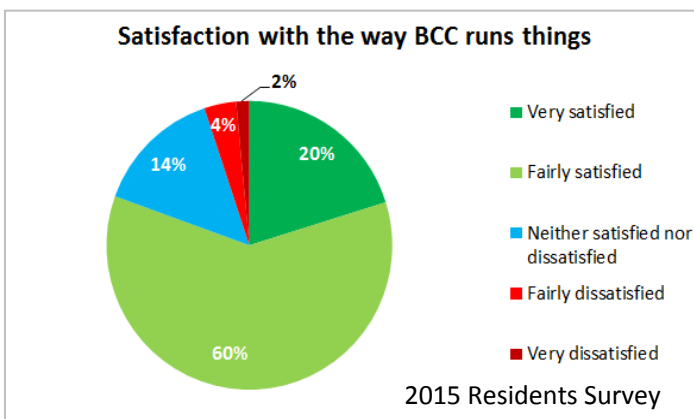
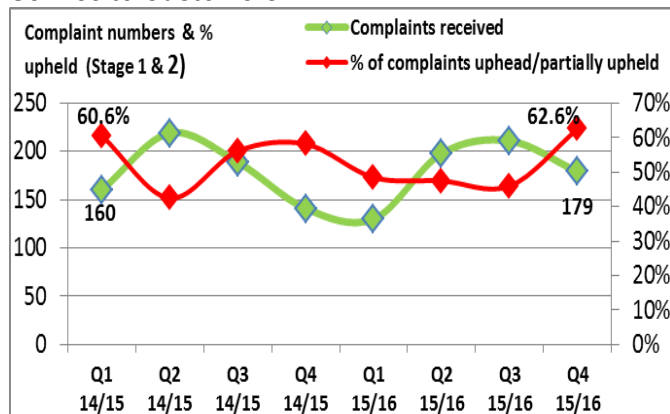
The pie charts show the 2015/16 performance for the non-financial performance indicators.



The pie charts above show the number of performance indicators that are:-

- On or above target
- Within 5% of target
- Below target
- Data not available
- No target set
- Annual - data not due

Service to Customers

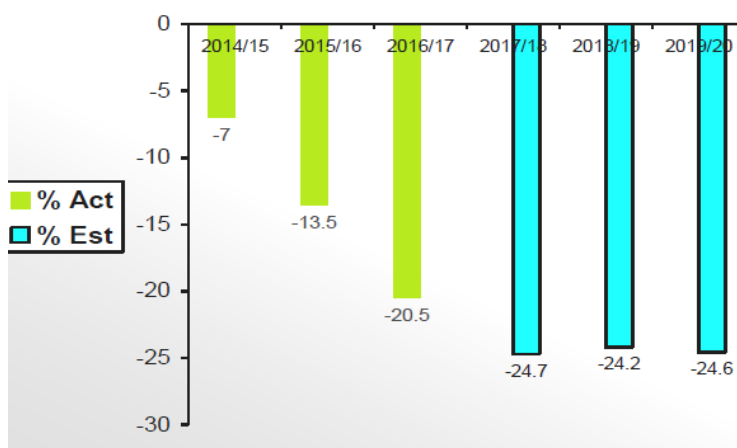


Medium Term Plan ('MTP')

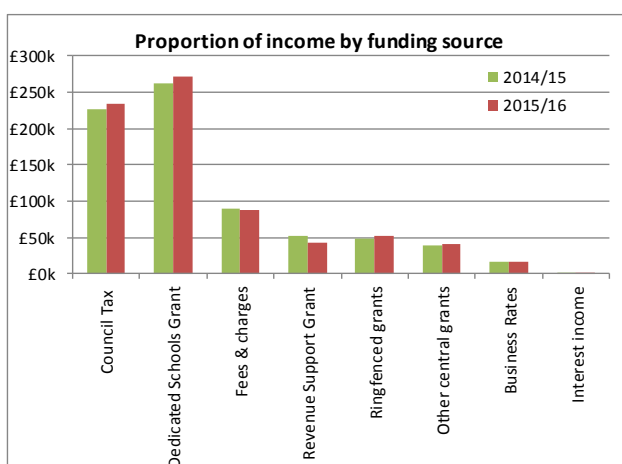
The Council has been presented with some very significant financial challenges as a consequence of a very tough financial settlement from central government. The radical change of approach to the funding methodology came as a surprise to the Council and budget plans for future years had to be amended rapidly to accommodate the loss of funding. The Council put in considerable effort to lobbying activity which has resulted in some significant transitional relief, but by the end of the four year planning period the reduction in funding from Government is just as large as that originally announced. This makes it all the more important that the Council delivers both on its savings plans and its initiatives to generate greater income.

The Government have recognised the increasing financial pressures in social care. Local authorities with social care responsibilities have been given the ability to raise Council Tax by an additional 2% from April 2016, known as the 'Social Care Precept'. By the end of the four year period the Government intends to move to a position where there is no longer any Revenue Support Grant and local government as a whole retains 100% of Business Rates income. There is still much detail to sort out on how this will work in practice and Buckinghamshire intends to play an active part in the debates leading to the establishment of the new system. 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. The funding reductions for 2016/17 to 2019/20 have been provisionally announced.

Percentage change in funding settlement



The Council is increasingly looking at other means of generating resources, in part through increasing the Council Tax, but also by expanding its commercial approach to income generation. The chart below shows the proportion of income by funding source for 2015/16 and 2014/15.



The Government has set out plans to move most schools to academies and prior to that to introduce a national formula for funding schools. These changes could have a significant impact on the shape of local government and will require active change management.

The care of an ageing population remains a significant challenge not only for government both national and local, but also for our wider society. Whilst the main elements of the Care Act have been put on hold for the time being due to considerable affordability issues, initiatives to create a far stronger join up between social care and health care remain and will be a significant influence on workload for the Council over the coming months and years.

Key Financial Risks

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

- **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 MTP (£51m over the next 4 years). This includes some ambitious proposals to radically change the way services are delivered. It will also require greater integration of services with partners, particularly health, to deliver more efficient public services beyond the boundary of the Council itself;
- **Global Economic Turbulence** – Although the reductions in local government are already severe there is some risk that global issues such as Chinese economic slow-down, volatility in the Eurozone, or the oil price may cause the Chancellors growth forecasts to be disrupted. In these circumstances the Government may decide to impose further cuts in funding on local government;
- **Demand Led Budgets** – Client numbers and levels of need for statutory services are notoriously difficult to control. Buckinghamshire has an increasing number of residents with a rising elderly population and an increasing birth rate, particularly in some of the more deprived wards;
- **Cost Pressures** - Arising from the growth in the tax base such as having more roads to maintain, more energy needed for street lights, more concerns raised with Trading Standards etc;
- **National Living Wage** – The Council has made provision for the National Living Wage which will mainly fall directly on our social care providers on the basis that these contracts will absorb a proportion of those costs;
- **Managing Public Expectations** – Local tax increases are planned to be much larger than recently experienced at the same time as cuts to services are more severe. This could stimulate some public resistance to the change programme that the Council needs to implement in order to live within it means;
- **Changes in Legislation/Responsibilities** – The Government are proposing a number of changes to the remit of local authorities for example as part of the move to full business rates retention or through increasing number of academy or free schools. There is inevitably a risk that the changes in responsibility are not matched by appropriate changes in funding;
- **Ofsted Improvement Plan** – 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;
- **Capital** – The Council has a history of considerable slippage on the delivery of its capital programme. In the current climate construction costs are starting to rise which could drive costs up if projects continue to slip. There are also risks in respect of the delivery of school places and early years provision.
- **Brexit** – The Council is considering the impact of the vote to leave the European Union and will review any financial implications as part of our Medium Term Planning process

Future Developments in Service Delivery

Unitary Authority

The Council is in the process of preparing a business case around a number of unitary options.

Financial Position

Net Asset Position

The Council has net assets of £517.231m (2014/15 £450.288m) backed by usable reserves of £136.656m (2014/15 £183.920m) and unusable reserves of £380.575m (2014/15 £266.368m). This is shown in the Balance Sheet p26 which shows how the resources available are held in the form of assets and liabilities.

A “Corporate Landlord” approach has been adopted towards our property estate in order to drive better value from these assets. Reviews of both the agricultural estate and the remainder of the property estate have been carried out in order to understand how they can be better used. The agricultural estate is now held as investment properties, resulting in a £27.101m increase in the valuation of these assets. In addition the Council has acquired property assets with the specific purpose of generating a financial return in order to increase the financial stability of the Council.

Pensions Liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £538.394m (2014/15 £583.008m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. 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 triennial revaluation of the Pension Fund is due to be undertaken during 2016/17. This will determine whether an increase in employer contribution rates is required to meet the underlying deficit.

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 takes into account the strategic, operational and financial risks facing the Council and, as such, a review of the level of reserves is undertaken each year as part of the budget formulation

In the last few years 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 in-year increases in demand pressures. Funding of some improvement initiatives will continue for the next few years.

Overall financial plans do not assume any further use of general reserves as the forecast level at the end of 2015/16 is now deemed to be at the minimum level required (approx. 5.0% of the net budget requirement).

Treasury Management

The Council’s Treasury Management Strategy sets out the Council’s aims, objectives and performance in relation to the management of the Council’s investments and cash flows, its banking, money market and capital market transactions and borrowings or loan portfolio.

The Council has plans in place to finance much of the Energy from Waste plant through a combination of earmarked reserves and current cash investments. Therefore, during the forthcoming 12 months, the Council’s average investment balance is anticipated to reduce from £200m to approximately £30m. Following payment for the Energy from Waste plant, the Council plans to maintain minimum cash levels for operational purposes.

Borrowing Strategy

The Council's borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio;
- To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments;
- To maintain a view on current and possible future interest rate movements and borrow accordingly;
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and the Prudential Indicators.

The Council may borrow in advance of spending need, where this is expected to provide the best long term value for money. The Council is planning to borrow £50m to £90m in 2016/17 as part of the financing of the EfW plant, possibly from another local authority rather than the Public Works Loans Board (PWLB). The Council will be repaying £11.732m of PWLB borrowing during 2016/17.

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 2016/17 onwards are based on estimates:

	Actual	Estimates			
	2015/16	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000	£000
Gross Borrowing	163,801	250,000	220,000	210,000	200,000
Capital Financing Requirement	325,826	319,777	310,565	301,549	297,047

During 2015/16 £26.913m of debt was repaid (2014/15 £11.732m).

The Cash Flow Statement p27 shows how the movement in resources has been reflected in cash flows. The net decrease in cash and cash equivalents during the year was £2.831m (2014/15 £14.713m).

Capital programme

The four year capital programme has been developed to meet the Council's key priorities. With reduced resources available the Council has had to scale back its investment in infrastructure projects. The road improvement programme will continue for 2016/17 but, thereafter, resources are reduced to sustain the status quo. Although the Council continues to commit significant resources to its school building programme it remains unclear whether this will be sufficient to meet the rate of growth in the school population. The Council is also working in partnership with other bodies to develop projects, such as the LEP on infrastructure projects, districts councils on town centre regeneration and national bodies on East-West Rail.

	Year 1 2016/17 £000's	Year 2 2017/18 £000's	Year 3 2018/19 £000's	Year 4 2019/20 £000's	Grand Total £000's
Capital Expenditure					
Primary School Places	16,850	13,671	3,000	4,000	37,521
Secondary School Places	9,400	13,500	13,000	17,000	52,900
Other Education & Skills	8,032	9,700	3,800	3,200	24,732
Orchard House (Health & Wellbeing)	740	2,100	1,600	237	4,677
Aylesbury Eastern Link Road	-	13,529	4,590	-	18,119
High Wycombe Town Centre & Transport Strategy	1,591	4,740	4,880	-	11,211
Other Leader Projects	5,934	8,004	2,610	500	17,048
Energy from Waste	180,000	-	-	-	180,000
ICT Investment	1,748	1,472	1,258	965	5,443
Property Investment	5,476	5,532	6,320	7,549	24,877
Strategic Highway Maintenance & Management	15,000	12,000	10,000	10,000	47,000
Other Roads Investment	8,041	4,957	7,337	4,215	24,550
All Other Schemes	1,913	1,380	7,089	550	10,932
Estimate of Gross Capital Expenditure	254,726	90,585	65,484	48,216	459,010
Capital Funding					
Unringfenced Capital Grants	(27,542)	(28,843)	(28,429)	(28,957)	(113,771)
Ringfenced Capital Grants	(4,791)	(15,207)	(5,610)	-	(25,608)
Prudential Borrowing	(132,150)	(2,100)	(2,026)	(4,486)	(140,762)
Capital Receipts	(4,488)	(6,121)	(6,853)	(2,753)	(20,215)
Use of Reserves	(75,040)	-	-	-	(75,040)
Revenue Contributions	(9,162)	(10,573)	(6,206)	(3,513)	(29,454)
Developer Contributions (s106 / CIL)	(12,624)	(19,566)	(13,970)	(8,000)	(54,160)
Total Funding	(265,797)	(82,410)	(63,094)	(47,709)	(459,010)
Net Funding (surplus) / or gap	(11,071)	8,175	2,390	507	0

Sources of Funds for Capital Expenditure

The Council can finance capital schemes in a variety of ways including:

- The application of capital grants and usable capital receipts;
- 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);
- Contributions received from another party, including Developer Contributions;
- Borrowing.

General Accounting Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Accounts have been prepared in accordance with the statutory framework established by the Accounts and Audit (England) Regulations 2015; with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (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 SeRCOP. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a 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 CIES, as part of Net Expenditure on Cost of Service.

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 85.

Material and Unusual Charges or Credits in the Accounts

Significance of the Pensions Liability

The pensions liability shows the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £538.394m (2014/15 £583.008m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. A gain of £71.922m has been recorded in year due to a change in financial assumptions adopted by the actuary in relation to the present value of the defined benefit obligation. A small drop in expected CPI increases has reduced the present value of future pension and salary costs; in addition the discount rate (which is the annualised yield at the 18 year point on the Merrill Lynch AA-rated corporate bond yield curve) has increased to 3.6% (2014/15 3.3%).

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 Council's balance sheet of £159.691m (2014/15 £115.675m) based on the value of works as at 31 March 2016 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 £181m) which equates to 85% of the construction costs of the project. The plant has passed its acceptance tests and payment was made in June 2016.

Investment Property

The Council has reviewed its strategy in relation to its agricultural estate and now holds these assets as Investment Property with a primary purpose of generating rentals and for capital appreciation. These assets are now valued at fair value which has resulted in a £27.101m increase in their value as reported in the balance sheet.

Interests in Companies and Other Entities

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. 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 and a loan of £0.914m.

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 from the Council 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 approximately 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 County 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 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. During 2015/16 the Council spent £5k with Bucks Law Plus. The Council has not prepared group accounts on the grounds that there would be no material difference to the single entity accounts in respect of this enterprise.

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 Council's two outdoor education centers, Green Park in Aston Clinton and Shortenills in Chalfont St Giles, in partnership with Marlow-based Longridge Activity Centre. Services to the value of around £120k per annum transferred to the trust.

Group Accounts

For all entities that fall within the Councils group boundary, cumulatively there would be no material difference from the single entity accounts, if group accounts were prepared.

Accounting for Schools

The single entity financial statements are defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the Council maintained schools in England and Wales within the control of the Council.

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 2016/17 Code:

CIPFA Code of Practice on Transport Infrastructure Assets

The 2016/17 Code includes the requirements to measure Highways Network Assets on a Depreciated Replacement Cost (DRC) basis. The 2016/17 Code includes an adaptation to IAS 1 for the transition so that there is no requirement to restate the preceding year information or for an opening balance as at 1 April 2016. The change shall therefore be accounted for as an adjustment to opening balances as at 1 April 2016 and has no impact on the 2015/16 Statement of Accounts. The change will require the establishment of a separate asset, the Highways Network Asset.

Telling the Story

The 2016/17 Code includes changes to the format of the CIES, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis note as a result of the Telling the Story review of the presentation of the Councils financial statements. The comparator for 2015/16 CIES and the Movement in Reserves Statement will also be updated to reflect the new formats and reporting requirements.

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 £340.509m (2014/15 £315.697m). It is estimated that the Depreciated Replacement Cost valuation basis to be brought into effect in the 2016/17 code would result in a valuation of £10.3bn.
- **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 £159.691m (2014/15 £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 the Council 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 £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 Council's interests in other companies are on page 19.

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 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
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 £1.022bn.

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	It is impracticable to quantify. Assumptions are standard recommended practice for valuation of properties. The carrying amount of assets subject to revaluation and impairment is £1.188bn 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 £538.394m.
Fair Value	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where there is no observable data judgement is required in establishing fair values. Changes in the assumptions used could affect the fair value of the Councils assets and liabilities.	The Council uses discounted cash flow (DCF) to measure the fair value of Long-term Trade and Other Receivables. The significant unobservable inputs used in the fair value measurement include assumptions regarding rent growth and discount rates. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The carrying amount of these assets is £18.059m.

Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Assurance on 28th July 2016. 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 2016, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information.

Energy from Waste (EfW)

The Council's Energy from Waste (EfW) passed acceptance testing and became operational in June 2016. At this point the Council paid a single bullet payment of £181m. The carrying value of the asset in the balance sheet as at 31st March 2016 is £159.691m. A valuation of the asset was carried out by Carter Jonas once operational; the value of the asset was calculated at £169.330m.

Academy Schools

As at 28th July 2016, 2 further schools have converted to academy status. The value of the buildings that have transferred are recorded in the balance sheet as at 31 March 2016 at £11.113m. It is likely that further schools will convert to academy status during 2016/17.

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 CIES. 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.

	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 2015	(21,043)	(14,135)	(2,436)	(132,947)	(3,261)	(10,097)	(183,919)	(266,369)	(450,288)
Movement in reserves during 2015/16									
(Surplus) or deficit on the Provision of Services	17,404	-	-	-	-	-	17,404	-	17,404
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(88,317)	(88,317)
Total Comprehensive Income and Expenditure	17,404	-	-	-	-	-	17,404	(88,317)	(70,913)
Adjustments between accounting basis & funding basis under regulations (Note 2)	19,120	-	-	-	3,261	7,478	29,859	(29,859)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	36,525	-	-	-	3,261	7,478	47,263	(118,176)	(70,913)
Transfers to/(from) Earmarked Reserves (Note 3)	(32,864)	(2,701)	70	35,495	-	-	-	-	-
(Increase) / Decrease in 2015/16	3,660	(2,701)	70	35,495	3,261	7,478	47,263	(118,176)	(70,913)
Balance at 31 March 2016	(17,383)	(16,836)	(2,366)	(97,452)	-	(2,619)	(136,656)	(384,546)	(521,202)

Movement in Reserves Statement

Comparative Figures 2014/15

	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)

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.

2014/15			2015/16			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,808	(1,507)	1,301	Central Services to the Public	2,853	(1,594)	1,259
14,611	(1,996)	12,615	Culture and Related Services	9,796	(1,629)	8,167
29,783	(3,297)	26,486	Environment and Regulatory Services	23,932	(2,013)	21,919
4,688	(1,771)	2,917	Planning Services	6,442	(3,270)	3,172
465,724	(324,068)	141,656	Education and Children's Services	495,767	(331,161)	164,606
51,023	(6,963)	44,060	Highways and Transport Services	50,861	(5,192)	45,669
3,743	(190)	3,553	Housing Services	2,882	-	2,882
168,029	(37,204)	130,825	Adult Social Care	174,552	(40,182)	134,370
13,794	(16,154)	(2,360)	Public Health	21,191	(19,328)	1,863
4,800	(285)	4,519	Corporate and Democratic Core	4,812	(280)	4,532
1,293	(528)	764	Non Distributed Costs	1,716	(564)	1,152
760,296	(393,963)	366,336	Cost of Services	794,806	(405,215)	389,591
23,496	-	23,496	Other Operating Expenditure (Note 4)	8,819	-	8,819
28,997	(2,688)	26,309	Financing and Investment Income and Expenditure (Note 5)	30,012	(32,189)	(2,177)
-	(375,684)	(375,684)	Taxation and Non-Specific Grant Income (Note 6)	(47,269)	(331,560)	(378,829)
812,789	(772,335)	40,457	(Surplus) or Deficit on Provision of Services	786,368	(768,964)	17,404
		(27,293)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 26)			(15,785)
		(625)	Surplus or deficit on revaluation of available-for-sale financial assets (Note 21)			(610)
		93,707	Remeasurement of the defined benefit liability / (asset) (Note 13)			(71,922)
		65,789	Other Comprehensive Income and Expenditure			(88,317)
		106,246	Total Comprehensive Income and Expenditure			(70,913)

Balance Sheet

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.

31 March 2015 £000	Notes	31 March 2016 £000
1,151,376 Property, Plant & Equipment	14	1,191,989
7,550 Heritage Assets	17	7,524
- Investment Property	19	44,773
2,141 Intangible Assets	18	1,392
18,875 Long Term Investments	21	5,738
19,767 Long Term Trade and Other Receivables	24	18,059
1,199,709 Long Term Assets		1,269,475
100,186 Short Term Investments	21	80,745
1,145 Temporary Loans	21	1,546
3,573 Assets Held for Sale	20	671
262 Inventories		191
51,794 Short Term Trade and Other Receivables	24	44,656
76,369 Available for Sale Financial Assets	21	85,791
1,015 Cash and Cash Equivalents	23	-
234,344 Current Assets		213,600
- Cash and Cash Equivalents	23	(1,816)
(28,250) Short Term Borrowing	21	(13,069)
(86,930) Short Term Trade and Other Payables	24	(91,079)
- Service Concession Arrangements	16	(159,691)
(115,180) Current Liabilities		(265,655)
(7,438) Provisions and Long Term Liabilities	25	(7,092)
(162,464) Long Term Borrowing	21	(150,732)
(115,675) Service Concession Arrangements	16	-
(583,008) Pension Liability	13	(538,394)
(868,585) Long Term Liabilities		(696,218)
450,288 Net Assets		521,202
(183,920) Usable Reserves	MiRS*	(136,656)
(266,368) Unusable Reserves	26	(384,546)
(450,288) Total Reserves		(521,202)

*MiRS - Movement in Reserves Statement (see page 23)

These financial statements replace the unaudited financial statements certified by Richard Ambrose on 25 May 2016

Cash Flow Statement

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.

2014/15	2015/16
£000	£000
40,457 Net (surplus) or deficit on the provision of services	17,404
(95,032) Adjustments to net surplus or deficit on the provision of services for non-cash movements	(87,416)
51,844 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	57,609
(2,730) Net cash flows from operating activities (note 28)	(12,403)
65,034 Purchase of property, plant and equipment, investment property and intangible assets	69,299
847,565 Purchase of short-term and long-term investments	908,872
(9,540) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,340)
(840,246) Proceeds from short-term and long-term investments	(932,240)
(42,305) Other receipts from investing activities	(47,269)
20,508 Net cash flows from investing activities	(11,678)
15,000 Cash receipts of short and long-term borrowing	-
(11,935) Repayments of short and long-term borrowing	(26,913)
(3,065) Net cash flows from financing activities	26,913
14,713 Net (increase) or decrease in cash and cash equivalents	2,832
15,728 Cash and cash equivalents at the beginning of the reporting period	1,015
1,015 Cash and cash equivalents at the end of the reporting period	(1,816)

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 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 amortisation are charged to services in the CIES);
- 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:

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	5,679	(441)	-	(441)	3,988	2,080	52	6,120
Community Engagement	10,800	(2,538)	-	(2,538)	8,094	4,962	282	13,338
Health and Wellbeing	126,828	(38,646)	(20,864)	(59,511)	17,004	168,588	747	186,339
Children's Services	58,285	(3,407)	(1,371)	(4,778)	24,437	36,836	1,790	63,063
Education and Skills	36,482	(22,635)	(298,328)	(320,964)	205,312	144,899	7,235	357,446
Resources	23,504	(4,663)	-	(4,663)	22,553	8,952	(3,339)	28,166
Environment	18,207	(3,494)	(570)	(4,064)	4,271	17,557	443	22,271
Planning and Transportation	27,245	(5,422)	(465)	(5,886)	1,890	31,091	150	33,131
Sub-Total Portfolios	307,030	(81,246)	(321,598)	(402,844)	287,549	414,965	7,360	709,874
Corporate Costs	28,470	(6,631)	-	(6,631)	2,070	33,299	(268)	35,101
Total	335,500	(87,877)	(321,598)	(409,475)	289,619	448,264	7,092	744,975
Financing	(331,560)	(249,365)	(82,195)	(331,560)	-	-	-	-
Earmarked Reserves	(280)	-	-	-	-	-	-	-
Net (surplus) / deficit	3,660	(337,242)	(403,793)	(741,035)	289,619	448,264	7,092	744,975
Planned Use of General Fund	(3,298)							
Net Budget (surplus) / deficit	362							

Comparative Figures 2014/15

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	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
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)							

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.

	2014/15 £000	2015/16 £000
Net expenditure per the Outturn report	10,072	3,660
Amounts in the CIES not reported to management in the Analysis	63,869	39,702
Amounts in the Analysis not reported in the Net Cost of Service in the CIES	292,394	346,227
Cost of Services in CIES	366,334	389,589

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	(85,201)	(9,798)	-	-	39,712	(55,288)	-	(55,288)
Interest and investment income	(2,483)	-	(26,633)	29,115	-	-	(30,015)	(30,015)
Income Council Tax and NNDR	(249,365)	-	-	249,365	-	-	(249,365)	(249,365)
Government grants and contributions	(403,794)	(1,493)	(47,269)	129,464	-	(323,092)	(129,464)	(452,556)
Total Income	(740,843)	(11,291)	(73,901)	407,944	39,712	(378,379)	(408,844)	(787,223)
Employee expenses	289,618	3,977	(2,631)	7,790	-	298,754	18,700	317,454
Other service expenses	437,484	10,455	485	(12,636)	(35,767)	400,022	-	400,022
Support Service recharges	7,086	(3,141)	-	-	(3,945)	-	-	-
Application of capital grants	-	-	47,269	(47,269)	-	-	-	-
Depreciation, amortisation and impairment	-	-	69,193	-	-	69,193	-	69,193
Interest payments	9,851	-	(712)	(9,139)	-	-	9,139	9,139
Precepts and levies	463	-	-	(463)	-	-	463	463
Gain or Loss on Disposal of non current Assets	-	-	-	-	-	-	8,356	8,356
Total Expenditure	744,503	11,291	113,603	(61,717)	(39,712)	767,968	36,659	804,627
Surplus or deficit on the provision of services	3,660	-	39,702	346,227	-	389,589	(372,185)	17,404

Comparative figures for 2014/15

	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

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 the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. 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.

2015/16

	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 CIES:				
Charges for depreciation and impairment of non-current assets	(30,526)	-	-	30,526
Revaluation losses on Property, Plant and Equipment	(24,568)	-	-	24,568
Fair Value gains / losses on Investment Properties	27,101	-	-	(27,101)
Amortisation of Intangible Assets	(1,258)	-	-	1,258
Capital grants and contributions applied	44,696	-	-	(44,696)
Revenue Expenditure Funded from Capital Under Statute	(12,841)	-	-	12,841
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(18,137)	-	-	18,137
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment (minimum revenue provision)	7,833	-	-	(7,833)
Capital expenditure financed from the General Fund	41,939	-	-	(41,939)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
Adjustments primarily involving the Capital Grants Unapplied Reserve:				
Capital grants and contributions unapplied credited to the CIES	2,572	-	(2,572)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	10,050	(10,050)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	10,440	(10,440)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	15,145	-	(15,145)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	(100)	100	-	-
Write Down of deferred capital receipts	-	(1,544)	-	1,544
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the CIES 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 CIES	(50,679)	-	-	50,679
Employer's pension contributions and direct payments to pensioners payable in the year	23,371	-	-	(23,371)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and NNDR income credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	(3,661)	-	-	3,661
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	818	-	-	(818)
Total Adjustments	19,121	3,261	7,478	(29,860)

2014/15 Comparative Figures

	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 CIES:				
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 written off on disposal as part of the (gain)/loss on disposal to the CIES	(32,811)	-	-	32,811
Insertion of items not debited or credited to the CIES:				
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 CIES	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 CIES	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 towards 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 which finance costs charged to the CIES 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 CIES	(42,709)	-	-	42,709
Employer's pension contributions and direct payments to pensioners payable in the year	24,517	-	-	(24,517)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(198)	-	-	198
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,191	-	-	(1,191)
Total Adjustments	(44,999)	5,819	267	38,913

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 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£000	£000	£000	£000	£000	£000	£000
Earmarked General Fund Reserves							
A - Revenue Contribution to Capital	(31,260)	10,243	(17,248)	(38,265)	7,519	(7,741)	(38,487)
B - Doubtful Debt Reserve	(1,048)	-	-	(1,048)	-	-	(1,048)
C - Priority Spend	(1,253)	329	(145)	(1,069)	242	-	(827)
D - Learning Skills Council Reserve	(529)	-	(49)	(578)	-	(73)	(651)
E - Efficiency Fund and SALIX	(1,746)	770	(785)	(1,761)	1,023	(572)	(1,310)
F - Commuted Sums	(536)	-	-	(536)	7	(64)	(593)
G - Renew als	(2,059)	1,111	(1,529)	(2,477)	1,054	(919)	(2,342)
H - Insurance	(5,054)	147	(606)	(5,513)	124	(1,367)	(6,756)
I - Election Expenses	(173)	-	(124)	(297)	-	(124)	(421)
J - Transformation	(2,559)	783	(39)	(1,815)	1,071	-	(744)
K - Social Care	(7,957)	13,371	(7,714)	(2,300)	10,879	(9,060)	(481)
L - Waste	(36,909)	1,386	(11,085)	(46,608)	31,579	(6,585)	(21,614)
M - Revenue Grants Unapplied	(11,341)	1,490	(2,552)	(12,403)	2,876	(1,391)	(10,918)
N - DSG carry forward	(7,810)	5,026	-	(2,784)	4,788	(2,463)	(459)
O - Strategic Asset Development	(1,492)	-	(964)	(2,456)	481	-	(1,975)
AA - Other	(9,640)	2,022	(5,420)	(13,038)	5,540	(1,329)	(8,827)
Subtotal	(121,366)	36,678	(48,260)	(132,948)	67,183	(31,688)	(97,452)
Earmarked for Schools							
AB - Earmarked Schools Revenue Balances	(10,749)	10,975	(14,361)	(14,135)	14,236	(16,937)	(16,836)
AB - Earmarked Schools Devolved Formula Capital	(2,790)	2,791	(2,437)	(2,436)	2,437	(2,367)	(2,366)
Subtotal	(13,539)	13,766	(16,798)	(16,571)	16,673	(19,304)	(19,202)
Total	(134,905)	50,444	(65,058)	(149,519)	83,856	(50,992)	(116,654)

- 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 Business Units 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 Reserve 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 Reserve has been established to set aside un-ringfenced, unused revenue grants to be used in future years.
- N) The DSG Carry Forward Reserve relates to unused Dedicated Schools Grant (DSG).
- O) The Strategic Asset Development Reserve enables the Council to invest in existing or new assets 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 2015	Balance at 31 March 2016
Devolved Formula Capital carried forward	(2,436)	(2,366)
Supluses carried forward*	(15,880)	(18,344)
Deficits carried forward*	1,745	1,508
Total	(16,571)	(19,202)

* Excluding Academy schools

4 - Other Operating Expenditure

2014/15	2015/16
£000	£000
1,953 (Gain)/losses on the disposal of non-current assets	5,932
21,074 Loss on de-recognition of Academies non-current assets	2,424
460 Levies - Environment Agency	463
9 (Gain)/losses on the disposal of Financial Assets Held for Sale	-
23,496 Total	8,819

5 - Financing and Investment Income and Expenditure

2014/15	2015/16
£000	£000
11,033 Interest payable and similar charges	9,139
19,900 Net interest on the defined pension liability	18,700
(4,624) Interest receivable and similar income	(1,943)
- Investment Properties Income and expenditure and changes in Fair Value	(28,072)
26,309 Total	(2,176)

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 2015/16

Taxation and Non Specific Grant Income

2014/15	2015/16
£000 Grants Held Centrally	£000
(227,366) Council Tax	(233,751)
(52,673) Revenue Support Grant	(41,823)
(15,630) Locally Retained Non Domestic Rates	(15,614)
(24,709) NNDR Top up Grant	(25,181)
(13,001) Non-ringfenced Government Grants *	(15,191)
(42,305) Capital Grants and Contributions	(47,269)
<u>(375,684) Total</u>	<u>(378,829)</u>

*Non-ringfenced government grants detailed below

2014/15	2015/16
£000 Non-ringfenced Government Grants	£000
(402) Local Service Support Grant	(343)
(6,978) Education Service Grant	(5,615)
(2,444) New Homes Bonus	(3,024)
(1,498) SEN / SEN Reform Grants	(309)
- Small Business Rates Relief	(1,132)
- Care Act Implementation	(2,662)
(1,679) Total of other grants below £1m each	(2,106)
<u>(13,001) Total</u>	<u>(15,191)</u>

2014/15	2015/16
£000 Grants Credited to Services	£000
(262,127) Dedicated Schools Grant	(271,697)
(17,249) Public Health Grant	(19,058)
(6,468) Education Funding Agency 16-19	(5,573)
(3,590) Skills Funding Agency	(3,573)
(1,467) PE and Sports Grant	(1,723)
(1,928) Department of Transport Grant	(465)
(4,431) Universal Free School Meals	(5,231)
(8,912) Pupil Premium	(8,864)
(1,154) Devolved Formula Capital Grant	(1,126)
- Disabled Facilities Grant	(1,499)
(2,938) Total of other grants below £1m each	(4,283)
<u>(310,264) Total</u>	<u>(323,092)</u>

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 a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2015/16 are as follows:

	Central Expenditure £000	Individual Schools Budgets £000	Total £000
Final DSG for 2015/16 before Academy recoupment			392,012
Academy figure recouped for 2015/16			(120,315)
Total DSG after Academy recoupment for 2015/16			271,697
Brought forward from 2014/15			3,255
Carry-forward to 2016/17 agreed in advance			(906)
Agreed initial budgeted distribution in 2015/16	69,195	204,851	274,046
Final budgeted distribution for 2015/16	69,195	204,851	274,046
Less Actual central expenditure	(69,965)		(69,965)
Less Actual ISB deployed to schools		(204,527)	(204,527)
Plus agreed carry-forward for 2016/17			906
Carry Forward to 2016/17	(770)	324	460

8 - Members' Allowances

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

2014/15 £000	2015/16 £000
531 Salaries	539
100 Employer Contributions	94
352 Allowances	337
983 Total	970

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). Grants received from Government Departments are set out in Note 6 Taxation and Non Specific Grant Income.

Pension Fund

The Council charged the Fund £1.38m (2014/15 £1.256m) 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 2015/16 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 2015/16 TWK Transit provided the Council with transport services to the value of £1.35m (2014/15 £1.21m). Collectively the Khattak Group have provided services to the value of £3.34m (2014/15 £3.06m).

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'). The Council has a signed 3 year contract for the provision of services. Payments under the contract totalled £9.88m (2014/15 £9.645m). In addition Buckinghamshire Care had a support services agreement to buy-back a range of back office functions. Income received by the Council from Buckinghamshire Care 2015/16 was £0.82m (2014/15 £0.496m) During 2015/16 the Council agreed a £1m loan with Buckinghamshire Care which has an outstanding balance of £0.91m.

Buckinghamshire Learning Trust (BLT)

The BLT is an educational charity delivering a comprehensive range of services to schools and early years' settings, including school and early years' improvement, specialist teaching, CPD and other key support services. The Trust received £8.89m from the Council (2014/15 £11.56m). Income received by the Council from the BLT in relation to a support services buy-back agreement was £0.47m (2014/15 £0.38m).

Adventure Learning Foundation (ALF)

The ALF is a registered charity and a company limited by guarantee. Its aim is to provide high quality, affordable outdoor education, activity and sports services for young people. In 2013/14, the Council leased the Green Park Centre, Aston Clinton and the Shortenhills 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. The Council has made a £0.69m loan to ALF to cover initial investment, to be repaid over 5 years. An assessment of the recoverability of loans due to operating losses currently being incurred by ALF has resulted in a provision being held against this loan. The Council has purchased services of £0.54m during the year from ALF (2014/15 £0.31m).

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 Council. During 2015/16 the Trust received funding from the Council totalling £0.239m (2014/15 £0.645m).

Buckinghamshire Law Plus

Buckinghamshire Law Plus is a private limited company established in a joint venture between the Council and Buckinghamshire & Milton Keynes Fire Authority. In order to enable the setup of this Company the Council has made a £0.1m loan to Buckinghamshire Law Plus to cover initial investment, to be repaid over 3 years. The balance on this loan at 31st March 2016 is £0.068m. The Council has received income in respect of staff and expenses totaling £0.13m (2014/15 £0.56m).

Local Authority Companies

The following company 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

Buckinghamshire Advantage is an independent company limited by guarantee, and owned by the Council, the four District Councils and Bucks Business First. The Council has made a contribution towards operating costs of £0.094m (2014/15 £0.142m).

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 Council Leaders / Deputy Leaders and five business leaders. The BTVLEP is not a legally constituted entity and the Council is currently the accountable body. The Council has made a contribution of £0.12m and been reimbursed £0.15m for services provided to the BTVLEP. In addition BTVLEP funding has been used to pump prime £11.02m (2014/15 £nil) of strategic capital infrastructure projects. As at 31 March 2016 £6.69m (2015/16 £6.09m) 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. In addition to funding from the Council it is funded externally by the Police, Probation Service and Health. Buckinghamshire County Council's element of the funding in 2015/16 was £0.68m (2014/15 £0.673m)

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 2015/16 was as follows:

	Salary, Fees and Allowances	Benefits in Kind	Pension Contrib'ns	2015/16 Total	2014/15 Total
	£	£	£	£	£
Chief Executive	214,297	809	48,860	263,966	267,902
Managing Director (Business Enterprise & Business Services Plus)	152,616	-	34,774	187,390	187,524
Managing Director (Transport Economy and Enterprise)	152,516	-	34,774	187,290	182,340
Managing Director (Children's Social Care & Learning)	140,305	-	31,989	172,294	173,045
Managing Director (Communities, Health & Adult Social Care)	146,527	-	33,408	179,935	172,813
Director of Assurance (s151 Officer)	118,721	-	27,068	145,790	141,626
Director of Public Health	124,128	-	17,750	141,878	134,989
Director of Strategy & Policy (Monitoring Officer)	94,445	661	21,533	116,639	83,211
	1,143,554	1,470	250,156	1,395,181	1,343,449

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	Total	Non Schools	Schools	Total
£50,000 - £54,999	36	53	89	47	64	111
£55,000 - £59,999	23	47	70	31	50	81
£60,000 - £64,999	14	29	43	24	34	58
£65,000 - £69,999	16	19	35	16	22	38
£70,000 - £74,999	11	10	21	8	12	20
£75,000 - £79,999	7	2	9	6	5	11
£80,000 - £84,999	6	2	8	5	2	7
£85,000 - £89,999	3	2	5	3	2	5
£90,000 - £94,999	3	1	4	1	2	3
£95,000 - £99,999	2	2	4	3	1	4
£100,000 - £104,999	3	-	3	5	-	5
£105,000 - £109,999	-	-	-	3	-	3
£110,000 - £114,999	-	-	-	-	-	-
£115,000 - £119,999	2	-	2	1	-	1
£120,000 - £124,999	-	-	-	1	1	2
£125,000 - £129,999	-	-	-	-	-	-
£130,000 - £134,999	-	-	-	-	-	-
£135,000 - £139,999	1	-	1	-	-	-
£140,000 - £144,999	1	-	1	-	-	-
£145,000 - £149,999	1	-	1	2	-	2
£150,000 - £154,999	1	-	1	2	-	2
£175,000 - £179,999	1	-	1	-	-	-
£210,000 - £214,999	-	-	-	-	-	-
£215,000 - £219,999	1	-	1	1	-	1
	132	167	299	159	195	354

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 2015/16, incurring liabilities of £0.624m (2014/15 £1.138m). 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 band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
							£000	£000
£0 - £19,999	10	17	55	34	65	51	536	371
£20,000 - £39,999	3	5	9	4	12	9	331	253
£40,000 - £59,999	-	-	1	-	1	-	48	-
£60,000 - £79,999	-	-	2	-	2	-	131	-
£80,000 - £99,999	-	-	1	-	1	-	92	-
	13	22	68	38	81	60	1,138	624

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 2015/16, the Council paid an estimated £14.074m (2014/15 £12.810m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 15.59% (2014/15 13.6%) of pensionable pay. The expected contribution to be paid by the Council in relation to Teachers Pensions for 2016/17 is £14.156m. This is charged to the Education and Children's Service line in the CIES. 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 2015/16 the Council paid an estimated £0.159m to NHS Pensions in respect of public health staff retirement benefits (2014/15 £0.198m). The expected contribution to be paid by the Council in relation to the NHS Pension Scheme for 2016/17 is £0.202m. 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 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 Note 12)

- **NHS Pension Scheme** (see Note 12)

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:

2014/15	2015/16
£000 Cost of Services	£000
24,325 Service Cost (comprising)	31,489
25,265 - current service cost	33,647
657 - past service costs	956
(3,604) - settlements and curtailments	(3,114)
491 Administration expenses	490
Financing and Investment Income and Expenditure	
19,900 Net interest on the defined liability	18,700
42,709 Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	50,679
Other Comprehensive Income and Expenditure	
Remeasurement of the defined benefit liability, comprising:	
46,408 Return on plan assets in excess of interest	(8,977)
(139,671) Change in Financial assumptions	80,682
(444) Experience gain/loss on defined benefit obligation	217
(93,707) Total Post Employment Benefit charged to the CIES	71,922

2014/15	2015/16
£000 Movement in Reserves Statement	£000
(42,709) Reversal of net charges made to the Surplus/Deficit for the Provision of Services for post employment benefits in accordance with the Code	(50,679)
24,517 Actual amount charged against the General Fund balance employers' contributions payable in year to the scheme	23,371

The change in financial assumptions has resulted in a gain of £80.682m in respect of pensions liabilities (as shown above). This is due to a small drop in expected CPI increases reducing the present value of future pension and salary costs, and to the discount rate increasing to 3.6% (2014/15 3.3%).

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:

	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(880,931)	(972,781)	(1,043,725)	(1,211,823)	(1,168,307)
Fair value of plan assets	479,150	568,197	597,615	655,142	654,147
Net liability on Fund	(401,781)	(404,584)	(446,110)	(556,681)	(514,160)
Present value of unfunded obligation	(23,905)	(24,833)	(24,999)	(26,327)	(24,234)
Net liability in Balance Sheet	(425,686)	(429,417)	(471,109)	(583,008)	(538,394)

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 3.6% (2014/15 3.3%) based on the annualised yield at the 18 year point on the Merrill 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 in 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.

2014/15 £000	2015/16 £000
(1,068,724) Opening balance at 1 April	(1,238,150)
(25,265) Current service cost	(33,647)
(657) Past service costs, including curtailments	(956)
(45,470) Interest cost	(39,918)
(6,528) Contributions by scheme participants	(6,793)
Remeasurement gains and losses:	
(139,671) - change in financial assumptions	80,682
(444) - experience loss/(gain) on defined benefit obligation	217
10,009 Liabilities extinguished on settlements	6,125
36,780 Estimated benefits paid net of transfers in	38,090
1,820 Unfunded pension payments	1,809
(1,238,150) Closing balance at 31 March	(1,192,541)

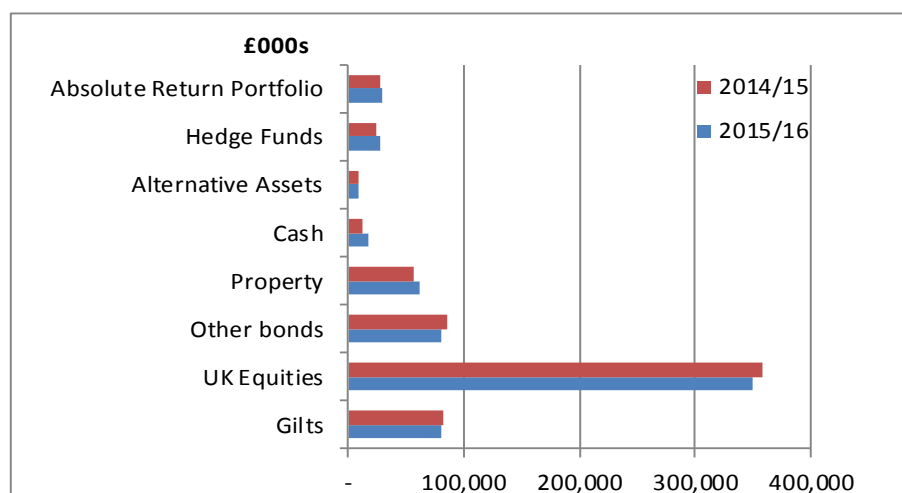
Reconciliation of the movement in the fair value of the scheme (plan) assets:

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.

2014/15 £000	2015/16 £000
597,615 Opening balance at 1 April	655,142
25,570 Interest on assets	21,218
Remeasurement gains and losses:	
46,408 - return on plan assets less the amount included in net interest expense	(8,977)
(491) Administration expenses	(490)
24,517 Employer contributions	23,371
6,528 Contributions by scheme participants	6,793
(38,600) Estimated benefits paid plus unfunded net of transfers in	(39,899)
(6,405) Settlement prices received/(paid)	(3,011)
655,142 Closing balance at 31 March	654,147

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:

2014/15 Mortality assumptions:	2015/16
Longevity at 65 for current pensioners:	
23.7 years ■ Men	23.8
26.1 years ■ Women	26.2
Longevity at 65 for future pensioners:	
26 years ■ Men	26.1
28.4 years ■ Women	28.5
Other assumptions:	
3.2% RPI Increases	3.2%
2.4% CPI Increases	2.3%
4.2% Rate of increase in salaries	4.1%
2.4% Rate of increase in pensions	2.3%
3.3% Rate for discounting scheme liabilities	3.6%
10.0% 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%	1,185,869	30,061
Adjustment to discount rate	+0.1%	1,165,012	29,366
	-0.1%	1,207,119	30,773
Adjustment to long term salary increase	+0.1%	1,187,884	30,075
	-0.1%	1,183,867	30,047
Adjustment to pension increases and deferred revaluation	+0.1%	1,205,356	30,767
	-0.1%	1,166,732	29,371
Adjustment to mortality age rating assumption	+ 1 year	1,222,793	30,828
	- 1 year	1,150,094	29,313

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 contributions 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 £25.281m in 2016/17. 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not capitalise borrowing costs.

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 Dioceses 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. Where a school transfers to Academy status any assets held in the Balance Sheet are de-recognised, the loss on disposal is reversed out of the General Fund as it is not chargeable to Council Tax.

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;
- operational assets providing service potential for the Council – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where there is no market-based evidence of current value because of the specialist nature of an asset, or the assets have short useful lives or low values, depreciated replacement cost (DRC) is used as an estimate of current value;
- All other assets – fair value, the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in accordance with IFRS 13.

Assets included in the Balance Sheet with a 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 of 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 amortisation. 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 2015/16 is £7.833m (£8.084m for 2014/15) and is calculated on the following basis:

- Debt relating to capital expenditure incurred prior to 1 April 2008 is calculated 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 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 2015	799,338	25,080	380,227	4,035	122,194	1,330,874
Additions	27,037	1,113	35,249	795	47,743	111,937
Revaluation increases recognised in the Revaluation Reserve	13,962			110		14,073
Revaluation (decreases) recognised in the Revaluation Reserve	(21,446)			(200)		(21,646)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(22,777)			(1,665)		(24,442)
Derecognition - disposals	(3,265)	(4,409)		(582)		(8,255)
Derecognition - disposals previous years*		(9,173)				(9,173)
Derecognition - other	(7,760)			(364)		(8,125)
Assets reclassified	(19,281)			2,146	(3,612)	(20,748)
At 31 March 2016	765,808	12,611	415,476	4,274	166,325	1,364,494
Accumulated Depreciation and Impairment						
At 1 April 2015	(92,873)	(21,938)	(64,530)	(155)		(179,497)
Depreciation charge	(18,233)	(1,817)	(10,437)	(17)		(30,504)
Depreciation written out to the Revaluation Reserve	23,383					23,383
Derecognition - disposals	433	4,255				4,688
Derecognition - disposals previous years*		9,173				9,173
Assets reclassified	1,546			(1,295)		251
At 31 March 2016	(85,744)	(10,327)	(74,968)	(1,467)		(172,505)
Net Book Value						
as at 31 March 2016	680,065	2,283	340,509	2,808	166,325	1,191,989
as at 1 April 2015	706,465	3,142	315,697	3,880	122,194	1,151,377

The main items comprising additions of £111.937m are the Energy from Waste plant (£44.016m) within Assets Under Construction, Strategic Highways Maintenance and Management of £25.119m within Infrastructure Assets and in Other Land & Buildings £3.957m School Property Maintenance programme.

De-recognition disposals includes the transfer to Academy status of Little Spring School (£0.952m) and Lent Rise County Combined School (£1.472m).

*An exercise has been undertaken during the year to cleanse records held in relation to IT assets and equipment. This has led to £9.2m being written out of the gross cost and gross accumulated depreciation relating to assets that had been disposed of in previous years.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
2014/15						
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 - other	(4,243)					(4,243)
Assets reclassified	(2,257)	250		340	(877)	(2,545)
Other movements in cost or valuation						
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 Restated	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

Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value	Amount Outstanding at 31st March 2016
			£000	£000
St Louis RC Combined School	Construction	Borras	3,537	1,852
William Harding School	Construction	Jet Construction	4,348	1,541
Oak Green School	Construction	EW Beard	2,295	1,210
Contracts with Amounts Outstanding Under £1m			26,030	5,796
			36,211	10,399

At 31 March 2016, the Council has £10.399m capital commitments for the construction or enhancement of Property, Plant, Equipment and Intangible assets. Commitments as at 31 March 2015 were £8.417m.

Revaluations

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations for 2015/16 have been carried out by RICS qualified external company, Carter Jonas. The effective date of valuation for the current year was 1 April 2015.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000
Carried at historical cost:		2,283	340,509	
Valued at fair value as at:				
31 March 2012	526,661			
31 March 2013	108,238			
31 March 2014	147,060			
31 March 2015	159,360			
31 March 2016	159,192			2,010
Total Cost or Valuation	1,100,511	2,283	340,509	2,010

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 30) was £105.531m as at 31 March 2016 (£103.107m as at 31 March 2015).

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 CIES 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 Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15		2015/16
£000		£000
247,801	Opening Capital Financing Requirement	319,334
	Capital Investment	
143,950	Property, plant and equipment	111,972
-	- Investment properties	834
702	Intangible assets	509
6,270	Revenue Expenditure Funded from Capital Under Statute	12,841
	Source of Finance	
(16,864)	Capital receipts	(15,145)
(42,572)	Government grants and other contributions	(54,747)
(11,869)	Direct revenue contributions	(11,608)
-	- Waste reserve contributions	(30,331)
(8,084)	Minimum revenue provision	(7,833)
319,334	Closing Capital Financing Requirement	325,827
	Explanation of movements in year	
(8,084)	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	(7,833)
79,618	Assets acquired under PFI/Service Concession Arrangements	14,325
71,534	Increase/(decrease) in Capital Financing Requirement	6,492

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 £181m) which equates to 85% of the construction costs of the project. The facility has passed acceptance testing and was operational in late June. Payment was made in June 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 21 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 2016 (excluding any estimation of inflation and availability/ performance rewards or deductions) are as follows:

	Reimbursement of capital expenditure £000	Payment for services £000	Total £000
Payable in 2016/17	181,479	1,534	183,013
Payable in 2 – 5 years	-	7,903	7,903
Payable in 6 – 10 years	-	11,146	11,146
Payable in 11 – 15 years	-	12,706	12,706
Payable in 16 – 20 years	-	14,448	14,448
Payable in 21 – 25 years	-	16,433	16,433
Payable in 26 – 30 years	-	18,698	18,698
Payable in 31 years to end of contract	-	673	673

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:

2014/15		2015/16
£000		£000
36,057	Balance outstanding at start of year	115,675
<u>79,618</u>	Capital expenditure incurred in the year	<u>44,016</u>
<u>115,675</u>	Balance outstanding at year-end	<u>159,691</u>

A Waste reserve has been set up to manage the financial implications of this contract. A total of £51.305m (2014/15 £46.608m) has been set aside to fund the capital expenditure with £130m to be funded from prudential borrowing. Provision has been made in the Council's MTP for the ongoing interest / financing and MRP.

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 2014	847	1,022	5,681	7,550
31 March 2015	847	1,022	5,681	7,550
1 April 2015	847	1,022	5,681	7,550
Additions		34	-	34
Disposals	(60)	-	-	(60)
31 March 2016	787	1,056	5,681	7,524

All heritage assets recognised in the balance sheet are tangible assets.

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 (sold during 2015/16)
- 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 Council's own archive, dating from 1889, and archives inherited from other 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 £1.258m charged to revenue in 2015/16 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:

2014/15		2015/16
£000		£000
	Balance at start year:	
10,088	Gross carrying amounts	10,790
(7,564)	Accumulated amortisation	(8,649)
	Net carrying amount at start of year	
702	Purchases	509
-	Disposals	(2,487)
-	Accumulated amortisation written out on disposal	2,487
(1,085)	Amortisation for the period	(1,258)
2,141	Net carrying amount at end of year	1,392
	Comprising:	
10,790	Gross carrying amounts	8,812
(8,649)	Accumulated amortisation	(7,420)
2,141		1,392

19 – Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use taking into account a market participant's ability to generate economic benefits or by selling it to another market participant that would use the asset in its highest and best use and assuming that market participants act in their economic best interest. The highest and best use is assessed to be their current use. The fair value measurement assumes that the transaction to sell the asset takes place in the principal market for the asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

2014/15 £000	2015/16 £000
- Rental income from investment property	(588)
- Direct operating expenses arising from Investment Property	34
- Depreciation and revaluation gains & losses	241
- Profit or loss on disposal of Investment Property	(658)
- Net (gain)/loss	(971)

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

2014/15 £000	2015/16 £000
- Balance at start of the year	-
- Additions	834
- Disposals	(5,037)
- Net gains / losses from fair value adjustments	27,101
- Transfers to / from Property, Plant and Equipment	21,875
- Balance at end of the year	44,773

Valuation Process for Investment Properties

All valuations are carried out by Carter Jonas, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting on a regular basis regarding all valuation matters.

Fair Value Hierarchy

The Council uses valuation techniques that are appropriate for investment property and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value for the investment properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between Levels 1 (quoted prices (unadjusted) in active markets for identical assets) and Level 2 during the year.

	Other significant observable inputs (Level 2) £000	Fair value as at 31 March 2016 £000
Residential Properties (market rental)	42,367	42,367
Commercial units	2,407	2,407
Total	44,773	44,773

20 - 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 CIES. 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.

2014/15		2015/16
£000		£000
6,318	Balance outstanding at start of the year:	3,573
	Assets newly classified as held for sale:	
2,486	Property, Plant and Equipment	
-	- Revaluation losses	(260)
-	- Revaluation gains	108
-	- Depreciation	(23)
	Assets declassified as held for sale:	
-	- Property, Plant and Equipment	(1,378)
(5,231)	Assets sold	(1,349)
3,573	Balance outstanding at year end	671

21 - 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 CIES 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 CIES 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CIES 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 CIES 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 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 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 2015	31 March 2016	31 March 2015	31 March 2016
	£000	£000	£000	£000
Investments				
Loans and Receivables:				
Cash and Cash Equivalents	-	-	1,015	-
Temporary Loans	-	-	1,145	1,546
Loans to Local Authority companies and other entities	-	683	-	388
Investments	18,875	5,055	100,186	80,357
Available-for-sale Financial Assets	-	-	76,369	85,791
Total Investments	18,875	5,738	178,716	168,082
Trade and Other Receivables				
Loans and Receivables	19,767	18,059	51,794	44,656
Total Trade and Other Receivables	19,767	18,059	51,794	44,656
Less Statutory Items to be Excluded				
Payments in Advance	-	-	(5,640)	(4,874)
Collection Fund Adjustment	-	-	(10,431)	(8,582)
Her Majesty's Revenue and Customs (HMRC)	-	-	(11,173)	(9,999)
Total to be Deducted from Loans and Receivables	-	-	(27,244)	(23,455)
Total Value of Assets	38,642	23,797	203,266	189,283
Borrowings				
Cash and Cash Equivalents	-	-	-	(1,816)
Financial Liabilities at Amortised Cost	(162,464)	(150,732)	(28,250)	(13,069)
Total Borrowings	(162,464)	(150,732)	(28,250)	(14,885)
Other Liabilities				
Service Concession Arrangements	(115,675)	-	-	(159,691)
Total Other Liabilities	(115,675)	-	-	(159,691)
Trade and Other Payables				
Financial Liabilities at Amortised Cost	-	-	(86,930)	(91,079)
Total Trade and Other Payables	-	-	(86,930)	(91,079)
Less Statutory Items to be Excluded				
Receipts in Advance and Deferred Income	-	-	17,854	14,951
Collection Fund Adjustment	-	-	3,467	5,329
HMRC	-	-	4,600	2,354
Total to be Deducted from Liabilities	-	-	25,921	22,634
Total Value of Liabilities	(278,139)	(150,732)	(89,259)	(243,021)

Income, Expenditure, Gains and Losses

	2014/15				2015/16			
	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Total £000	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	9,139	-	-	9,139
Total expense in Surplus or Deficit on the Provision of Services	11,033	-	-	11,033	9,139	-	-	9,139
Interest Income	-	(2,369)	(313)	(2,682)	-	(1,308)	(635)	(1,943)
Total income in Surplus or Deficit on the Provision of Services	-	(2,369)	(313)	(2,682)	-	(1,308)	(635)	(1,943)
Gains on revaluation	-	-	(625)	(625)	-	-	(650)	(650)
Losses on revaluation	-	-	-	-	-	-	40	40
Surplus / Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(625)	(625)	-	-	(610)	(610)
Net loss/(gain) for the year	11,033	(2,369)	(938)	7,726	9,139	(1,308)	(1,245)	6,586

Fair Value of Financial Assets

Available for Sale Financial Assets are measured at fair value on a recurring basis. The valuation techniques used to measure them maximise the use of relevant observable inputs and minimise the use of unobservable inputs and are categorised as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

	2014/15				2015/16			
	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2016 £000	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2016 £000
Available for Sale Financial Assets	26,033	50,336	-	76,369	80,776	5,015	-	85,791
Total	26,033	50,336	-	76,369	80,776	5,015	-	85,791

There were no transfers between input Levels 1 and 2 during the year and there has been no change in the valuation technique used during the year for the financial instruments. The movement from Level 2 to Level 1 is due to cash from maturing CDs (Certificates of Deposit) being placed by Money Market Funds in advance of making the EfW payment. The fair values are based on public price quotations where there is an active market for the instrument. The fair values for the LOBO and PWLB loans were calculated by Arlingclose, in their role as an external valuation specialist.

The Fair Values of financial assets and financial liabilities that are not measured at fair value (but for which Fair Value disclosures are required)

Except for Available for Sale financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets, loans and receivables and long-term trade receivables 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 2016 is the repayment cost calculated using the repayment interest rates at 31 March 2016. 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 2016
- 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
- Other long-term debtors are valued by calculating the present value of the cash flows that will take place over the remaining life of the contracts.
- Other liabilities represent the certified value of Service Concession Arrangements and are carried at cost as an approximate to fair value.
- No fair value disclosures are provided for trade receivables and payables as the carrying amount is a reasonable approximation of fair value.

The fair values calculated are as follows:

	31 March 2015 restated		31 March 2016	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial liabilities	(190,714)	(255,685)	(163,801)	(238,856)
Other liabilities (Service Concession Arrangements)	(115,675)	(115,675)	(159,691)	(159,691)

The financial liabilities in the table above for 2015/16 have been restated. Trade and other payables have now been omitted from the financial liabilities for 2014/15, this is consistent with the approach taken for 2015/16. The figures now present a more accurate picture of the Councils financial liabilities and their fair values.

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 2015 restated		31 March 2016	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans and receivables	100,186	119,309	80,745	86,579
Long-term Trade and Other Receivables	19,767	19,767	18,058	18,058

The loans and receivables in the table above for 2015/16 have been restated. Trade and other receivables have now been omitted from the loans and receivables for 2014/15, this is consistent with the approach taken for 2015/16. The figures now present a more accurate picture of the Councils financial liabilities and their fair values.

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 investments 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.

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	31 March 2015			31 March 2016		
	Other significant observable inputs (level 2) £000	Significant unobservable inputs (level 3) £000	Total £000	Other significant observable inputs (level 2) £000	Significant unobservable inputs (level 3) £000	Total £000
Financial liabilities						
Loans/borrowings	(268,899)	-	(268,899)	(238,856)	-	(238,856)
Total	(268,899)	-	(268,899)	(238,856)	-	(238,856)
Financial assets						
Other loans and receivables	115,290	-	115,290	85,357	-	85,357
Soft Loans	3,300	719	4,019	-	1,222	1,222
Other Long-term Debtors	-	19,767	19,767	-	18,059	18,059
Total	118,590	20,486	139,076	85,357	19,281	104,638

Other long-term debtors and Soft loans are categorised as a Level 3 as there are no observable market inputs. The value of long-term debtors recorded in the balance sheet is based on the present value of the cash flows to the Council from access to below-market bed-spaces over the 30 year contracts in respect of a number of Care Homes as a result of Adult Social Care re-provisioning. The most significant inputs are the discount rate of 3.5% and rental inflation rate of 2.5%. Soft loans represent loans to lower-tier authorities, voluntary organisations, employees, Local authority companies and related parties at less than market rates or where the credit rating of the body would make access to funding prohibitive.

22 - 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.

Cash Limits (per counterparty)			
Credit Rating	Banks Unsecured	Banks Secured	Government
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£15m 5 years	£25m 20 years	£25m 50 years
AA+	£15m 5 years	£25m 10 years	£25m 25 years
AA	£15m 4 years	£25m 5 years	£25m 15 years
AA-	£15m 3 years	£25m 4 years	£25m 10 years
A+	£15m 2 years	£25m 3 years	£15m 5 years
A	£10m 13 months	£25m 2 years	£15m 5 years
A-	£10m 6 months	£25m 13 months	£15m 5 years
BBB+	£3m 100 days	£3m 6 months	£3m 2 years
BBB	£3m next day only	£3m 100 days	n/a
None	£3m 6 months	n/a	£25m 25 years
Pooled Funds	£40m per fund		

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 2016 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2016 %	Estimated maximum exposure to default and uncollectability at 31 March 2016 £000	Estimated maximum exposure at 31 March 2015 £000
	A	B	C	(A x C)	
Deposits with banks and financial institutions	170,736	0.06%	0.086%	147	88
Customers	19,339	0.60%	3.795%	734	724
				881	812

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 £19.339m (2014/15 £22.237m) balance £13.3m (2014/15 £18.4m) 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 £0.734m (2014/15 £0.724m) to be made in respect of these trade receivables.

The Council does not generally allow credit for customers, such that £11.5m of the £13.3m balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2015		31 March 2016	
	£000		£000
2,234	Less than three months	4,752	
542	Three to six months	1,038	
1261	Six months to one year	1,866	
3,586	More than one year	3,896	
7,623		11,551	

Liquidity Risk

As the Council has ready access to borrowings from the PWLB, 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 2015		31 March 2016
£000		£000
11,732	Less than one year	13,069
11,732	Between one and two years	11,732
23,464	Between two and five years	17,000
129,000	More than five years	122,000
175,928		163,801

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 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 2015/16 would have been:

31 March 2015		31 March 2016
£000		£000
(650)	Increase in interest receivable on variable rate investments	(972)
(650)	Impact on Surplus/Deficit on the Provision of Services	(972)
554	Decrease in fair value of fixed rate investment assets	155
554	Impact on Other Comprehensive Income and Expenditure	155
26,560	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)	22,296

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

Price Risk

The Council invested £5m in the CCLA pooled property fund in 2013/14. This element of the Council's portfolio is exposed to the risk of rising and falling commercial property prices. A 5% fall in commercial property prices would result in a £0.25m fall in the Council's investment value. This would be reflected in the Available for Sale Reserve. On redemption any gain or loss over the initial value of the investment would be recognised by moving from the

Available for Sale Reserve to the General Fund, via the CIES. The Council intends to hold this pooled property fund for the long term to minimise the risk of volatility in commercial property prices resulting in a capital loss.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies.

23 - 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 2015		31 March 2016
£000		£000
1,015	Bank current accounts	(1,816)
<u>1,015</u>	Total Cash and Cash Equivalents	<u>(1,816)</u>

24 – Trade and Other Receivables and Payables

Short-term Trade and Other Receivables

31 March 2015		31 March 2016
£000		£000
732	Central Government bodies	392
11,173	HM Revenue and Customs	9,999
2,483	Other local authorities and NHS	2,204
10,253	Collection Fund adjustment	8,582
22,237	Sundry Trade and Other Receivables	19,339
5,640	Payments in advance	4,874
<u>52,518</u>	Total	<u>45,390</u>
(724)	Provision for doubtful debts	(734)
<u>51,794</u>	Total Short Term Trade and Other Receivables	<u>44,656</u>

Long Term Trade and Other Receivables

31 March 2015		31 March 2016
£000		£000
15,633	Reprovisioning of Adult Social Care	14,807
2,917	Finance lease	2,158
1,217	Other Long Term Trade and Other Receivables	1,093
<u>19,767</u>	Total Long Term Trade and Other Receivables	<u>18,059</u>

Short-term Trade and Other Payables

31 March 2015		31 March 2016
£000		£000
(4,600)	HM Revenue and Customs	(2,354)
(1,206)	Central Government bodies	(133)
(2,062)	Other local authorities and NHS	(3,262)
(3,482)	Collection Fund adjustment	(5,329)
(13,235)	Deposits from contractors and others	(15,302)
(37,059)	Other sundry creditors	(40,979)
(17,854)	Receipts in advance and deferred income	(14,951)
(7,432)	Capital expenditure	(8,769)
(86,930)	Total	(91,079)

25 - 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 2016:

Long Term Provisions

	Insurance	National Non-Domestic Rates	Other	Total
	£000	£000	£000	£000
1 April 2015	(5,794)	(1,585)	(60)	(7,439)
Additional provisions made	-	(143)	-	(143)
Amounts used	490	-	-	490
Balance at 31 March 2016	(5,304)	(1,728)	(60)	(7,092)

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.

26 - 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.

2014/15		2015/16
£000		£000
(201,384)	Revaluation Reserve	(207,192)
(629,931)	Capital Adjustment Account	(701,302)
2,243	Financial Instruments Adjustment Account	2,083
(20,101)	Deferred Capital Receipts Reserve	(18,557)
583,008	Pensions Reserve	538,394
(5,187)	Collection Fund Adjustment Account	(1,525)
5,607	Accumulated Absences Account	4,788
(625)	Available for Sale Financial Instruments Reserve	(1,235)
(266,369)	Total Unusable Reserves	(384,545)

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.

2014/15		2015/16
£000		£000
(181,718)	Balance at 1 April	(201,384)
(39,877)	Upward revaluation of assets	(41,563)
12,584	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	25,778
(27,293)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(15,785)
2,284	Difference between fair value depreciation and historical cost depreciation	3,797
5,343	Accumulated gains on assets sold or scrapped	6,181
7,627	Amount written off to the Capital Adjustment Account	9,978
(201,384)	Balance at 31 March	(207,192)

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 Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment 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.

2014/15		2015/16
£000		£000
(642,673)	Balance as restated as at 1 April	(629,931)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
32,018	- Charges for depreciation and impairment of non-current assets	30,526
29,534	- Revaluation losses on Property, Plant and Equipment	24,568
-	- Movements in the market value of Investment Properties	(27,101)
1,085	- Amortisation of intangible assets	1,258
6,270	- Revenue Expenditure Funded from Capital Under Statute	12,841
32,811	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	18,137
101,718		60,230
	Adjusting amounts written out of the Revaluation Reserve:	
(7,627)	- Net written out amount of the cost of non-current assets consumed in the year	(9,978)
	Capital financing applied in the year:	
(16,864)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(15,145)
(41,142)	- Capital grants and contributions credited to the CIES that have been applied to capital financing	(44,696)
(1,430)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(10,050)
(8,084)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(7,833)
(1,961)	- Voluntary provision for the financing of capital investment charged against the General Fund balance	(1,961)
(11,869)	- Capital expenditure financed from the General Fund	(41,939)
(88,976)		(131,601)
(629,931)	Balance at 31 March	(701,302)

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.

2014/15		2015/16
£000		£000
2,403	Balance at 1 April	2,243
(160)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(160)
<u>(160)</u>		<u>(160)</u>
2,243	Balance at 31 March	2,083

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.

2014/15		2015/16
£000		£000
(21,606)	Balance at 1 April	(20,101)
1,505	Transfer to the Capital Receipts Reserve upon receipt of cash	1,544
<u>(20,101)</u>	Balance at 31 March	<u>(18,557)</u>

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.

2014/15		2015/16
£000		£000
471,109	Balance at 1 April	583,008
(46,408)	Actuarial gains on pensions assets	(80,899)
140,115	Actuarial losses on pensions liabilities	8,977
42,709	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	50,679
(24,517)	Employer's pension contributions and direct payments to pensioners payable in the year	(23,371)
<u>583,008</u>	Balance at 31 March	<u>538,394</u>

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and 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.

2014/15 £000		2015/16 £000
(5,385)	Balance at 1 April	(5,187)
1,425	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	2,353
(1,227)	Amount by which National Non-Domestic Rates income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	1,309
(5,187)	Balance at 31 March	(1,525)

Accumulated Absences Account

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

2014/15 £000		2015/16 £000
6,798	Balance at 1 April	5,607
(6,798)	Settlement or cancellation of accrual made at the end of the preceding year	(5,607)
5,607	Amounts accrued at the end of the current year	4,788
(1,191)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(819)
5,607	Balance at 31 March	4,788

Available for Sale Financial Instrument Reserve

The Available for Sale Financial Instruments Reserve contains the gains arising from increases in the fair 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.

2014/15 £000		2015/16 £000
-	Balance at 1 April	(625)
(625)	Fair Value adjustments on Available for Sale Financial Instruments	(610)
(625)	Balance at 31 March	(1,235)

27 - 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:

2014/15		2015/16
£000		£000
115	Fees payable with regard to external audit services carried out by the appointed auditor for the year	88
2	Fees payable for the certification of grant claims and returns for the year	7
-	Fees payable in respect of other services provided during the year	4
117	Total	99

28 – Notes to the Cash Flow Statement

2014/15		2015/16
£000		£000
40,457	Net (surplus) or deficit on the provision of services	21,374
	Adjustments for non-cash movements	
(61,551)	■ Depreciation, impairment and downward valuations	(59,065)
-	■ Changes in fair value of Investment Properties	27,101
(1,085)	■ Amortisations	(1,258)
(129)	■ Increase in impairment for provision of bad debts	(10)
12,591	■ Increase / decrease in creditors	(4,149)
6,612	■ Increase /decrease in debtors	(8,836)
(2)	■ Increase / decrease in inventories	(71)
(18,192)	■ Movement in Pension liability	(27,308)
(32,811)	■ Carrying amount of non-current assets sold or derecognised	(18,137)
(464)	■ Other non-cash items charged to the net Surplus or Deficit on the provision of services	346
(95,032)		(91,387)
	Adjustment for items that are Investing and Financing activities	
9,539	■ Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,340
42,305	■ Any other items for which the cash effects are investing or financing activities	47,269
51,844		57,609
(2,730)	Net cash flows from Operating Activities	(12,404)

29 - Pooled Budgets

Better Care Fund

This is a partnership between the Council and three Clinical Commissioning Groups.

2014/15 £000		2015/16 £000
	Expenditure	
	Better Care Fund	28,885
	Total Expenditure	28,885
	Income	
	- Contribution from Buckinghamshire County Council	(2,430)
	- Contribution from Milton Keynes Clinical Commissioning Group	(340)
	- Contribution from Aylesbury Vale Clinical Commissioning Group	(12,409)
	- Contribution from Chiltern Clinical Commissioning Group	(13,706)
	Total Income	(28,885)
	Balance	-

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.

2014/15 £000		2015/16 £000
	Expenditure	
8,039	Integrated mental health provision	7,952
8,039	Total Expenditure	7,952
	Income	
(2,338)	Contribution from Buckinghamshire County Council	(2,321)
(5,701)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(5,631)
(8,039)	Total Income	(7,952)
-	Balance	-

Children and Adolescence Mental Health Services (CAMHS)

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

2014/15 £000		2015/16 £000
	Expenditure	
5,440	Children and adolescence mental health services	5,414
5,440	Total Expenditure	5,414
	Income	
(1,282)	Contribution from Buckinghamshire County Council	(1,446)
(1,604)	Contribution from Aylesbury Vale Clinical Commissioning Group	(1,549)
(2,554)	Contribution from Chiltern Clinical Commissioning Group	(2,419)
(5,440)	Total Income	(5,414)
-	Balance	-

Community Equipment Loan Service

This is a partnership between the Council and two Clinical Commissioning Groups. The Council is the host authority for the pooled fund arrangement.

2014/15 £000		2015/16 £000
	Expenditure	
3,384	Community Equipment Loan Service (CELS)	5,937
3,384	Total Expenditure	5,937
	Income	
(1,507)	Contribution from Buckinghamshire County Council	(1,772)
(654)	Contribution from Aylesbury Vale Clinical Commissioning Group	(1,718)
(1,222)	Contribution from Chiltern Clinical Commissioning Group	(2,447)
(3,384)	Total Income	(5,937)
-	Balance	-

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

2014/15 £000	Other Pooled Budget Arrangements	2015/16 £000
2,945	Integrated Mental Health Provision for Older People Agreement	3,036
2,371	Residential Respite Short Breaks Pooled Fund	2,371
2,008	Speech and Language Therapy	1,915

30 - 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 £9.692m (2014/15 £10.137m). 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 2015 £000		31 March 2016 £000
10,137	Other Land and Buildings	9,692
10,137	Finance Lease Net Book Value	9,692

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 2015		31 March 2016
£000		£000
<u>999</u>	Amounts paid during the year	<u>852</u>
788	Not later than one year	713
1,172	Later than one year and not later than five years	1,238
790	Later than five years	960
<u>2,750</u>	Total Estimated Future Payments	<u>2,911</u>

The amounts paid in year comprise the following elements:

31 March 2015		31 March 2016
£000		£000
999	Minimum lease payments	855
<u>(62)</u>	Sublease payments receivable	<u>(3)</u>
<u>937</u>	Total Amounts Paid In Year	<u>852</u>

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 CIES 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 CIES).

The gross investment is made up of the following amounts:

31 March 2015		31 March 2016
£000		£000
	Finance lease debtor (net present value of minimum lease payments):	
717	■ current	758
2,917	■ non-current	2,158
599	Unearned finance income	389
200	Unguaranteed residual value of property	200
<u>4,433</u>	Gross investment in the lease	<u>3,505</u>

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		Gross Investment in the Lease	Minimum Lease Payments
31 March 2015	31 March 2015		31 March 2016	31 March 2016
£000	£000		£000	£000
927	927	Not later than one year	927	927
3,506	3,306	Later than one year and not later than five years	2,579	2,379
-	-	Later than five years	-	-
4,433	4,233		3,506	3,306

The Council has granted a number finance leases to schools on obtaining Academy status for nil rentals. The value of buildings derecognised totals £105.531 2015/16 (£103.107m 2014/15); 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 2015		31 March 2016
£000		£000
2,172	Not later than one year	1,313
4,731	Later than one year and not later than five years	2,336
3,726	Later than five years	3,884
10,629		7,533

Buckinghamshire County Council Pension Fund

Statement of Accounts

For the year ended 31 March 2016



DRAFT - AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the pension fund financial statements of Buckinghamshire County Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). 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 2015/16.

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

Respective responsibilities of the Director of Assurance and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Assurance is responsible for the preparation of the Authority's Statement of Accounts, which includes 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 2015/16, which 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 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 Authority's Statement of Accounts 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.

Pension Fund Accounts

Opinion on the pension fund financial statements

In our opinion the pension fund financial statements:

- present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2016 and of the amount and disposition at that date of the fund's assets and liabilities; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts is consistent with the audited pension fund financial statements.

Emily Hill

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

Grant Thornton House
Euston Square
Melton Street
London
NW1 2EP

To be dated, 2016

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. 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 2016. In April 2014 a 50/50 option was introduced 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/>

As part of the budget statement in July 2015, the Chancellor announced the Government's intention to work with LGPS administering authorities to develop proposals for the pooling of investments to significantly reduce costs, while maintaining overall investment performance. As a result of the announcement, the Buckinghamshire Fund submitted an initial proposal as part of the Brunel Pension Partnership with the South West Pension Funds and Oxfordshire Pension Fund in February 2016. Further work is ongoing to develop the submission. A Shadow Operations Group (SOG) has been established, the primary purpose of the SOG is to develop the final proposal for the Brunel Pension Partnership. Its role includes defining and arranging delivery of any further work required to enable the implementation of the Brunel Collective Asset Pool (the "Brunel CAP"). A Shadow Oversight Board (SOB) has been established, the primary purpose of the SOB is to support fund officers to develop the final proposal for the Brunel Pension Partnership. Its role includes in particular monitoring, scrutinising and overseeing the SOG as it seeks to develop the final proposal.

Membership of the Fund

The following summarises the membership of the Fund:

31 March 2015	Membership of the Fund	31 March 2016
25,112	Contributors	24,552
15,900	Pensioners	16,728
21,791	Deferred pensioners	24,362
62,803	Total Membership of the Fund	65,642

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](#)

Pension Fund Accounts

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.bucksc.gov.uk/bcc/pensions/investments/accounts.page>

Pension Fund Account for the Year Ended 31 March 2016

The Pension Fund Accounts contain two core statements, the Pension Fund Account and the Net Assets Statement. Each of the statements is accompanied by supplementary notes providing additional detail to the figures presented.

31 March 2015 £000	Pension Fund Account	Note	31 March 2016 £000
	Dealings with Members, Employers and Others directly Involved in the Fund		
	Income		
107,376	Contributions	3	114,867
4,238	Transfers in from other pension funds	4	5,822
107	Other income		118
111,721			120,807
	Benefits	5	
(75,543)	Pensions		(78,605)
(20,542)	Commutation of pensions and lump sums		(22,302)
	Payments to and on Account of Leavers	6	
172	Refunds of contributions		(345)
(5,708)	Transfers out to other pension funds		(3,033)
(101,621)			(104,285)
10,100	Net Additions from Dealings with Members		16,522
(15,619)	Management expenses	7	(15,807)
	Returns on Investments		
34,769	Investment income	8	43,057
236,012	Profits and losses on disposal of investments and changes in value of investments	9	(27,018)
(1,310)	Taxes on income	16	(1,259)
269,471	Net Returns on Investments		14,780
263,952	Net Increase/(Decrease) in the Net Assets Available for Benefits During the Year		15,495
1,941,806	Net Assets of the Fund Available to Fund Benefits at 1 April		2,205,758
2,205,758	Net Assets of the Fund Available to Fund Benefits at 31 March		2,221,253

Net Assets Statement

31 March 2015 £000	Net Assets Statement	Note	31 March 2016 £000
	Investments		
	Fixed interest securities		
23,432	▪ Public sector		32,425
194,261	▪ Other		187,358
683,237	Equities - quoted		647,352
87,050	Index-linked securities		88,460
983,239	Pooled investment vehicles		995,693
160,074	Unit trusts - property		186,330
50,197	Cash deposits		69,072
606	Derivative contracts		(298)
6,453	Dividend income receivable		7,157
2,188,549	Net Investments	11	2,213,549
-	- Borrowings - sterling		-
22,355	Current assets	15	12,468
(5,146)	Current liabilities	15	(4,764)
2,205,758	Net Assets of the Fund Available to Fund Benefits at 31 March		2,221,253

1. Basis of Preparation

The accounts summarise the fund's transactions for the 2015/16 financial year and its position at year end as at 31 March 2016. 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

Pension Fund Accounts

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 a 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 a 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 last such valuation took place as at 31 March 2013. The next valuation will take place as at 31 March 2016. The methodology used is in line with accepted guidelines and in accordance with IAS19.

Events After The Reporting Date

Since 31 March 2016, 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 2016, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

Pension Fund Accounts

3. Contributions

Contributions relating to wages and salaries paid up to 31 March 2016 have been included in these accounts.

2014/15	Contributions	2015/16
£000		£000
	Employers	
24,669	Administering authority	25,997
48,931	Scheduled bodies	49,236
6,390	Admitted bodies	11,026
	Employers' Augmentation Costs	
-	Administering authority	-
-	Scheduled bodies	400
-	Admitted bodies	-
	Members	
7,004	Administering authority	7,199
18,153	Scheduled bodies	18,098
2,229	Admitted bodies	2,911
107,376	Total Contributions	114,867

4. Transfer Values

2014/15	Transfers in from other pension funds	2015/16
£000		£000
-	Group transfers	-
4,238	Individual transfers	5,822
4,238	Total Transfers in from other pension funds	5,822

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 2016 there were no outstanding transfer values receivable greater than £50k (no outstanding transfer values receivable on 31 March 2015).

On 31 March 2016 there were 3 group transfers to the Fund being negotiated with other Funds (5 on the 31 March 2015), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the 3 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.

2014/15 £000	Benefits	2015/16 £000
	Pensions	
29,791	Administering authority	30,610
40,212	Scheduled bodies	42,010
5,540	Admitted bodies	5,985
18,625	Commutations of pensions and lump sum retirement benefits	20,411
1,917	Lump sum death benefits	1,891
96,085	Total Benefits	100,907

6. Payments to and on Account of Leavers

2014/15 £000	Payments to and on Account of Leavers	2015/16 £000
87	Refunds to members leaving service	236
(259)	Payments for members joining the state scheme	109
1,900	Group transfers to other pension funds	267
3,808	Individual transfers to other pension funds	2,766
5,536	Total Payments to and on Account of Leavers	3,378

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 2016 there were 5 outstanding individual transfer values payable greater than £50k, for which £513k had not been paid. On 31 March 2015 there were 6 outstanding individual transfer values payable greater than £50k, for which £637k had not been paid.

On 31 March 2016 there were 2 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2015); the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. There was an adjustment of £31k following final valuation for the Group Transfer of the Probation Service to the Greater Manchester Pension Fund.

7. Management Expenses

2014/15 £000	Management Expenses	2015/16 £000
1,105	Administrative costs	1,382
13,955	Investment management expenses	13,900
559	Oversight and governance costs	525
15,619	Total Management Expenses	15,807

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

Pension Fund Accounts

included in the investment management expenses. The administrative costs include £25k fees for the Audit Plan for the year ended 31 March 2016 (£25k for the year ended 31 March 2015).

The investment management expenses include £2.038m (£1.281m in the 2014/15 financial year) in respect of performance related fees payable to the fund's investment managers. It also includes £1.601m in respect of transaction costs (£1.554m in the 2014/15 financial year).

8. Investment Income

2014/15 £000	Investment Income	2015/16 £000
9,392	Interest from fixed interest securities	10,349
19,505	Dividends from equities	20,305
808	Income from index-linked securities	692
69	Interest on cash deposits	32
6,443	Income from property unit trusts	6,564
(1,418)	Other	5,115
34,769	Total Investment Income	43,057

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 2015 £000	Reclass- ification of Assets £000	Purchase s at Cost £000	Sales Proceeds £000	Realised Profit / (Loss) £000	Unrealised Profit / (Loss) £000	Value at 31 March 2016 £000
Fixed interest securities	217,693	-	86,476	(76,217)	2,744	(10,913)	219,783
Equities - quoted	683,237	-	527,655	(518,742)	17,421	(62,218)	647,353
Index-linked securities	87,050	-	449,030	(448,114)	1,914	(1,420)	88,460
Pooled investment vehicles	983,239	-	73,015	(72,750)	6,835	5,353	995,692
Unit Trusts - property funds	160,074	-	53,492	(40,326)	(872)	13,962	186,330
Derivative contracts	606	-	2,868	(3,287)	419	(904)	(298)
Cash deposits	50,197	-	-	18,214	-	661	69,072
	2,182,096	-	1,192,536	(1,141,222)	28,461	(55,479)	2,206,392
Investment income due	6,453						7,157
	2,188,549						2,213,549

Investments (All values are shown £000)	Value at 31 March 2014 £000	Reclassification 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

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 directly in a stock lending programme.

On 31 March 2016 assets which exceed 5% of the total value of the net assets of the Fund are a £138.7m investment in Legal & General's All Stocks Index-Linked Gilt Fund (£136.3m as at 31 March 2015) and a £134.9m investment in Legal & General's Europe (ex UK) Equity Index Fund (£140.9m as at 31 March 2015).

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 2016 was £2,168m (£2,169m at 31 March 2015). 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 2015	Proportion of Fund 31 March 2016
Aviva Investors	Property	Percentage of fund	8%	9%
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	7%	6%
Investec Asset Management	Less constrained global equities	Performance related fee	8%	8%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	28%	27%
Mirabaud Investment Management Limited	UK equities	Performance related fee	6%	5%
Pantheon Private Equity	Private equity	Percentage of Funds Committed & Incentive Fee	6%	6%
Partners Group	Private equity	Percentage of fund	2%	2%
Royal London Asset Management	Core plus bonds	Performance related fee	15%	15%
Schroders	Less constrained UK equities	Performance related fee	7%	7%
Standard Life Investments	Less constrained UK equities	Performance related fee	5%	5%

11. Analysis of the Value of Investments

31 March 2015 £000	Analysis of the Value of Investments	31 March 2016 £000
	Fixed Interest Securities	
21,060	UK public sector	30,092
2,372	Overseas public sector	2,333
194,261	UK other	187,358
-	Overseas other	-
217,693	Total Fixed Interest Securities	219,783
	Equities	
230,586	UK quoted	201,877
452,651	Overseas quoted	445,475
683,237	Total Equities	647,352
	Other	
87,050	Index-linked securities public sector	88,460
-	Index-linked securities other	-
983,239	Pooled Investment vehicles	995,693
160,074	Unit Trusts - property funds	186,330
6,453	Investment income due	7,157
606	Derivatives	(298)
50,197	Cash deposits - sterling and foreign cash	69,072
1,287,619	Total Other	1,346,414
2,188,549	Total Value of Investments	2,213,549

Pension Fund Accounts

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 2015			31 March 2016		
Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000	Fair value through profit and loss £000	Loans And Receivables £000	Financial Liabilities At amortised cost £000
Financial Assets					
217,693	-	-	219,783	-	-
683,237	-	-	647,352	-	-
87,050	-	-	88,460	-	-
983,239	-	-	995,693	-	-
160,074	-	-	186,330	-	-
606	-	-	-	-	-
6,453	-	-	7,157	-	-
-	50,197	-	-	69,072	-
-	14,271	-	-	4,158	-
2,138,352	64,468	-	2,144,775	73,230	-
Financial Liabilities					
-	-	-	(298)	-	-
-	-	-	-	-	-
-	-	(4,333)	-	-	(3,952)
-	-	(4,333)	-	-	(3,952)
2,138,352	64,468	(4,333)	2,144,477	73,230	(3,952)

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

31 March 2015 £000		31 March 2016 £000
Financial Assets		
266,037	Fair value through profit and loss	13,525
1,881	Loans and receivables	1,255
-	Financial liabilities measured at amortised cost	-
Financial Liabilities		
-	Fair value through profit and loss	-
(682)	Loans and receivables	381
-	Financial liabilities measured at amortised cost	-
267,236	Total	15,161

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 2016	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Fixed interest securities	-	219,783	-	219,783
UK equities - quoted	201,877	-	-	201,877
Overseas equities - quoted	445,475	-	-	445,475
Index-linked securities	-	88,460	-	88,460
Pooled investment vehicles	612,221	-	383,472	995,693
Property – unit trusts	-	186,330	-	186,330
Derivatives	-	(298)	-	(298)
Dividend income receivable	-	7,157	-	7,157
Cash deposits	-	69,072	-	69,072
Borrowings	-	-	-	-
Current assets	-	12,468	-	12,468
Current liabilities	-	(4,764)	-	(4,764)
Total	1,259,573	578,208	383,472	2,221,253

Pension Fund Accounts

Restated Value at 31 March 2015	Quoted	Using	With	Total
	Market Price	Observable Inputs	Significant Unobservable Outputs	
	Level 1	Level 2	Level 3	
	£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	627,373	-	355,866	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	1,310,610	532,011	355,866	2,198,487

The analysis of the fair value hierarchy disclosures have been restated in accordance with the introduction of IFRS 13 for 2015/16 which adds greater clarity around how the fair value disclosures should be presented.

Pooled investment vehicle investments relating to the Legal & General indexed equity and bond funds and Royal London Asset Management Sterling EX Y BD-Z fund have been reclassified from Level 3 to Level 1. The basis for this is that the LGIM investment and RLAM holding both have quoted prices so should be Level 1 even though the underlying assets that they invest in are Level 3.

Property unit trust investments relating to the Aviva investment portfolio have been reclassified from Level 3 to Level 2 since there is available market data.

Dividend income receivable, cash deposits, current assets and current liabilities have been reclassified from Level 1 to Level 2.

Original Value at 31 March 2015	Quoted	Using	With	Total
	Market	Observable	Significant	
	Price	Inputs	Unobservable	
	Level 1	Level 2	Level 3	
	£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

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. In 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 following the triennial valuation, interim strategy reviews can be undertaken if required. Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services have determined that the following movements in market price risk are reasonably possible for the 2015/16 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 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
Fixed interest securities	219,783	6.01	232,992	206,574
UK equities – quoted	201,877	10.69	223,458	180,296
Overseas equities – quoted	445,475	10.51	492,294	398,656
Index-linked securities	88,460	7.45	95,050	81,870
Pooled investment vehicles	620,506	11.46	691,616	549,396
Property - unit trusts	186,330	2.67	191,305	181,355
Alternatives	375,187	2.61	384,979	365,395
Derivative contracts	(298)	2.61	(290)	(306)
Cash deposits	69,072	0.01	69,079	69,065
Investment income due	7,157	11.46	7,977	6,337
Total	2,213,549		2,388,460	2,038,638

Following analysis of historical data and expected investment return movement during the financial year, State Street GS Performance Services has 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 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.

Pension Fund Accounts

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

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 £000	Change for the year in net assets available to pay benefits	
		1% £000	-1% £000
As at 31 March 2016			
Cash deposits	69,072	-	-
Cash balances (not forming part of the investment assets)	2,732	-	-
Fixed interest securities	219,783	2,198	(2,198)
Total	291,587	2,198	(2,198)

Asset Type	Value £000	Change for the year in net assets available to pay benefits	
		1% £000	-1% £000
As at 31 March 2015			
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)

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 2016	£000	£000	£000
Cash deposits / cash and cash equivalents	32	3	(3)
Fixed interest securities	10,349	-	-
Total	10,381	3	(3)

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)

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 6.39% movement in exchange rates in either direction for 31 March 2016. This analysis assumes that all variables, in particular interest rates, remain constant. State Street GS Performance Services provided data on currency risk for various currencies, based on the composition of the Fund's currency exposure a 6.39% fluctuation in the currency is considered reasonable. A 6.39% strengthening or weakening of Sterling against the various currencies at 31 March 2016 would have increased or decreased the net assets by the amount shown below.

Currency Exposure by Asset Type	31 March 2016	Value on increase	Value on decrease
	£000	£000	£000
		+6.39%	-6.39%
Fixed interest securities	-	-	-
Equities – quoted	416,302	442,904	389,700
Index-linked securities	-	-	-
Pooled investment vehicles	191,321	203,546	179,096
Property - unit trusts	7,927	8,434	7,420
Cash deposits	14,599	15,532	13,666
Total	630,149	670,416	589,882

Pension Fund Accounts

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 GS Performance Services 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 £000	Value on increase £000 +6.11%	Value on decrease £000 -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

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 6.77% for the EURO was provided by State Street GS Performance Services. Strengthening or weakening of Sterling against US Dollars and EUROS at 31 March 2016 would have increased or decreased the net assets by the amounts shown in the following table.

Asset Type	31 March 2016 £000	Percentage Change %	Value on increase £000	Value on decrease £000
US Dollars	391,472	7.78	421,929	361,015
EUROS	138,385	6.77	147,754	129,016
Total	529,857		569,683	490,031

Data on currency risk of 7.78% for the US Dollar and 6.15% for the EURO was provided by State Street GS Performance Services. 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 £000	Percentage Change %	Value on increase £000	Value on decrease £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

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 2016 was £2.709m in an instant access Lloyds TSB account. (On 31 March 2015 £9.067m was invested 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.) 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 2015		31 March 2016
£000		£000
169,885	Aviva	188,298
79,693	Blackstone	88,852
140,206	Pantheon Private Equity	145,916
46,203	Partners Group	44,650
487	Hg Capital	522
436,474		468,238

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 £1.5m (£1.3m in the 2014/15 year) 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 £33.2m to the Fund in 2015/16 (£31.7m in the 2014/15 year).

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 2016, the Fund had an average investment balance of £7.4m (£11.4m in the 2014/15 year), earning interest of £43k (£75k in the 2014/15 year).

Pension Fund Accounts

There are no members (31 March 2015 two members) of the Pension Fund Committee who are active members of the Fund, one is a pensioner member (31 March 2015 no pensioner members) and there are no deferred members (31 March 2015 one 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 2015 £000	Current Assets and Liabilities	31 March 2016 £000
	Current Assets	
8,084	Contributions due from employers 31 March	8,310
13,466	Cash balances (not forming part of the investment assets)	2,732
805	Other current assets	1,426
22,355	Total Current Assets	12,468
	Current Liabilities	
(640)	Management charges	(1,009)
(813)	HM Revenue and Customs	(812)
(485)	Unpaid benefits	(1,261)
(3,208)	Other current liabilities	(1,682)
(5,146)	Total Current Liabilities	(4,764)
17,209	Net Current Assets	7,704

31 March 2015 £000	Current Assets and Liabilities	31 March 2016 £000
	Current Assets	
2,365	Central government bodies	2,444
4,910	Other local authorities	4,954
6	NHS bodies	5
13,527	Public corporations and trading funds	2,842
1,547	All other bodies	2,223
22,355	Total Current Assets	12,468
	Current Liabilities	
(813)	Central government bodies	(814)
(1,907)	Other local authorities	(14)
-	NHS bodies	-
(1,774)	Public corporations and trading funds	(2,459)
(652)	All other bodies	(1,477)
(5,146)	Total Current Liabilities	(4,764)
17,209	Net Current Assets	7,704

16. Taxes on Income

2014/15 £000	Taxes on Income	2015/16 £000
-	Withholding tax - fixed interest securities	-
1,310	Withholding tax - equities	1,259
1,310	Total Taxes on Income	1,259

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

Pension Fund Accounts

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 2016 which showed that the funding level had increased to 85% (31 March 2015 82%) and the average required employer contribution would be 20.4% of payroll (31 March 2015 25.2%) assuming the deficit is to be paid by 2030. The estimated funding position is based on market movements since 31 March 2013 rather than being a full valuation with updated member data.

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 2016 is £1,440m (31 March 2015 £1,581m), 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 2015		31 March 2016
£000		£000
3,750,269	Present value of funded obligation	3,653,503
(2,169,097)	Fair value of scheme assets	(2,213,549)
1,581,172	Net Liability	1,439,954

The Present Value of Funded Obligation consists of £3,508m (£3,581m at 31 March 2015) in respect of Vested Obligation and £145m (£169m at 31 March 2015) 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 2015	31 March 2016
3.2% RPI increases	3.3%
2.4% CPI increases	2.4%
4.2% Salary increases	4.2%
2.4% Pension increases	2.4%
3.3% Discount rate	3.7%

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 3.3% 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 0.9% below RPI i.e. 2.4%.

Salaries are then assumed to increase at 1.8% above CPI in addition to a promotional scale.

19. Contingent Liabilities and Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2016 are:

Contractual Commitments	Amount Paid as at 31 March 2015 \$000	Amount Paid as at 31 March 2016 \$000	Total Contractual Commitment \$000
Pantheon Asia Fund V LP	21,425	22,688	25,000
Pantheon Asia Fund VI LP	19,035	25,521	47,000
Pantheon USA Fund VII Limited	18,318	19,274	21,250
Pantheon USA Fund VIII Feeder LP	55,575	61,200	75,000
Pantheon Global Secondary Fund IV Feeder LP	9,975	9,975	15,000
Partners Group Global Resources 2009, LP	27,237	27,527	35,000
	151,565	166,185	218,250
	€000	€000	€000
Pantheon Europe Fund V "A" LP	15,497	16,548	18,125
Pantheon Europe Fund VI LP	49,010	53,560	65,000
Partners Group Global Real Estate 2008 SICAR	22,996	22,989	25,000
Partners Group Global Infrastructure 2009 SICAR	20,087	21,520	25,000
	107,590	114,617	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 2016 is the same as the total contractual commitment at 31 March 2015.

Pension Fund Accounts

On 31 March 2016 there were 3 group transfers to the Fund being negotiated with other Funds (5 on the 31 March 2015), the value of the transfers to the Fund is being negotiated between the Funds' actuaries. The income due to the Fund for the 3 transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. On 31 March 2016 there were 2 group transfers from the Fund being negotiated with other Funds (2 on the 31 March 2015), the value of the transfers from the Fund is being negotiated between the Funds' actuaries. The expenditure in respect of 2 of the transfers has not been accrued since negotiations are at too early a stage for an estimate of the value to be available. There is an adjustment of £31k following final valuation for the Group Transfer of the Probation Service to the Greater Manchester Pension Fund.

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. 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).

2014/15	Prudential	2015/16
£000		£000
5,207	Value of AVC fund at beginning of year	5,441
-	Correction opening value	(1,299)
755	Employees' contributions and transfers in	634
308	Investment income	151
(829)	Benefits paid and transfers out	(842)
5,441	Value of AVC fund at year end	4,085

1.11.2013 - 31.10.2014	Clerical Medical	1.11.2014 - 31.10.2015
£000		£000
3,913	Value of AVC fund at beginning of year	3,788
198	Employees' contributions	149
197	Investment income	235
(520)	Benefits paid and transfers out	(591)
3,788	Value of AVC fund at year end	3,581

21. List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council	Wendover Parish Council
Buckinghamshire Fire and Rescue Service	West Bletchley Town Council
Thames Valley Police	West Wycombe Parish Council
Aylesbury Vale District Council	Winslow Town Council
Chiltern District Council	Woburn Sands Town Council
Milton Keynes Council	Wolverton & Greenleys Town Council
South Bucks District Council	Wooburn & Bourne End Parish Council
Wycombe District Council	Woughton Community Council
	Alfriston School
Amersham Town Council	Amersham School
Aston Clinton Parish Council	Amersham & Wycombe College
Aylesbury Town Council	Aylesbury College
Bletchley & Fenny Stratford Town Council	Aylesbury Grammar School
Broughton & Milton Keynes Parish Council	Aylesbury High School
Buckingham Town Council	Aylesbury Vale Academy
Buckinghamshire Care	Beaconsfield High School
Buckinghamshire Support	Beechview Middle School
Burnham Parish Council	Bedgrove Infant School
Campbell Park Parish Council	Bedgrove Junior School
Chalfont St Giles Parish Council	Bourne End Academy
Chalfont St Peter Parish Council	Brill CofE School
Chepping Wycombe Parish Council	Bourton Meadow Academy
Chesham Bois Parish Council	Bridge Academy
Chesham Town Council	Brookmead School
Chiltern Crematorium	Brookward School
Chilterns Conservation Board	Brushwood Middle School
Coldharbour Parish Council	Buckinghamshire New University
Gerrards Cross Parish Council	Buckinghamshire University Technical College
Great Missenden Parish Council	Burnham Grammar School
Hambleden Parish Council	Bushfield School
Hazlemere Parish Council	Burnham Park E-Act Academy
Iver Parish Council	Castlefield School
Lane End Parish Council	Chalfonts Community College
Little Marlow Parish Council	Chalfont St Peter CE Academy
Longwick-cum-Ilmer Parish Council	Chalfont Valley E-Act Academy
Loughton Parish Council	Charles Warren Academy
Marlow Town Council	Chepping View Primary Academy
Newport Pagnell Town Council	Chesham Grammar School
Newton Longville Parish Council	Chiltern Hills Academy
Olney Town Council	Cottesloe School
Piddington & Wheeler End Parish Council	Danesfield School
Princes Risborough Town Council	Denbigh School
Shenley Brook End and Tattenhoe Parish Council	Denham Green E-Act Academy
Shenley Church End Parish Council	Dr Challoner's Grammar School
Stantonbury Parish Council	Dr Challoner's High School
Stony Stratford Town Council	George Grenville Academy
Waddesdon Parish Council	Germander Park School

Pension Fund Accounts

Gerrards Cross C E School	Royal Grammar School
Glastonbury Thorn First School	Royal Latin School
Great Marlow School	St Nicolas' CE Combined School Taplow
Great Missenden CoE Combined School	St Paul's RC School
Green Park School	Seer Green CofE School
Hamilton Academy	Shenley Brook End School
Hazeley Academy	Shepherdswell School
Heronsgate School	Sir Henry Floyd Grammar School
Highcrest Academy	Sir Herbert Leon Academy
Holmer Green Senior School	Sir Thomas Fremantle Academy
Ivingswood Academy	Sir William Borlase's Grammar School
John Colet School	Sir William Ramsay School
John Hampden Grammar School	Southwood Middle School
Kents Hill School	Stanton School
Khalsa Secondary Academy	Stantonbury Campus
Lace Hill Academy	Stephenson Academy
Lent Rise Academy	The Beaconsfield School
Lord Grey School	The Premier Academy
Loudwater Combined School	The Radcliffe School
Loughton School	Tickford Park School
Middleton Primary	Two Mile Ash School
Milton Keynes Academy	Waddesdon C E School
Milton Keynes College	Walton High
Milton Keynes Development Partnership	Wycombe High School
Milton Keynes Service Partnership	Wyvern School
NET Academies Trust	
New Bradwell Combined School	Election Fees:
New Chapter Primary School	Aylesbury Vale Local
Oakgrove School	Aylesbury Vale Parliamentary
Olney Infant School	Chiltern Local
Orchard Academy	Chiltern Parliamentary
Ousedale School	Milton Keynes Local
Overstone Combined School	Milton Keynes Parliamentary
Oxley Park Academy	Wycombe Local
PCC for Thames Valley	Wycombe Parliamentary
Portfields Combined School	South Bucks Local
Princes Risborough School	South Bucks Parliamentary
Rickley Park Primary School	

Admitted Bodies

Acorn Childcare
Action for Children
Action for Children (Children's Centres)
Adventure Learning Foundation (BCC)
Adventure Learning Foundation (WDC)
Alliance in Partnership
Ambassadors Theatre Group
AMEY plc
Archgate Cleaning
Ashridge Security Management
Aylesbury Vale Dial-a-Ride
Beacon Housing Association
Birkin Cleaning (John Colet)
Birkin Cleaning (Oakgrove School)
Braybourne Cleaning Services
Bucks Association of Local Councils
Bucks County Museum Trust
Bucks Learning Trust
Capita (WDC)
Chiltern Rangers CIC
Cleantec Services Limited
Connection FS (BCC)
Connexions Buckinghamshire
Enterprise Support Services UK
Excelcare
Frosts (MKC)
Heritage Care
Hertsmere Leisure Trust
Hightown Praetorian & Churches Housing Association
Innovate Ltd
Kids Play Ltd
MK Dons
Mouchel Business Services Ltd
NSL Services Group
Oxfordshire Health NHS Foundation Trust
Oxon PCT (SALT)
Paradigm Housing Association
Places for People Leisure
Police Superintendents Association
Red Kite Community Housing Ltd
Ringway Infrastructure Services Limited
Ringway Jacobs
Risk Management Security Services
SCS Wothorpe Ltd
Serco (MKC)
Serco (MKSP)
Servest Group Limited
Sports Leisure Management
Spurgeons
Stantonbury Arts & Leisure
The Fremantle Trust
Vale of Aylesbury Housing Trust
Wolverton & Watling Way Pools Trust
Wycombe Dial-A-Ride

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 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 the Councils income and expenditure and shows the surplus or deficit.

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 accounts.

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 due to be received in less than 1 year , such as stocks, money due from customers 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.

Current Value

The basis used for valuing operational assets in their existing use.

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 refers to when an asset 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.

Fair Value

The price that would be received to sell an asset or paid when transferring a liability in an orderly transaction between market participants.

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 risks.

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 that cannot be touched and are intended to be used for more than one year. 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 a readers understanding the accounts.

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 (NDR)

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

Net Book Value

This is calculated as the cost of an asset, less 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 for goods or services which will not be received until 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.

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

Suppliers or other bodies (such as HMRC) to whom the Council owes money.

Trade and Other Receivables

Customers or other bodies (such as HMRC or Central Government) who owe money to the Council.

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.

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.