METROPOLITAN BOROUGH OF ROTHERHAM

STATEMENT OF ACCOUNTS 2015/16

Contents **Page Number**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Strategic Director of Finance and Customer Services;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- to approve the Statement of Accounts.

Certificate

I confirm that the Council has met these responsibilities and that this Statement of Accounts was approved at the Audit Committee meeting held on 21 September 2016.

Signed on behalf of Rotherham MBC

…..…………………………………………………….

Audit Committee Chair

Date…………..21 September 2016………………

The Strategic Director of Finance and Customer Services Responsibilities

The Strategic Director of Finance and Customer Services is responsible for the preparation of the Council's Statement of Accounts, consistent with the CIPFA/LASAAC Code of Practice on Local Authority Accounting (the Code).

In preparing this Statement of Accounts, the Strategic Director of Finance and Customer Services has:

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

The Strategic Director of Finance and Customer Services has also:

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

Strategic Director of Finance and Customer Services Certificate

This Statement of Accounts is that upon which the Auditor should enter his certificate and opinion. It presents a true and fair view of the financial position of the Council at 31 March 2016 and its income and expenditure for the year then ended.

Signed……………………………………………….....

Judith Badger CPFA

Date…………21 September 2016…………….

Explanation of the Financial Statements

The Statement of Accounts summarises the Council's financial performance during the year ended 31 March 2016 and shows its overall financial position at the end of that period.

The Statement is prepared in accordance with the Code of Practice on Local Authority Accounting (the Code), as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), except where these are inconsistent with specific statutory requirements.

The principle bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Council are set out in the section of this report headed 'Statement of Accounting Policies'. These accounting policies are kept under review and updated where appropriate to take account of changes in accounting practice adopted within the Code.

The Statement of Accounts comprises:

- **Statement of Responsibilities for the Statement of Accounts** (Page 1) – which details the respective responsibilities of the Council and its chief financial officer for the accounts;

- **An explanation of the financial Statements** (Page 2) – which details the components of the Financial Statements;

- **A Statement of Accounting Policies** (Page 96) – The accounting policies are the principle bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements. The accounting policies that have been applied in preparing the Council's 2015/16 financial statements are detailed on Page 96;

- **Financial Statements and related disclosure notes** – which are explained further below.

For the sake of clarity, the Accounts and Audit Regulations 2015 has clarified that the Annual Governance Statement does not form part of the Statement of Accounts although there is an expectation that it is published alongside the Statement of Accounts. The Council follows this practice.

To comply with the Accounts and Audit Regulations 2015 and the Code, the Narrative Report will be published alongside the Statement of Accounts.

Financial Statements

The Financial Statements report the Council's financial performance for the year and its financial position.

The Council's financial performance is reported through the:

- **Comprehensive Income and Expenditure Statement (CIES)** (Page 5) – The Comprehensive Income and Expenditure Statement shows the surplus or deficit on the provision of services and other gains and losses recognised in the year prior to any statutory adjustments for the differences between the way transactions are presented on a commercial accounting basis and the amounts which are statutorily required to be met under the Local Authority Accounting Framework from local taxpayers and housing rents to meet the cost of General Fund and HRA services.

- **Movement in Reserves Statement (MIRS)** (Page 6) – The Movement in Reserves Statement shows the net change in the balances on reserves allowing for the aforementioned statutory adjustments. Reserves are analysed into usable reserves and unusable reserves. Usable reserves represent revenue or capital resources which are available to fund revenue or capital expenditure or repay debt in the future, subject to the need to maintain a prudent level of reserves to cover contingencies and unforeseen commitments. Unusable reserves are not available for use.

- **The Cash Flow Statement** (Page 9) – This Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

- **The Housing Revenue Account (HRA) Income and Expenditure Account** (Page 81) – This Account summarises the income and expenditure in respect of the provision of local Council housing accommodation. Councils' are required by statute to account separately for all transactions relating to the cost of providing such accommodation.

- **Collection Fund Account** (Page 89) – By statute, billing Authorities are required to maintain a separate Collection Fund which shows the level of National Non Domestic Rates, Council Tax and the residual Community Charge received by the Council during the accounting period and the distribution of these funds.

  The Council's financial position is reported through the:

- **Balance Sheet** (Page 8) - 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) represent the Council's net worth and are matched by the reserves held by the Council. Reserves are analysed into usable and unusable in the same way as in the MIRS.

The financial statements described above include the income, expenditure, assets, liabilities, reserves and cash flows of local Council maintained schools within the control of the Council.

The Council's Financial Statements also include the Metropolitan Debt Administration statement (Page 92) as under the Local Government Act Reorganisation (Debt Administration – South Yorkshire) Order, 1986, the Council became responsible for the administration of the former South Yorkshire County Council Debt with effect from 1 April 1986. A separate account has been established to record the transactions, in order to arrive at an average rate of interest with which to charge the four district councils and joint boards within the South Yorkshire area.

Main Financial Statements and Notes to the Core Financial Statements

Comprehensive Income and Expenditure Statement

This Statement shows the surplus or deficit on the provision of services and other gains and losses recognised in the year prior to any statutory adjustments for the differences between the way transactions are presented on a commercial accounting basis and the amounts which are statutorily required to be met under the Local Authority Accounting Framework from local taxpayers and housing rents to meet the cost of General Fund and HRA services. The amount to be met from local taxpayers and housing rents is shown in the Movement in Reserves Statement.

All of the Council's income and expenditure relates to continuing operations.

None of the items included within other comprehensive income and expenditure are reclassifiable within the surplus or deficit on provision of services.

Gross Expenditure £000	Gross Income £000	2014/15 Net Cost £000		Gross Expenditure £000	Gross Income £000	2015/16 Net Cost £000	Notes
			Continuing Operations				
101,557	(30,508)	71,049	Adult Social Care	110,791	(39,116)	71,675	
5,591	(3,196)	2,395	Central Services to the Public	5,253	(2,665)	2,588	
251,248	(179,914)	71,334	Education and Children Services	238,858	(158,405)	80,453	
16,136	(3,384)	12,752	Cultural and Related Services	13,968	(3,806)	10,162	
20,377	(5,178)	15,199	Environment and Regulatory Services	18,161	(5,667)	12,494	
7,099	(2,923)	4,176	Planning Services	5,559	(1,624)	3,935	
28,675	(3,171)	25,504	Highways and Transport Services	27,414	(3,027)	24,387	
68,072	(83,600)	(15,528)	Local Authority Housing (HRA)	71,356	(84,912)	(13,556)	
99,285	(95,514)	3,771	Other Housing Services	96,577	(92,649)	3,928	
13,990	(14,663)	(673)	Public Health	16,306	(16,036)	270	
4,704	(210)	4,494	Corporate and Democratic Core	5,179	(214)	4,965	
(7,439)	0	(7,439)	Non Distributed Costs	830	0	830	
609,295	(422,261)	187,034	Deficit on Continuing Operations	610,252	(408,121)	202,131	
127,028	(20)	127,008	Other Operating Expenditure	28,789	(6)	28,783	4
59,262	(16,019)	43,243	Financing and Investment Income and Expenditure	61,395	(16,940)	44,455	5
0	(252,827)	(252,827)	Taxation & Non-Specific Grant Income	0	(237,273)	(237,273)	7
795,585	(691,127)	104,458	Deficit on Provision of Services	700,436	(662,340)	38,096	
		(6,151)	(Surplus) on Revaluation of Non Current Assets			(16,902)	38b
		(1,177)	Write down of Met Debt			(1,295)	38a
		108,829	Remeasurements of assets and liabilities			(51,883)	18
		101,501	Other Comprehensive Income & Expenditure			(70,080)	
		205,959	Total Comprehensive Income & Expenditure			(31,984)	

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' (which are not available for use and are detailed in Note 38). The 'surplus or (deficit) on the provision of services' line shows the economic cost of providing the Council's services on a commercial accounting basis. The “adjustments between accounting basis and funding basis under regulations” line represents the statutory adjustments required to arrive at the amounts to be charged to the General Fund Balance for Local Tax purposes. The 'net increase /decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

2014/15	General Fund (GF) Balance £000	Earmarked GF Reserves £000	Housing Revenue Account (HRA) £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Notes
Balance as at 1 Apr 14 as restated	17,526	33,436	16,697	3,186	18,316	5,224	20,135	114,520	134,390	248,910	37/38
Movement in reserves during the year:											
Surplus or (deficit) on the provision of services	(106,895)	0	2,437	0	0	0	0	(104,458)	0	(104,458)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(101,501)	(101,501)	
Total Comprehensive Income and Expenditure	(106,895)	0	2,437	0	0	0	0	(104,458)	(101,501)	(205,959)	
Adjustments between accounting basis & funding basis under regulations	151,980	0	1,594	0	5,404	(486)	(4,362)	154,130	(154,130)	0	1
Net Increase / (Decrease) before Transfers to Statutory and Other Reserves	45,085	0	4,031	0	5,404	(486)	(4,362)	49,672	(255,631)	(205,959)	
Add: Transfers to/(from) Earmarked Reserves	(44,565)	47,751	0	(3,186)	0	0	0	0	0	0	2
Increase / (Decrease) in Year	520	47,751	4,031	(3,186)	5,404	(486)	(4,362)	49,672	(255,631)	(205,959)	
Increase / (Decrease) in Year consists of: Outurn	*520*										
	520										
Schools Balances transferred out on conversion to academy	*(762)*							(762)		(762)	
At 31 Mar 15	17,284	81,187	20,728	0	23,720	4,738	15,773	163,430	(121,241)	42,189	

2015/16	General Fund (GF) Balance £000	Earmarked GF Reserves £000	Housing Revenue Account (HRA) £000	Earmarked HRA Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Council Reserves £000	Notes
Balance as at 1 Apr 15	17,284	81,187	20,728	0	23,720	4,738	15,773	163,430	(121,241)	42,189	37/38
Movement in reserves during the year:											
Surplus or (deficit) on the provision of services	(40,025)	0	1,929	0	0	0	0	(38,096)	0	(38,096)	
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	70,080	70,080	
Total Comprehensive Income and Expenditure	(40,025)	0	1,929	0	0	0	0	(38,096)	70,080	31,984	
Adjustments between accounting basis & funding basis under regulations	14,392	0	5,276	0	1,288	(864)	(5,167)	14,925	(14,925)	0	1
Net Increase / (Decrease) before Transfers to Statutory and Other Reserves	(25,633)	0	7,205	0	1,288	(864)	(5,167)	(23,171)	55,155	31,984	
Add: Transfers to/(from) Earmarked Reserves	24,183	(24,183)	0	0	0	0	0	0	0	0	2
Increase / (Decrease) in Year	(1,450)	(24,183)	7,205	0	1,288	(864)	(5,167)	(23,171)	55,155	31,984	
Increase / (Decrease) in Year consists of: Outturn	*(203)*										
	(1,247)										
Use of General Fund for carry forwards and school balances	(1,247)										
Schools Balances transferred out on conversion to academy	(292)							(292)		(292)	
At 31 Mar 16	15,542	57,004	27,933	0	25,008	3,874	10,606	139,967	(66,086)	73,881	

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. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves, are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

2014/15 £000		2015/16 £000	Notes
989,404	Property, Plant and Equipment	1,007,356	19
6,952	Heritage Assets	6,952	23
31,427	Investment Property	32,152	20
2,803	Intangible Assets	2,558	21
190	Long Term Investments	190	30
10,397	Long Term Debtors	9,610	33
1,041,173	Long Term Assets	1,058,818	
18,668	Short Term Investments	34	24
1,458	Assets Held For Sale	629	22
748	Inventories (Stock)	747	31
42,687	Short Term Debtors	43,564	33
25,916	Cash and Cash Equivalents	21,549	34
89,477	Current Assets	66,523	
(36,141)	Bank Overdraft	(34,202)	34
(26,693)	Short Term Borrowing	(21,354)	24
(59,214)	Short Term Creditors	(56,411)	35
(7,676)	Short Term Provisions	(6,540)	36
(129,724)	Current Liabilities	(118,507)	
(6,026)	Long Term Provisions	(7,527)	36
(716)	Long Term Creditors	(522)	35
(446,597)	Long Term Borrowing	(459,306)	24
(502,560)	Other Long Term Liabilities	(463,118)	50
(2,839)	Capital Grants Receipts in Advance	(2,481)	8
(958,738)	Long Term Liabilities	(932,954)	
42,188	Net Assets	73,880	
(163,430)	Usable Reserves	(139,966)	37
121,242	Unusable Reserves	66,086	38
(42,188)	Total Reserves	(73,880)	

Cash Flow Statement

	2014/15 £000	2015/16 £000	Notes
Deficit on the provision of services	104,458	38,096	
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(179,933)	(68,803)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	40,545	20,671	39
Net cash inflows from Operating Activities	(34,930)	(10,036)	
Investing Activities	24,677	18,518	40
Financing Activities	8,325	(6,054)	41
Net decrease in cash and cash equivalents	(1,928)	2,428	
Cash and cash equivalents at the beginning of the reporting period	(12,153)	(10,225)	34
Cash and cash equivalents at the end of the reporting period	(10,225)	(12,653)	34

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Adjustments between Accounting Basis and Funding Basis
2 Transfers to and from Earmarked Reserves
3 Segmental Reporting
4 Other Operating Expenditure
5 Financing and Investment Income and Expenditure
6 Trading Operations
7 Taxation and Non-specific Grant Income
8 Analysis of Grant Income credited to CIES and capital grant received in advance
9 Acquired and discontinued operations
10 Agency Services
11 Transport Act
12 Pooled Budgets
13 Members' Allowances
14 Staff Remuneration
15 External Audit Fees
16 Dedicated Schools Grant
17 Related Party Transactions
18 Pensions
19 Property, Plant and Equipment, Capital Commitments, PFI,
20 Investment Property
21 Intangible Assets
22 Assets Held for Sale
23 Heritage Assets
24 Financial Instruments – Balances
25 Financial Instruments – Risk
26 Financial Instruments – Gains/losses
27 Financial Instruments – Fair Value of Assets carried at Amortised Cost
28 Financial Instruments – Soft Loans and Financial Guarantees
29 Impairment adjustment – Heritable Bank
30 Long-term investments
31 Inventories
32 Construction Contracts
33 Debtors
34 Cash & Cash Equivalents
35 Creditors
36 Provisions
37 Usable Reserves
38 Unusable Reserves
39 Cash Flow - Analysis of adjustments to Surplus or Deficit on the Provisions of Services
40 Cash Flow – from Investing Activities
41 Cash Flow – from Financing Activities
42 Capital Expenditure and Financing
43 Leases
44 PFI and similar contracts
45 Capitalised Borrowing Costs
46 Contingent Liabilities
47 Contingent Assets
48 Trust Funds
49 Material Items of Income and Expenditure
50 Other Long-term Liabilities
51 Events after the Balance Sheet date / Authorised for Issue

Note 1 Adjustments between Accounting Basis and Funding Basis

This note details the statutory adjustments for the differences between the way transactions are presented on a commercial accounting basis and the amounts which are statutorily required to be met under the Local Authority Accounting Framework from local taxpayers and housing rents to meet the cost of General Fund and HRA services.

	Movements in Usable Reserves 2014/15					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non current assets	17,415	27,546	0	0	0	(44,961)
Amortisation of intangible assets	601	0	0	0	0	(601)
Revaluation losses on Property, Plant and Equipment	11,797	(8,965)	0	0	0	(2,832)
Capital grants and contributions applied	(25,938)	(154)	0	0	(4,362)	30,454
Revenue expenditure funded from capital under statute	6,188	0	0	0	0	(6,188)
Gain/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	122,425	(1,709)	14,253	0	0	(134,969)
Statutory provision for the financing of capital investment	25,501	0	0	0	0	(25,501)
Capital expenditure charged against the General Fund and HRA balances	(1,279)	(8,513)	0	0	0	9,792
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(4,613)	0	0	4,613
Use of the Capital Receipts Reserve to repay debt	0	0	(2,531)	0	0	2,531
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	1,707	0	(1,707)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	2	0	0	(2)
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	0	(6,585)	0	6,585	0	(0)
HRA depreciation to capital adjustment account	0	0	0	13,321	0	(13,321)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(20,392)	0	20,392
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(26)	90	0	0	0	(64)

	Movements in Usable Reserves 2014/15 continued					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	22,470	814	0	0	0	(23,284)
Employer's pension contributions and direct payments to pensioners payable in the year	(25,612)	(929)	0	0	0	26,541
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,952)	0	0	0	0	2,952
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(317)	(1)	0	0	0	318
Total Adjustments	151,980	1,594	5,404	(486)	(4,362)	(154,130)

	Movements in Usable Reserves 2015/16					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Charges for depreciation and impairment of non current assets	18,284	20,969	0	0	0	(39,253)
Amortisation of intangible assets	858	0	0	0	0	(858)
Revaluation losses on Property, Plant and Equipment	(3,478)	(2,148)	0	0	0	5,626
Capital grants and contributions applied	(13,530)	(621)	0	0	(5,167)	19,318
Revenue expenditure funded from capital under statute	5,464	0	0	0	0	(5,464)
Gain/loss on disposal of non current assets charged to the Comprehensive Income and Expenditure Statement	23,999	(1,880)	6,317	0	0	(28,436)
Statutory provision for the financing of capital investment	(25,530)	0	0	0	0	25,530
Capital expenditure charged against the General Fund and HRA balances	(650)	(4,572)	0	0	0	5,222
Adjustments primarily involving the Capital Receipts Reserve:						
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(3,091)	0	0	3,091
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	1,942	0	(1,942)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	4	0	0	(4)
Adjustment primarily involving the Major Repairs Reserve:						
Transfer from HRA to Major Repairs Reserve re notional MRA	0	(7,098)	0	7,098	0	0
HRA depreciation to capital adjustment account	0	0	0	12,970	0	(12,970)
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(20,932)	0	20,932
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(28)	130	0	0	0	(102)

	Movements in Usable Reserves 2015/16 continued					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movements in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 18)	37,238	1,602	0	0	0	(38,840)
Employer's pension contributions and direct payments to pensioners payable in the year	(25,623)	(1,103)	0	0	0	26,726
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income, non-domestic rate income and residual community charge adjustment included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with Regulation	(2,909)	0	0	0	0	2,909
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,645)	(3)	0	0	0	1,648
Total Adjustments	14,392	5,276	1,288	(864)	(5,167)	(14,925)

Note 2 Transfers to and from Earmarked Reserves

	Bal at 1 Apr 14 £000	Reclassified 2014/15 £000	Trans out 2014/15 £000	Trans in 2014/15 £000	Bal at 31 Mar 15 £000	Trans between Reserves 2015/16 £000	Trans out 2015/16 £000	Trans in 2015/16 £000	Bal at 31 Mar 16 £000
General Fund									
Insurance	251	0	0	0	251	0	(5)	0	246
Insurance Fund Reserve	0	0	0	0	0	250	0	100	350
Commutation Adjustment	8,394	(8,394)	0	0	0	0	0	0	0
Transformation Reserve	0	8,394	0	8,457	16,851	(8,168)	(8,841)	5,309	5,151
Buisness Rate Reserve	0	0	0	0	0	4,000	0	0	4,000
Pensions Deficit Reserve	0	0	0	0	0	6,000	0	0	6,000
Revenue Grants Reserve	7,818	0	(2,619)	4,767	9,966	0	(6,174)	10,179	13,971
Local Authority Energy Fund (LAEF)	119	0	(109)	56	66	0	(6)	71	131
Museum	34	0	0	0	34	0	0	0	34
Rotherham Economic Regeneration (RERF)	53	0	(53)	75	75	0	0	0	75
Maintenance of Buildings	345	0	(84)	59	320	0	(23)	136	433
Managed Workspace Repairs & Renewals	150	0	(50)	86	186	0	(32)	39	193
PFI - Waste	0	0	0	0	0	0	0	1,618	1,618
PFI – Leisure	1,214	0	(308)	0	906	0	(84)	0	822
Schools Declared Savings	151	0	(16)	0	135	0	(98)	0	37
PFI - Schools	13,947	0	(2,240)	1,304	13,011	0	(1,613)	800	12,198
Looked-After Children Reserve	0	0	0	0	0	6,000	0	0	6,000
Academy Conversion Reserve	0	0	0	0	0	1,200	0	0	1,200
Housing Improvement Programme	10	0	0	0	10	0	0	0	10
Aston CSC Repair / Maintenance Fund	80	0	0	20	100	0	0	20	120
Kimberworth The Place Repairs / Maintenance Fund	20	0	(20)	5	5	0	0	5	10
Riverside House Repairs / Maintenance Fund	129	0	0	51	180	0	0	52	232
EMS Implementation Fund	149	0	(30)	38	157	0	0	38	195
EIC Partnership Reserve	572	0	(164)	0	408	0	(408)	0	0
Furnished Homes	0	3,186	0	557	3,743	(180)	(495)	208	3,276
MRP adjustment Reserve	0	0	0	34,783	34,783	(9,282)	(25,501)	0	0
Selective Licensing Reserve	0	0	0	0	0	180	0	522	702
Total	33,436	3,186	(5,693)	50,258	81,187	0	(43,280)	19,097	57,004
Housing Revenue Account									
Furnished Homes	3,186	(3,186)	0	0	0	0	0	0	0
Total	3,186	(3,186)	0	0	0	0	0	0	0
Total General Fund & HRA	36,622	0	(5,693)	50,258	81,187	0	(43,280)	19,097	57,004

Earmarked General Fund Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2015/16. A brief description of the purpose of each reserve is provided as follows.

(i) Insurance Reserve

This reserve has been set up to cover claims incurred but not yet reported to the Council and not taken account of in the Insurance Provision.

(ii) Insurance Fund Reserve

The majority of this reserve relates to insurance settlement money in respect of Museum and Art Collections, with a small residual balance in respect of Leisure and Green Spaces.

(iii) Transformation Reserve

The Transformation Reserve is to be used to meet the likely significant additional costs and potential liabilities facing the Council in order to help bring about a “fit for purpose” Council, at the earliest opportunity.

(iv) Business Rates Reserve

This reserve is to cover residual risks relating to appeals, NHS trusts claim for charitable relied and business closures.

(v) Pension Deficit Reserve

The Pension Deficit Reserve is to be used to cover the potential increase in back-funding contributions to the South Yorkshire Pension Scheme over the 3 years 2017/18 to 2019/20 following the 2017 actuarial valuation.

(vi) Revenue Grant Reserve

The Revenue Grant Reserve represents revenue grants which have been recognised within income as the grant’s terms and conditions have been met but yet to be applied. They will be used to meet future spending plans relevant to the grant.

(vii) Local Authority Energy Fund (LAEF)

This reserve has been set up to provide initial investment for energy conservation work. It is anticipated that such investment will generate long term savings. Money is advanced to spending services and is repaid over a predetermined period, the repayments generating resources for further investment.

(viii) Museum

This reserve was created principally for the Rotherham Museum to enable the purchase of exhibits that come onto the market on an irregular basis.

(ix) Rotherham Economic Regeneration Fund (RERF)

Set up to defray the costs associated with supporting/funding externally funded schemes across several financial years and facilitating the economic regeneration of the borough, and to allow carry forward of funds on an annual basis.

(x) Maintenance of Buildings

Set up to defray the cost of Maintenance of Buildings across the Council by focussing on a more corporate and strategic approach.

(xi) Managed Workspace Repairs and Renewals

Set up to defray the cost of a rolling programme of maintenance on the managed workspace buildings and a programme of equipment renewal. The nature of the initial grant funding of these buildings excludes them from the programme of maintenance for other council buildings, creating the necessity for a separate reserve.

(xii) PFI – Waste

This PFI arrangement will last for 25 years. The reserve recognises the fact that receipts and payments into the reserve are smoothed out over the life of the contract so that the balance on the reserve at the end of the contract is nil. This arises as 62% of the Unitary Charge payment is indexed, the remaining 38% being fixed. As the PFI revenue grant support is fixed, the Council's budgetary contributions as a proportion of income increase over time.

(xiii) PFI – Leisure

This PFI arrangement will last for 33 years and 3 months. The reserve recognises the fact that receipts and payments into the reserve are smoothed out over the life of the contract so that the balance on the reserve at the end of the contract is nil. This arises as only 50% of the Unitary Charge payment is indexed, the remaining 50% being fixed. As the PFI revenue grant support is fixed, the Council's budgetary contributions as a proportion of income increase over time.

(xiv) Schools Declared Savings

Under the Council's Scheme for the Local Management of Schools, all Primary, Secondary and Special Schools are allowed to invest, internally with the Council, sums set aside from their delegated budgets, for use in future years. Interest can be earned on such savings. These sums were initially allocated to schools as part of their formula-funded budgets and are, therefore, exclusively earmarked for use by those same schools in the future.

(xv) PFI – Schools

This PFI arrangement will last for 30 years. The reserve recognises the fact that funding received in the early years was in excess of expenditure, but that expenditure has risen significantly after all the schools have been completed.

(xvi) Looked-After Children

This has been set up to support the Council's Revenue Budget on a £3m, £2m and £1m basis over the three financial years, 2016/17 to 2018/19.

(xvii) Academy Conversion

This reserve has been created to manage the potential financial impact of schools converting to Academy status.

(xviii) Housing Improvement Programme (HIP)

This reserve has been created to support HIP's role in enabling decent affordable housing in the private sector. It covers the Works in Default Scheme.

Under the Works in Default scheme Environmental Health Officers may require private landlords to do improvements to their properties. An amount of £9,554 has been set aside in the event that landlords default in reimbursing the Council for the cost of the improvement works. This reserve has not been utilised in 2014/15.

(xix) Aston CSC Repair & Maintenance Fund

This reserve has been created for agreed cyclical redecoration and major repair with NHS Rotherham.

(xx) Kimberworth The Place Repairs & Maintenance Fund

This reserve has been created for agreed cyclical redecoration and major repair with NHS Rotherham.

(xxi) Riverside Repairs & Maintenance Fund

This reserve has been created for agreed cyclical lifecycle maintenance, major repair and redecoration of the building, in line with the Council's obligations in respect of the lease agreement.

(xxii) Environmental Management System (EMS) Implementation Fund

This reserve has been created to provide funding for a temporary post of Carbon Reduction Officer to work towards reducing CO2 emissions.

(xxiii) EIC Partnership Reserve

This reserve was created principally to provide funding to maximise the impact on teaching and learning through use of digital resources to promote creativity and innovation.

(xxiv) Furnished Homes Reserve

The Rotherham Furnished Homes Scheme offers a range of furniture and other household goods to tenants to assist them in establishing and sustaining their home in exchange for an additional service charge. The scheme was transferred from the HRA to the General Fund on 1 April 2014 in order to maximise the Scheme's flexibility and capacity to respond to the changing circumstances brought about by welfare reform and the introduction in 2012/13 of HRA self-financing. The reserve is being used to provide financial resilience for the existing scheme, to support any future expansion of the service, and, to meet additional financing costs in future years following the capitalisation of furniture purchases with effect from 2014/15.

(xxv) MRP Adjustment Reserve

The reserve was created from the re-profiling of charges to revenue relating to pre 2007/08 debt. Its purpose was to cover the future revenue impact of higher revenue charges that will arise under the revised MRP profile in later years. Further details are disclosed in Note 49 Material Items of income and expenditure (Page 78) and in Accounting Policies under section 2, Changes in Accounting Policies and Estimates and Errors (Pages 97 and 98), section 15, Charges to Revenue for Non-Current Assets (Page 106) and section D, Assumptions made about the future and other major sources of estimation (Page 117).

(xxvi) Selective Licensing

This reserve has been created in line with the requirement for the service to be self-financing.

Note 3 Segmental Reporting

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

- no charges are made within budget reports in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).

- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions rather than current service cost of benefits accrued in the year).

Income and expenditure of the Council's Directorates reported in the budget reports for the year

	CYPS £000	Schools £000	EDS £000	Neighbourhood £000	Adults £000	Resources £000	Central £000	HRA £000	Public Health £000	Total £000
2014/15										
Fees, charges & other service income	(15,803)	(6,420)	(50,828)	(8,125)	(37,020)	(13,861)	(40,140)	(86,240)	(487)	(258,924)
Government Grants	(17,803)	(145,773)	(2,795)	(50)	(130)	(94,056)	(16,339)	0	(14,176)	(291,122)
Total Income	(33,606)	(152,193)	(53,623)	(8,175)	(37,150)	(107,917)	(56,479)	(86,240)	(14,663)	(550,046)
Employee Expenses	42,574	115,684	34,583	7,476	25,654	18,047	2,050	7,151	1,483	254,702
Other Operating expenses	40,182	33,602	48,116	3,823	81,470	104,687	81,657	76,592	12,898	483,027
Central Dept. & Tech. Support	386	3,531	14,892	58	0	2	(966)	(1,533)	282	16,652
Total Operating Expenses	83,142	152,817	97,591	11,357	107,124	122,736	82,741	82,210	14,663	754,381
Revenue outturn	49,536	624	43,968	3,182	69,974	14,819	26,262	(4,030)	0	204,335
2015/16										
Fees, charges & other service income	(23,717)	(5,691)	(58,150)	(5,599)	(39,154)	(13,632)	(26,216)	(88,266)	(506)	(260,931)
Government Grants	(21,162)	(123,195)	(9,313)	(164)	(2,764)	(91,860)	(16,788)	(3)	(15,530)	(280,779)
Total Income	(44,879)	(128,886)	(67,463)	(5,763)	(41,918)	(105,492)	(43,004)	(88,269)	(16,036)	(541,710)
Employee Expenses	55,242	101,313	30,349	4,573	25,682	19,809	1,406	7,252	1,435	247,061
Other Operating expenses	51,010	25,139	67,188	1,994	83,027	104,059	51,140	71,288	14,407	469,252
Central Dept. & Tech. Support	194	3,226	15,445	58	1,602	25	(1,592)	2,525	312	21,795
Total Operating Expenses	106,446	129,678	112,982	6,625	110,311	123,893	50,954	81,065	16,154	738,108
Revenue outturn	61,567	792	45,519	862	68,393	18,401	7,950	(7,204)	118	196,398

Included within schools employee expenses in 2015/16 is £26.296m (2014/15 £26.115m) relating to local Council maintained faith schools and foundation schools

Reconciliation of Directorate income and expenditure to Net Cost of Services reported in the Comprehensive Income and Expenditure Statement

	2014/15 £000	2015/16 £000
Net expenditure in the Directorate Analysis	204,335	196,398
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Directorate analysis	25,899	28,941
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(43,200)	(23,208)
Cost of Services in Comprehensive Income and Expenditure Statement	187,034	202,131

Reconciliation of Directorate income and expenditure to subjective analysis of the Surplus or Deficit on the Provision of Services reported in the Comprehensive Income and Expenditure Statement

2014/15	Directorate Analysis £000	Amounts Not reported to Management £000	Amounts not included in I&E as Cost of Service £000	Allocation of Recharges £000	Cost of Services £000	Items shown below Cost of Service on I&E £000	Total £000
Fees, charges & other service income	(258,132)	14,420	49,110	46,791	(147,811)	(74,889)	(222,700)
Surplus on Trading Activities	0	0	0	0	0	(470)	(470)
Interest & Investment Income	(792)	0	792	0	(0)	(707)	(707)
Income from Council Tax	0	0	0	0	0	(85,931)	(85,931)
Government Grants & Contributions	(291,122)	(1,861)	18,533	0	(274,450)	(106,869)	(381,319)
Total Income	(550,046)	12,559	68,435	46,791	(422,261)	(268,866)	(691,127)
Employee expenses	254,702	(15,568)	(45,032)	0	194,102	7,142	201,244
Other service expenses	454,832	7,676	(44,636)	(46,791)	371,081	6,780	377,861
Depreciation, amortisation and impairments	22,010	21,232	870	0	44,112	11,430	55,542
Interest payments	20,539	0	(20,539)	0	0	33,930	33,930
Precepts and levies	2,298	0	(2,298)	0	(0)	4,411	4,411
Payments to Housing Capital receipts pool	0	0	0	0	0	1,707	1,707
Gain or loss on disposal of Non Current Assets	0	0	0	0	0	120,812	120,812
Revaluation Loss Assets Held for Sale	0	0	0	0	0	78	78
Total Expenditure	754,381	13,340	(111,635)	(46,791)	609,295	186,290	795,585
(Surplus) or Deficit on the provision of services	204,335	25,899	(43,200)	0	187,034	(82,576)	104,458

Reconciliation of Directorate income and expenditure to subjective analysis of the Surplus or Deficit on the Provision of Services reported in the Comprehensive Income and Expenditure Statement

2015/16	Directorate Analysis £000	Amounts Not reported to Management £000	Amounts not included in I&E as Cost of Service £000	Allocation of Recharges £000	Cost of Services £000	Items shown below Cost of Service on I&E £000	Total £000
Fees, charges & other service income	(260,323)	14,460	41,782	51,455	(152,626)	(64,171)	(216,797)
Surplus on Trading Activities	0	0	0	0	0	1,221	1,221
Interest & Investment Income	(608)	0	608	0	0	(513)	(513)
Income from Council Tax	0	0	0	0	0	(88,974)	(88,974)
Government Grants & Contributions	(280,779)	1,772	23,512	0	(255,495)	(101,782)	(357,277)
Total Income	(541,710)	16,232	65,902	51,455	(408,121)	(254,219)	(662,340)
Employee expenses	247,061	503	(43,672)	0	203,892	23,791	227,683
Other service expenses	438,775	2,444	(25,099)	(51,455)	364,665	(7,195)	357,470
Depreciation, amortisation and impairments	30,865	9,762	1,068	0	41,695	11,382	53,077
Interest payments	19,073	0	(19,073)	0	0	33,423	33,423
Precepts and levies	2,334	0	(2,334)	0	0	4,563	4,563
Payments to Housing Capital receipts pool	0	0	0	0	0	1,942	1,942
Gain or loss on disposal of Non Current Assets	0	0	0	0	0	22,119	22,119
Revaluation Loss Assets Held for Sale	0	0	0	0	0	159	159
Total Expenditure	738,108	12,709	(89,110)	(51,455)	610,252	90,184	700,436
(Surplus) or Deficit on the provision of services	196,398	28,941	(23,208)	0	202,131	(164,035)	38,096

Note 4 Other Operating Expenditure

2014/15 £000		2015/16 £000	Notes
2,113	Parish Council precepts	2,228	
2,298	Levies payable	2,335	
1,707	Payments to the Government Housing Capital Receipts Pool	1,942	
120,812	Loss on disposal of non current assets	22,119	49
78	Revaluation loss on disposal of Assets Held for Sale - current assets	159	22
127,008	Total	28,783	

Note 5 Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000	Notes
33,930	Interest payable and similar charges	33,423	26
11,494	Net interest on the net defined benefit liability (asset)	11,731	18
(707)	Interest receivable and similar income	(513)	26
(1,004)	Income and expenditure relating to Investment Properties and changes in their fair value	(1,407)	20
(470)	(Surplus) / Deficit on Trading undertakings	1,221	6
43,243	Total	44,455	

Note 6 Surplus / Deficit on Trading Services, including dividends from companies

In accordance with the recommendations of CIPFA's Service Reporting Code of Practice (SERCOP) a number of trading accounts continue to be maintained by the Council. The Council considers a trading operation exists where the service it provides is competitive i.e. the service user has the choice to use an alternative supplier than the Council and the Council charges the user on a basis other than a charge that equates to the costs of supplying the service.

The trading accounts operated by the Council during the year are as follows:

2014/15				2015/16		
Expenditure £000	Income £000	(Surplus) / Deficit £000		Expenditure £000	Income £000	(Surplus) / Deficit £000
19,913	(19,589)	324	Construction, Street Cleansing and Landscaping	21,891	(21,322)	569
2,565	(2,489)	76	Vehicle Maintenance	2,897	(2,857)	40
2,152	(2,658)	(506)	Property Services – Fee-billing	2,265	(2,290)	(25)
751	(1,000)	(249)	Engineering – Fee-billing	786	(893)	(107)
5,093	(5,108)	(15)	Cleaning of buildings	5,698	(5,360)	338
911	(1,014)	(103)	Markets	978	(1,013)	(35)
380	(396)	(16)	Building Regulations Control	349	(359)	(10)
10,339	(10,323)	16	School Support Services	10,746	(10,296)	450
77	(74)	3	Dispersed & Furnished Units	79	(78)	1
42,181	(42,651)	(470)	(Surplus) / Deficit	45,689	(44,468)	1,221

The net deficit for the year on traded services of £1.221m has not been allocated to specific services within the accounts, but forms part of the Council's Financing and Investment Income and Expenditure as disclosed in Note 5. The net deficit of £1.221m is after debiting £0.680m for IAS19 pension costs (2014/15 £0.188m credit). The Council's traded services include:

Construction, Street Cleansing and Landscaping

Streetpride maintains over 680 miles of highways in a clean and safe condition for pedestrians, motorists, other road users and local communities.

Vehicle Maintenance

Management and policy of the Council's vehicle fleet and ensuring legislative standards are maintained.

Property Services – Fee Billing

Quantity surveyors, project managers, architects, valuers involved in the valuation and construction of new and existing Council buildings.

Engineering

Streetpride provides a design, inspection, assessment service and carries out engineering works to buildings, bridges, structures and highways.

Cleaning of Buildings

Facilities Services provides a cleaning service for schools and other premises owned by Rotherham MBC. This service is also utilised by the NHS in certain buildings.

Markets

The Council operates regular markets in Wath and Rotherham town centre.

Building Control

Building Control service begins at preplanning application stage and continues throughout the entire planning and construction process. Ultimately the Council aims to provide a service that will achieve a fast and trouble-free Building Regulation approval and a rapid response inspection process that will assist a project to fully comply with the Building Regulations when complete. From 1st January 2010 a new scheme of Building Regulation charges made under the Building (Local Council Charges) Regulations 2010 has been adopted by the Council.

School Support Services

School support services provides catering, Information Technology Support, Human Resources support, training facilities and the provision of supply staff to schools, teachers absence in-house insurance scheme and schools finance support team.

Dispersed and Furnished Units

To enable continued funding and improvements of emergency accommodation properties "crash pads". Income from the weekly charge from occupied units is used to contribute to replace fixtures, furniture and furnishings within the temporary units for the homeless.

Note 7 Taxation and Non Specific Grant Income

2014/15 £000		2015/16 £000	Notes
85,931	Council Tax Income	88,974	
36,940	Non Domestic Rates	36,208	
24,391	Business Rates grants	25,395	
82,446	Non Ring-fenced government grants	76,365	8
23,119	Capital Grants and Contributions	10,331	8
252,827	Total	237,273	

Note 8 Analysis of grant income credited to the CIES and capital grant received in advance

The Council receives certain government grants which are not attributable to specific services. The amount of General Revenue Grants Credited to Taxation and Non Specific Grant Income was as follows:

2014/15 £000		2015/16 £000
70,112	Revenue Support Grant	50,925
8,033	PFI Grant	10,045
4,301	Other Non Specific Revenue Grants	15,395
82,446	Total	76,365

Capital Grants Credited to Taxation and Non Specific Grant Income

2014/15 £000		2015/16 £000
11,825	Department for Transport	7,048
145	Environment Agency	80
615	European Regional Development Fund	589
1,901	Education Funding Agency: LA Maintained Maintenance Grant	2,157
1,682	Education Funding Agency: Basic Need Pupil Places	523
661	Education Funding Agency: LA Maintained Devolved Formula	421
4,357	Education Funding Agency: Targeted Basic Need	0
598	Education Funding Agency: Universal Infant Free School Meals	0
738	Department of Health	749
0	S106 Contributions	297
516	Department for Communities and Local Government	(1,788)
81	Other Local Authorities and Partners	255
23,119		10,331

Significant Revenue Grants attributable to specific services and which have therefore been credited to Cost of Services were as follows:

2014/15 £000		2015/16 £000
142,984	Dedicated Schools Grant (Note 16)	124,645
89,807	Housing and Council Tax Benefit: subsidy	89,073
3,995	Sixth Form Funding	3,115
748	Troubled Families & Troubled Families Co-ordinator	781
10,479	Pupil Premium	9,070
1,832	Housing Benefit and Council Tax Benefit Administration	1,763
773	Social Fund (FFC)	0
3,831	Education Services Grant	0
540	Youth Offending Teams Grant	492
329	Rotherham Music Hub	506
223	Adoption Reform Grant	0
670	Adult Community Learning Grants	521
1,559	Universal Free School Meals	2,166
312	SEN Reform Grant	0
0	Transformation Challenge Award	546
171	Year 7 Catch Up Premium	128
0	SEND Implementation Grant (New Burdens)	150
526	Local Sustainable Transport Fund	611
125	Care Act	1,297
120	Helping People Home Grant	40
6,166	Social Care Funding	6,166
4,003	Other NHS Funding (including Better Care Fund)	3,773
243	Local Reform & Community Voices Grant	181
0	Independent Living Fund	1,254
14,176	Public Health Funding	15,316
0	Deprivation of Liberty Safeguards (DoLs)	144
265	Police and Crime Commission	232
453	Disabled Facilities Grant	605

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the funding body if they are not applied for their intended purpose. The balance of capital grant received in advance at the year-end was as follows:

31 Mar 15 £000		31 Mar 16 £000
2,839	Section 106 Developer Contributions	2,481
2,839	Total	2,481

Section 106 Developer Contributions

Section 106 Developer Contributions are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

The major balances of Section 106 receipts held by the Council at the end of the year end are as follows:

Income £000	Expenditure £000	2014/15 £000		Income £000	Expenditure £000	2015/16 £000
(98)	42	507	Culture and Leisure – General Fund	(73)	62	518
(1,583)	366	2,199	Other – General Fund	(282)	607	1,874
0	0	133	HRA	0	44	89
(1,681)	408	2,839	Total	(355)	713	2,481

Note 9 Acquired and discontinued operations

The Council did not acquire any new operations in 2015/16.

All of the Council's income and expenditure relates to continuing operations.

Note 10 Agency Services

NHS Funded Nursing Care

The Council administers on behalf of Rotherham Clinical Commissioning Group (CCG) the financial process/procedures relating to the payment of NHS funded nursing fees to nursing care providers, under Health Act flexibilities (section 256 of the NHS Act 2006). The agreement covers the fees for NHS funded nursing care, cost of incontinence products, administration costs and nursing cost of assessments. Any overspend against the approved budget will be recharged by the Council to Rotherham CCG, any underspend will be reimbursed by the Council to Rotherham CCG.

The under spend in the current and previous year were as follows:

2014/15 £000		2015/16 £000
(1,698)	Gross income	(1,867)
1,697	Gross expenditure	1,867
(1)	(Under) / over spend	0

Note 11 Transport Act

Authorities are allowed to operate a road charging or workplace charging scheme under the Transport Act 2000. There is no such scheme in place in Rotherham.

Note 12 Pooled Budgets

The Council, through Adult Social Services, has a pooled budget arrangement with Rotherham Clinical and Commissioning Group (RCCG) (formerly, NHS Rotherham) in respect of the Better Care Fund to enable joint working under section 75 of the National Health Service Act 2006.

The Better Care Fund is split into two Pools. RMBC host Pool 1 with a value of £10.071m, which includes the former Intermediate Care and Equipment pooled budgets together with Occupational Therapy services, falls prevention, jointly commissioned integrated services and management of the Disabled Facilities grant funding. The RCCG host Pool 2 with a value of £13.245m.

The finance involved in the arrangements where the Council acts as host is detailed as follows:

2014/15 £000	Better Care Fund - Pool 1 RMBC	2015/16 £000
0	Rotherham CCG	(6,401)
0	Rotherham MBC - Capital	(1,968)
0	Rotherham MBC - Revenue	(1,702)
0	Total Gross Income	(10,071)
0	Capital Expenditure	1,968
0	Revenue Expenditure	7,497
0	Total Gross Expenditure	9,465
0	Over / (Under) spend	(606)
0	Transfer / use of balances	606
0	Net Balance as at 31 March 2016	0

2014/15 £000	Better Care Fund - Pool 2 RCCG	2015/16 £000
0	Rotherham CCG	(13,245)
0	Rotherham MBC	0
0	Total Gross Income	(13,245)
0	Revenue Expenditure	12,711
0	Total Gross Expenditure	12,711
0	Over / (Under) spend	(534)
0	Transfer / use of balances	534
0	Net Balance as at 31 March 2016	0

Note 13 Members' Allowances

Members' allowances and expenses during the year totalled £892,098 excluding Joint Council allowances (2014/15 £1,054,380 excluding Joint Council allowances). The employers' pension contributions associated with these allowances was £17,020 (2014/15 £48,455). In the light of the Professor Jay Report on 26 August 2014 and subsequent Corporate Governance Report, Members' allowances and Cabinet Member appointments have been subject to change whilst Commissioners have performed certain functions and oversaw actions which the Council would normally carryout. Detailed information about Members' Allowances can be obtained from the Strategic Director of Finance and Customer Services, Finance and Customer Services Directorate, Riverside House, Main Street, Rotherham, S60 1AE.

2014/15 £000		2015/16 £000
757	Basic allowance	732
298	Special responsibility allowances	159
0	Travel	1
1,055	Total Members' Allowances and Expenses	892
48	Employer Pension Costs	17
1,103	Total	909

Note 14 Staff Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of certain information relating to officers' emoluments. Details of the number of employees who received remuneration of £50,000 or more based on 2015/16 payroll information, expressed in bands of £5,000 is as follows:

2014/15			2015/16	
Officers Total	Teachers Total		Officers Total	Teachers Total
26	30	£50,000 - £54,999	28	25
15	18	£55,000 - £59,999	19	22
5	16	£60,000 - £64,999	12	6
4	6	£65,000 - £69,999	11	13
0	3	£70,000 - £74,999	3	2
1	4	£75,000 - £79,999	1	3
6	2	£80,000 - £84,999	5	2
0	4	£85,000 - £89,999	0	2
0	0	£90,000 - £94,999	0	0
0	0	£95,000 - £99,999	1	0
0	1	£100,000 - £104,999	0	0
0	1	£105,000 - £109,999	0	1

The number of higher paid teachers has reduced as Schools convert to Academies or acquire trust status as they are no longer employees of the Council.

The number of employees whose remuneration was £50,000 or more includes a number of staff, who have been given approval to leave the Council under the terms of its Voluntary Severance arrangements (that is Voluntary Early Retirement, Voluntary Redundancy, Phased Retirement and Redeployment) that has resulted in these staff falling into higher banding brackets than would otherwise be the case. In 2015/16, the number of such employees was 21 (20 officers and 1 teacher).

The above table excludes the senior employees whose remuneration for 2014/15 and 2015/16 are shown in the Strategic Leadership Team note overleaf:

Strategic Leadership Team Remuneration 2014/15

Job Title/Employee	Salary 2014/15 £	Additional Payments 2014/15 £	Compensation & Ex-gratia 2014/15 £	Total remuneration excluding employer pension contributions 2014/15 £	Pension employer contribution Refer to Note (viii) 2014/15 £
Strategic Leadership Team (who were Members during all or part of the year):					
Martin Kimber - Chief Executive	92,978.62	0.00	26,666.66	119,645.28	0.00
Jan Ormondroyd - Interim Chief Executive	68,596.29	0.00	0.00	68,596.29	0.00
Strategic Director of Children and Young People's Services	56,476.62	0.00	40,000.00	96,476.62	6,946.62
Interim Strategic Director of Children and Young People's Services	36,250.02	0.00	0.00	36,250.02	4,458.75
Strategic Director of Neighbourhoods and Adults Services	84,714.93	0.00	0.00	84,714.93	10,419.94
Strategic Director of Environment and Development Services	112,953.24	0.00	0.00	112,953.24	13,893.25
Director of Health and Wellbeing	22,314.43	0.00	0.00	22,314.43	2,744.67
Director of Public Health	68,134.68	20,340.87	0.00	88,475.55	11,902.83
Director of Legal and Democratic Services	81186.77	2,027.40	0.00	83,214.17	10,235.34
Director of Safeguarding Children and Families	18,897.34	0.00	0.00	18,897.34	2,324.37
Interim Strategic Director of Resources and Transformation	33,115.22	0.00	0.00	33,115.22	4,073.17
Director of Financial Services	57,179.92	1,427.90	0.00	58,607.82	7,208.76
Director of Human Resources	81,193.82	0.00	0.00	81,193.82	9,986.84
Total	813,991.90	23,796.17	66,666.66	904,454.73	84,194.54

Strategic Leadership Team Remuneration 2015/16

Job Title/Employee	Salary 2015/16 £	Additional Payments 2015/16 £	Compensation & Ex-gratia 2015/16 £	Total remuneration excluding employer pension contributions 2015/16 £	Pension employer contribution Refer to Note (viii) 2015/16 £
Strategic Leadership Team (who were Members during all or part of the year):					
Sharon Kemp- Chief Executive - Refer to Note (i)	32,688.17	0.00	0.00	32,688.17	4,020.64
Assistant Chief Executive - Refer to Note (ii)	8,083.33	0.00	0.00	8,083.33	994.25
Strategic Director of Children and Young Peoples Services - Refer to Note (iii)	113,384.04	31,616.04	0.00	145,000.08	17,835.01
Strategic Director of Regeneration and Environment - Refer to Note (iv)	85,038.03	0.00	0.00	85,038.03	10,459.68
Interim Strategic Director of Regeneration and Environment - Refer to Note (iv)	42,240.00	0.00	0.00	42,240.00	0.00
Interim Director of Public Health - Refer to Note (v)	20,853.51	2,615.62	0.00	23,469.13	3,268.55
Director of Public Health - Refer to Note (v)	62,499.53	9,278.19	0.00	71,777.72	10,264.19
Interim Strategic Director of Adult Care and Housing - Refer to Note (vi)	149,200.00	0.00	0.00	149,200.00	0.00
Director of Legal Services - Refer to Note (vii)	27,573.32	699.46	0.00	28,272.78	3,477.55
Interim Director of Legal Services - Refer to Note (vii)	82,125.00	0.00	0.00	82,125.00	0.00
Assistant Director of Legal Services - refer to Note (vii)	5,559.14	0.00	0.00	5,559.14	683.77
Acting Strategic Director of Finance and Customer Services	113,384.04	0.00	0.00	113,384.04	13,946.24
Director of Human Resources - Refer to Note (viii)	6,893.33	0.00	0.00	6,893.33	847.88
Total	749,521.44	44,209.31	0.00	793,730.75	65,797.76

The disclosure for Senior Officers Remuneration includes Senior Officers who are a Member of the Senior Leadership Team and in Statutory and Non-Statutory Chief Officers roles and any other officer whose salary details are required to be disclosed by the Accounts and Audit Regulations 2015, including any other employees whose salary exceeds £150,000.

Notes:

(i) Sharon Kemp commenced her employment as the Chief Executive on 18 January 2016.

(ii) The Assistant Chief Executive commenced their employment on 1 March 2016.

(iii) The Interim Strategic Director of Children and Young People's Services was appointed to the substantive role of the Strategic Director of Children and Young People's Services with effect from 26 November 2015.

(iv) The Strategic Director of Regeneration and Environment left the Council on 31 December 2015. An Interim Strategic Director of Regeneration and Environment was appointed from 1 January 2016. This officer's monetary payment has been included in the Senior Officers

Disclosure even though this officer is not regarded as an employee of the Council under employment law.

(v) An Interim Director of Public Health was appointed on 1 April 2015 to fulfil the statutory role, until the new Director of Public Health commenced their employment on 29 June 2015. The additional payments made to the Interim Director and Director of Public Health represents various allowances to which they are contractually entitled to.

(vi) An Interim Strategic Director of Adult Care and Housing commenced their period of engagement on 1 April 2015 to fulfil the statutory role. This officer's monetary payment has been included in the Senior Officers Disclosure even though this officer is not regarded as an employee of the Council under employment law.

(vii) The Director of Legal Services left the Council on 31 July 2015 and during their employment received an additional pro rata payment in recompense for fulfilling the statutory role of Monitoring Officer. An Interim Director of Legal Services was appointed from 1 August 2015 until 11 March 2016 to fulfil the statutory role. This officer's monetary payment has been included in the Senior Officers Disclosure even though this officer is not regarded as an employee of the Council under employment law. A permanent Assistant Director of Legal Services commenced their employment on 7 March 2016.

(viii) The Director of Human Resources left the Council on 30 April 2015. This post has been deleted from the establishment.

(ix) The LGPS Employer Pension contributions disclosed in 2014/15 and 2015/16 are based on the common rate of contribution set by the Actuary of 12.3 percent and 12.6 percent respectively. Also contained in the disclosure is the Director of Public Health Employer Pension contributions that are based on the common rate of contribution set by the NHS Actuary of 14.3 percent.

During the year the Council created a new Directorate, Assistant Chief Executive Directorate and changed the following Directorate / Services names:

- Environmental Development Services to Regeneration and Environment Directorate;
- Legal and Democratic Service to Legal Services;
- Neighbourhoods and Adults Services to Adult Care and Housing Directorate; and
- Resources and Transformation to Finance and Customer Services Directorate.

Commissioners

A team of Commissioners was appointed by the Secretary of State for Communities and Local Government on 26 February 2015 to take over responsibility for discharging the Executive and Licensing functions of the Council. The Commissioners perform certain functions and oversee actions which the Council is to perform but are not employees of the Council. They are instead accountable to the Secretary of State. The team comprises:

Sir Derek Myers (Lead Commissioner)

Stella Manzie CBE (Managing Director Commissioner) (left the Council on 29 February 2016)

Malcolm Newsam (Children's Social Care Commissioner)

Mary Ney (Supporting Commissioner)

Julie Kenny CBE (Supporting Commissioner)

The Commissioners other than the Managing Director Commissioner are nominated for the period beginning on 26 February 2015 and ending on 31 March 2019 or such earlier time as the Secretary of State for Communities and Local Government determines.

The fees payable by the Council to the Commissioners for discharging their duties has been determined by the Secretary of State for Communities and Local Government. The agreed fees are £800 a day for the Lead Commissioner and £700 a day for other Commissioners except the Managing Director Commissioner. He has determined for the Managing Director Commissioner a fee of £160,000 per annum is to be paid.

The Commissioners were paid fees of £462,217 (2014/15 £53,062) for services rendered for the period 1 April 2015 to 31 March 2016. Business expenses of £31,030 (2014/15 £2,821) were incurred by the Commissioners over the same period in carrying out these services. Employers national insurance contributions on these fees and expenses are being met by the Council.

(x) Further disclosure for exit packages

In order to bring about a structured approach to reducing staff numbers to achieve necessary budget savings, the Council has continued to operate a voluntary severance scheme during 2015/16. The table below shows the cost to the Authority of staff who have left under the voluntary scheme, together with other departures and those who have been made compulsorily redundant. These costs include, where appropriate, the full pension strain cost arising from early retirement, for which the Council is required to make an additional payment to the Pensions Authority. It should be noted that whilst the full amount payable has been included, under an agreement with the Pensions Authority, this is settled and charged to revenue over a three year period.

The costs tabulated below are comprised of actual severance payments paid during the year plus accrued severance payments in respect of individuals who left during 2015/16 but who are paid in 2016/17 and those staff who's severance was approved and agreed and to which the Council was committed at 31 March 2016 but who are planned to leave in 2016/17.

In 2015/16, a provision of £0.1m in respect of severance costs associated with the major restructuring of services was made, based on an average estimated cost of departure. It was not possible to ascribe the group of staff to specific cost bandings. No provision for severance costs was made in 2014/15.

These changes are reflected in the total cost of termination benefits shown in Note (xi) below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Total number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
Non Schools	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
							£000	£000
£0 - £20,000	24	27	119	107	143	134	909	1,052
£20,001 - £40,000	0	6	23	25	23	31	604	872
£40,001 - £60,000	2	0	5	10	7	10	349	444
£60,001 - £80,000	0	0	5	7	5	7	348	462
£80,001 - £100,000	0	0	2	9	2	9	173	815
£100,001 - £150,000	0	0	0	1	0	1	0	119
£150,001 - £200,000	0	0	0	1	0	1	0	153
Total	26	33	154	160	180	193	2,383	3,917

Exit package cost band (including special payments)	Number of compulsory redundancies		Total number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
Schools	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
							£000	£000
£0 - £20,000	7	13	63	39	70	52	412	339
£20,001 - £40,000	2	1	2	3	4	4	124	106
£40,001 - £60,000	0	0	1	0	1	0	50	0
£60,001 - £80,000	0	0	1	0	1	0	71	0
Total	9	14	67	42	76	56	657	445

N.B. The above figures include 8 settlement agreements including a Tribunal payment entered into to terminate the employment relationship with the School/Council.

(xi) Termination Benefits

As part of the rationalisation of Council services during 2015/16, 249 employees (2014/15 256) from across the whole of the Council including schools have been given approval to leave the Council with an exit package (that is, compulsory redundancies, Voluntary Early Retirement, and Voluntary Redundancy etc.).

The liabilities incurred as a result of the early termination of employees both in schools and non-schools in 2015/16 totalled £4.36m (2014/15 £3.04m) - composed of severance payments of £2.37m (2014/15 £1.93m) and £0.69m (2014/15 £0.37m) in pensions strain costs. A further £1.34m of these pension strain costs will be paid over to the South Yorkshire Local Government Pension Scheme in 2016/17 and 2017/18 as they fall due and become chargeable to revenue (2014/15 £0.74m).

Note 15 External Audit Fees

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:

2014/15 £000		2015/16 £000
186	Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	141
16	Fees payable to KPMG for the certification of grant claims and returns	16
8	Other - independent Review of South Yorkshire Digital Region Limited	0
210	Total	157

Note 16 Dedicated Schools Grant

The Council receives a specific grant from the Department for Children, Schools and Families – the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations (2011). The Schools Budget includes a range of educational services provided on an Council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Over and under-spends on the two elements are required to be accounted for separately.

Details of the deployment of DSG are shown overleaf:

2014/15				2015/16		
Central Expenditure £000	ISB £000	Total £000		Central Expenditure £000	ISB £000	Total £000
		216,640	Final DSG before Academy recoupment			218,554
		(73,914)	Less Academy figure recouped			(93,915)
		142,726	Total DSG after Academy recoupment			124,639
		1	Brought forward from previous year			1,036
16,919	125,808	142,727	Agreed initial Budgeted Distribution	16,409	109,266	125,675
258	0	258	In Year Adjustments	0	6	6
17,177	125,808	142,985	Final Budgeted Distribution	16,409	109,272	125,681
(18,109)		(18,109)	Less actual Central expenditure	(17,456)		(17,456)
	(123,840)	(123,840)	Less actual ISB deployed to schools		(108,201)	(108,201)
(932)	1,968	1,036	Carry forward to next year	(1,047)	1,071	24

In Year Adjustments:

	£
Early Years Jan 15 census Adjustment 2014/15 (3&4 year old)	(163,000)
Estimated Early Years Jan 16 census Adjustment 2015/16 (3&4 year old)	155,780
Estimated Early Years Jan 16 census Adjustment 2015/16 (2 year old)	37,628
Estimated Early Years Pupil Premium Adjustment 2015/16	(23,783)
Total Adjustment	6,625

Note 17 Related Party Transactions

A person or close family member is a related party of the Council if they have the potential to control or significantly influence the Council's operating or financial decisions or are key management personnel. Close family member is more narrowly defined as a child, spouse or domestic partner, and children and dependants of spouses or domestic partners.

Another body is a related party of the Council if it is a subsidiary, associate or joint venture of the Council or otherwise related, or has the ability to control or significantly influence the Council's operating or financial decisions.

The potential to control or significantly influence may come about due to member or management representation on other organisations, central government influence, relationships with other public bodies or assisted organisations to whom financial assistance is provided on terms which enable the Council to direct how the other party's financial and operating policies should be administered and applied. The fact that a voluntary organisation might be economically dependent on the Council does not in itself create a related party relationship.

Disclosure of related party transactions is made when material to either party to the extent that they are not disclosed elsewhere in the accounts.

Joint Ventures and Associates

(i) Digital Region Ltd

Digital Region Limited is a joint venture whose members comprise Rotherham MBC, Sheffield CC, Barnsley MBC, Doncaster MBC and the Secretary of State for Business, Innovation and Skills (BIS) who inherited Yorkshire Forward's interests in March 2012 following the abolition of the Regional Development Agencies.

The company was set up to manage and procure a high speed broadband network in the South Yorkshire region and to undertake the promotion of the network to the service provider market. Under the original business model, achievement of this objective was dependent upon the company generating sufficient revenue sales in the early years of operation. However, due to a range of factors, the target level of sales was not achieved. The shareholders therefore took a decision in 2013 to commence an orderly and solvent closure of Digital Region Limited. A funding agreement was subsequently signed by all shareholders to ensure that sufficient funds would be made available to enable services to be migrated without interruption of business and to enable the company to meet its debts as they fell due. For Rotherham MBC this amounted to £2million of capital loans and up to £7.58million of further support against which the Council has advanced £5.34million.

To achieve a solvent liquidation of the company, a restructure of the company's balance sheet was completed during 2015 prior to a liquidator being appointed on 30th June 2015. As a consequence, the Council's shareholding is now 150 'A' shares (10%), 6 'B' shares (8.57%) and 6,328,988 'C' shares (8.58%). The final distribution of the remaining shareholder funds will be made in 2016/17.

The company's latest available draft accounts are for the period ended 30 September 2014. These draft accounts show the company has net liabilities of £10.891m. However, this is before the second loan conversion of £12.257m.

31 Mar 13 £000		30 Sep 14 £000
2,288	Turnover	2,924
(9,954)	Operating (loss) / profit	2,359
(12,702)	(Loss) / profit before taxation	28,692
(12,702)	(Loss) / profit after taxation	28,692
(101,110)	Net Liabilities	(10,891)

A copy of the accounts can be obtained from the company's registered office, the address for which up to 30 June 2015 is: Electric Works, Sheffield Digital Campus, Sheffield, S1 2B, and, thereafter is: Benson House, 33 Wellington Street, Leeds, LS1 4JP.

(ii) <u>BDR Property Limited (formerly Arpley Gas Limited)</u>

With effect from 16 March 2008 Arpley Gas Ltd became BDR Property Ltd., a company set up under the Environment Protection Act 1990 by Rotherham, Barnsley and Doncaster Metropolitan Borough Councils and the Waste Recycling Group Ltd. Waste Recycling Group was subsequently acquired by the FCC group in January 2014 with the company's immediate parent being FCC Environment (UK) Limited.

The company was set up for the purpose of carrying out waste disposal work and civic amenity site management. Its principal activity is management of the Thurcroft landfill site. It operates under a management agency agreement with FCC Recycling (UK) Limited.

The share capital of the company is as follows:

Authorised and fully paid up Share Capital £1.850 million

Council's Shareholding:

a) For voting purposes – the Company's shares are divided into 'A' shares and 'B' Shares. The 1,998 'A' shares comprise 20% of the total voting shares. One third of these 'A' shares are held by the Council (666 shares costing £6.66). Barnsley and Doncaster Metropolitan Borough Councils have similar share holdings, so that collectively the Councils hold 20% of the total voting shares. These are non-equity shares.

b) For dividend purposes – the Council holds 3.5% (63,421 shares) of the company's £1 class 'C' shares – no voting rights are attached to these shares.

c) For winding up purposes – the Council holds 12,500 £1 deferred shares which is one third of the total. These shares are ranked after the other 3 classes of shares (A, B and C) and payment will only be made should funds remain available for distribution after meeting the entitlements of the other groups of shareholders. No voting rights are attached to these shares.

At the time of publication of this Statement, accounts for the company for the year ending 31 December 2014 were available and the details are as follows:

31 Dec 13 £000		31 Dec 14 £000
125	Turnover	73
37	Profit / (Loss) before taxation	(33)
37	Profit / (Loss) after taxation	(33)
4,943	Net Assets	4,910

On 21 January 2016 the lease of the Thurcroft Landfill site was assigned to BDR property. No contributions to running costs were made by Rotherham MBC to BDR Property Limited during the financial year ended 31 March 2016.

(iii) Groundwork Cresswell, Ashfield and Mansfield Trust

Groundwork Cresswell, Ashfield and Mansfield Trust is a charity and a company limited by guarantee. The members of the company, whose liability is limited to £1, are Amber Valley Borough Council, Ashfield District Council, Bolsover District Council, Derbyshire County Council, Mansfield District Council, Newark and Sherwood District Council, North East Derbyshire District Council, Nottinghamshire County Council, West Lindsay District Council, the Federation of Groundwork Trusts, and Rotherham Metropolitan Borough Council.

The company's principal activities are the promotion of conservation, protection and improvement of the physical and natural environment, to provide facilities in the interests of social welfare and to advance public education.

At the time of publication of this Statement, accounts for the company for the year ending 31 March 2015 were available and the details are as follows:

31 Mar 14 £000		31 Mar 15 £000
2,884	Turnover	2,391
54	Surplus for the year	(128)
1,213	Net Assets	1,302

Rotherham Metropolitan Borough Council's made no contribution to the company during 2015/16 (2014/15 nil).

During the financial year ended 31 March 2016, Creswell Groundwork Trust provided no services to the Council (2014/15 nil) and incurred no charges from the Council (2014/15 nil).

A copy of the accounts of the company may be obtained from Mr TM Witts, 96 Creswell Road, Clowne, Chesterfield S43 4NA.

(iv) Magna Trust

Magna Trust is a company limited by guarantee. The members of the company are Rotherham MBC, The Stadium Group and Rotherham Chamber of Commerce. Its principal objects are to advance education of science and technology, provide facilities for recreational and other leisure time occupation for the public at large in the interests of social welfare, and, to preserve buildings of historical importance to British industry.

At the time of publication of this Statement, accounts for the company for the year ending 29 March 2015 were available and the details are as follows:

29 Mar 14 £000		29 Mar 15 £000
1,972	Turnover	2,061
(1,261)	(Deficit) for the year	(768)
12,981	Net Assets	12,213

During the financial year ended 31 March 2016, the company provided services to the Council to the value of £50,631 (2014/15 £75,284). Magna incurred charges from the Council of £936 (2014/15 £2,815).

A loan for £300,000 was issued to the Magna Trust in 2006/07 and of this £190,000 was still outstanding as at 31 March 2016. No repayments on this loan were made in 2015/16. The Council issued to Magna a short term loan of £250,000 during 2014/15. This was outstanding as at the 31 March 2016.

The Council meeting of 9 December 2015 confirmed the decision made by Commissioner Manzie of 30 November 2015 to negotiate an agreed repayment plan with Magna on the 2 Council Loans. This followed external assessment by PwC of Magna's business plan. The Council and Magna are in the process of agreeing a new combined loan agreement, covering both loans. Repayments will commence in 2016/17.

A copy of the accounts can be obtained from Mr J Smith, Magna, Sheffield Road, Templeborough, Rotherham, S60 1DX.

(v) <u>The Northern College for Residential Adult Education Limited</u>

The Northern College for Residential Adult Education Limited was set up in 1978, by a consortium of local authorities and trade unions to provide long term residential education for adults. The company previously comprised six full members, the local authorities of Barnsley, Doncaster, Rotherham, Sheffield and Leeds, and the trade union UNISON. Bradford City Council and Kirklees MDC were associate members.

The College Company was reconstructed and from 1 April 2001 all members of the Board of Governors of the College constitute the Company. As at 31 July 2014 there were 15 members of which 3 were local Council nominated.

The mission of the company is: 'To provide outstanding residential and community education for the empowerment and transformation of individuals and communities.'

At the time of publication of this Statement, accounts for the company for the year ending 31 July 2015 were available and the details are as follows:

31 Jul 14 £000		31 Jul 15 £000
5,854	Turnover	5,836
236	Surplus for the year	553
2,260	Net Assets	2,215

Rotherham MBC made no contribution towards the running costs of the company during 2015/16 (2014/15 nil).

During the financial year ended 31 March 2016, the company provided services to the Council of £1,959 (2014/15 £7,510) and incurred no charges from the Council (2014/15 nil).

A copy of the accounts can be obtained from The Principal, The Northern College for Residential Adult Education Limited, Wentworth Castle, Stainborough, Barnsley S75 3ET.

(vi) Phoenix Enterprises (Rotherham) Ltd

This company commenced trading on 1 June 1998 and its principal activity is providing “Advice and Guidance to unemployed clients, including specialist support and wage subsidies.” It is a social enterprise, not for profit organisation limited by guarantee.

At the time of publication of this Statement, accounts for the company and its subsidiary undertakings for the year ending 31 March 2015 were available and the details are as follows:

31 Mar 14 £000		31 Mar 15 £000
1,956	Turnover	1,805
60	Profit before taxation	37
51	Profit after taxation	26
1,542	Net Assets	1,568

Rotherham MBC’s grants to and payments for services provided by the company during 2015/16 was £7,500 (2014/15 £7,500), and incurred charges from the Council to the value of £1,505 (2014/15 £2,492).

A copy of the accounts of the company may be obtained from the company at the Head Office, Old Vicarage Lane, All Saints Church Yard, Vicarage Lane, Rotherham, S65 1AA.

Other

The following table discloses material transactions between the Council and other related parties.

2014/15 £	Related Parties	Nature of Transactions	2015/16 £
	Assisted Organisations:		
22,208	Dinnington Resource Centre	Fees	25,733
44,260	Full Life Christian Centre	Grants & Fees	67,137
20,850	Get Sorted Academy of Music	Fees	20,020
118,984	Rotherham Advocacy Partnerships	Grants and Fees	108,911
9,522	Rotherham Diversity Forum	Grants and Fees	150
29,130	Rotherham Ethnic Minority Alliance Ltd	Fees	26,571
37,976	Tassibee Project	Grants, Fees and Charges	36,288
18,630	United Multicultural Centre Ltd	Fees	6,132
	Member Related:		
398,936	Rotherham and Barnsley Mind	Grants and Fees	319,404
355,674	Rotherham Women’s Refuge	Fees	6,856
26,217	Swinton Lock Activity Centre	Grants and Fees	98,035
258,312	Voluntary Action Rotherham	Grants and Fees	264,418
	Officer Related Organisations:		
125,364	GROW	Grants and Fees	143,939
29,698	Kiveton Park Independent Advice	Grants and Fees	29,698
	Other Related Organisations:		
14,485,261	Sheffield City Region Combined Authority	Transport Levy	13,019,247
35,909	Sheffield City Region Combined Authority	Contribution	35,909

Note 18 Pensions

The Council participates in three separate pension schemes relating to: Teachers, Local Government employees and staff performing Public Health Functions who transferred to the Council on 1 April

2013. All three schemes require contributions from both the employer and the employee, and provide members with benefits calculated by reference to pay levels and length of service.

(a) Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Teachers' Pension Agency (TPA). It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. Scheme benefits are underwritten by the Government.

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employer's contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

During 2015/16 the Council paid employer's contributions calculated at 14.1% until the implementation of the new rate on 1 September calculated at 16.48%, amounting in total to £7.505m (2014/15 £8.061m). Contributions have reduced due to a number of schools converting to academies during 2015/16.

The total of contributions expected to be made to the Teachers' Pension Scheme by the Council in the year to 31 March 2017 is £5.8m.

A new Teacher's Pension Scheme came into effect in April 2015. Most members of the existing scheme transferred to the new scheme on that date but transitional arrangements have been put in place to provide protection to those nearest retirement age. The main features of the new scheme are that it is a career average scheme rather than a final salary scheme and the normal retirement age is now the same as that for the State Pension.

Coupled with the introduction of the new scheme, the Government Actuary's Department (GAD) has carried out an actuarial valuation of the scheme as at 31 March 2012. It shows there to be an overall deficit against the notional fund of £15bn compared to a deficit of £1.8bn at the time of the last actuarial valuation at 31 March 2004.

The GAD has determined that the employers' contribution over the 4 years commencing 2015/16 should be 16.48% (this compares to 14.1% under the existing scheme). The rate of 16.48% comprises 5.6% to recover the projected deficit at 31 March 2015 over a 15 year period and 10.8% to meet the ongoing benefits accrued by members under the new scheme from 1 April 2015 onwards and 0.08% administration. This has been capped at 10.9% over the years commencing 2015/16. Members will be expected to pay an average contribute of 9.6%. Implementation of the new rate was deferred until 1 September 2015 in recognition of the fact that schools and other teaching establishments work on an academic and not financial year.

(b) Public Health Staff

Under the provisions of the Health and Social Care Act 2012, Public Health functions and the staff performing these duties were transferred from the National Health Service to Local Authorities on 1 April 2013. The majority of staff transferring have the eligibility to continue membership of the National Health Service Pension Scheme (NHSPS).

The NHSPS is an unfunded scheme operated on a "pay as you go" basis which provides defined benefits to its members. The NHS Business service (NHSBS) which administers the scheme uses a notional fund as a basis for calculating the employer's contribution rate paid by Local Authorities. However, it is not possible for the Council to identify its share of the underlying assets and liabilities relating to the scheme and it is therefore accounted for as if it were a defined contribution scheme with the amount charged to revenue being the employer contributions payable in the year. Employee contributions in 2014/15 are tiered from 5% to 14.5% based on salary.

During 2015/16 the Council paid employer's contributions calculated at 14.3% amounting in total to £0.143m (£0.157m 2014/15).

A new NHS Pension Scheme came into effect in April 2015, the main features of the new scheme are that it is a career average scheme rather than a final salary scheme and the normal retirement age is now the same as that for the State Pension.

An actuarial valuation of the NHS Pension Scheme was carried out as at 31 March 2012 to replace the previous actuarial valuation at 31 March 2004. The primary purpose of the 2012 actuarial valuation was to set the employer contribution rate payable from April 2015 under the new NHS Pension scheme. This determined that employee contribution rates continue to be tiered from 5% to 14.5% based on salary over the 4 years commencing 2015/16 and employer contributions at 14.3% over the same period. The total of contributions expected to be made to the new NHS Pension Scheme by the Council in the year to 31 March 2017 is £0.110m.

(c) Other Local Government Employees

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits through its participation in the Local Government Pension Scheme, administered by the South Yorkshire Pensions Authority. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council is able to identify a share of the underlying liabilities in the scheme attributable to its own employees and accordingly accounts for post-employment benefits as a defined benefit scheme in accordance with the requirements of IAS19. Consequently, the Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the IAS 19 cost of retirement benefits is reversed out through the Movement in Reserves Statement and replaced by the actual contributions payable in the year. The IAS 19 figures provided by the actuary in respect of 2015/16 make allowance for the reduction in liabilities falling on the Council as a result of schools acquiring academy status during the year which are shown as gains / losses on settlements.

On 1 April 2015 the Council made a one-off payment to the Pension Fund of £18.646m (net of discount) to cover future deficit liabilities for the period from 2015/16 to 2016/17. In line with the Council's accounting policies £8.907m has been accounted for in 2015/16 with the remainder (£9.739m) being offset against the pension liability on the balance sheet. In the next financial year, the pension reserve (note 38e, £330.031m) and the net pension liability (£320.292m) will be brought into line as the prepayment arrangements are accounted for in 2016/17.

During the year the Council paid employer's superannuation contributions calculated at 12.6% amounting to £15.186m (2014/15 £24.023m at 19.5%) and £8.907m (net of discount) to cover future deficit liabilities for 2015/16.

Total contributions of £15.4m are expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 based on an ongoing service contribution rate of 12.9%.

The contribution rates take account of changes to the Local Government Pensions Scheme which came into effect from April 2014. The main changes were the introduction of a career average scheme rather than a final salary scheme and a "50:50 Scheme Option" whereby members can elect to accrue 50% of the full scheme benefits and pay 50% of the normal member contribution for a period of up to 3 years.

They also reflect the most recent triennial actuarial valuation in March 2013 which the South Yorkshire Pensions Authority, on behalf of its member Authorities, commissioned from the actuary, Mercer Human Resource Consulting Ltd. This showed a worsening of the fund's position with the overall deficit on the scheme increasing from £1.085 billion at the previous actuarial valuation in 2010 to £1.330 billion in March 2013 (a marginal improvement in funding level to 80% of scheme liabilities compared to 79% in 2010).

The funding plan, in accordance with the Funding Strategy Statement (FSS), is to make good the shortfall and achieve a funding level of 100% over a maximum period of 22 years (25 years at 2010 valuation).

With this funding objective in mind, over the course of the 3 years from 2014/15 there have been stepped annual increases of 0.3% p.a to bring the normal contribution rate for employers from 12% under the 2010 Triennial Valuation up to 12.9% required under the 2013 Valuation. There has also been a stepped increase in the contributions made towards recovering Rotherham's share of the deficit on the pensions fund over the 22 years from 2014/15. The deficit recovery contribution in 2014/15 amounted to £9.0m and is due to increase to £9.3m in 2015/16 and £10.2m in 2016/17 after taking account of schools converting to Academy status.

The funding position and employers' contributions will be reviewed again at the next actuarial valuation as at 31 March 2016 which is currently underway and will take effect in April 2017.

The funding level of the Pensions Fund is subject to a range of potentially material risks. The impact of small changes to key assumptions (inflation, pay awards, life expectancy, discounting of future pension liabilities) is set out in the sensitivity analysis later in this note. In assessing the potential level of liabilities the funds actuary has estimated the weighted average maturity profile of the defined benefit obligation to be 19 years.

The Pensions Authority invests the funds held by the scheme with the aim of achieving a return on these funds to pay the benefits due. If actual investment returns do not in future match the assumptions then the value of the assets will be lower and a funding shortfall could arise. To address this South Yorkshire Pensions Authority has processes in place to monitor investment performance and the actuaries produce an annual review of the fund's performance including a comparison to other local Council funds. The Pension Fund's investment strategy is reviewed alongside each triennial valuation.

In the event that an employer is unable to pay contributions or make good deficits, the Pension Authority's focus is to ensure as far as possible that any liability can be recovered should an employer exit the Pension Fund. Where a Council acts as guarantor for an employer that defaults the Council is responsible for meeting the liability, otherwise it falls on all employers in the Fund in relation to their size. Rotherham Council does not act as guarantor for other employers. Council contractors with access to the LGPS are required to have bonds in place (which are subject to regular review) to cover unpaid liabilities should their business fail before the end of their contract with the Council. In addition, contractors' contributions are subject to smoothing arrangements which are intended to ensure that they are fully funded by the end of the contract period.

An exception to this is regulation 64 of the Local Government Pensions Regulations which require, in some circumstances, that the Council makes Exit Payments in respect of employers leaving the Fund.

Further information in relation to the Local Government Superannuation Scheme can be found in the South Yorkshire Pension Fund Annual Report which is available upon request from the Superannuation Manager, South Yorkshire Joint Secretariat, Regent Street, Barnsley

Transactions relating to Post-employment Benefits

The amounts included in the Comprehensive Income and Expenditure statement in relation to post retirement benefit costs under IAS 19 are shown in the table overleaf. It also shows the adjustment made through the Movement in Reserves Statement to bring the amount charged to the General Fund back to the employer contributions payable to the LGPS during the year.

Total Funded & Unfunded Local Government Pension Scheme 2014/15 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2014/15 £000		Total Funded & Unfunded Local Government Pension Scheme 2015/16 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2015/16 £000
		Net Cost of Services		
(19,700)	0	- Current Service Cost	(25,425)	0
(1,231)	0	- Past Service	(1,535)	0
12,251	0	- Gain / (loss) from settlements	3,728	0
		Financing and Investment Income and Expenditure		
(3,110)	0	- Current Service Cost - Trading Services	(3,877)	0
(11,494)	(908)	- Net Interest Expense	(11,731)	(713)
(23,284)	(908)	Total Post-employment Benefits charged to the Surplus or Deficit on the Provisions of Service	(38,840)	(713)
		Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
0	0	- Experience gain / (loss) on liabilities	0	0
75,938	0	- Return on plan assets (excluding the amount included in the net interest expense)	(22,195)	0
0	0	- Actuarial gains and (losses) arising on changes in demographic assumptions	0	0
(184,767)	(1,936)	- Actuarial gains and (losses) arising on changes to financial assumptions	74,078	724
(108,829)	(1,936)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	51,883	724
		Movement in Reserves Statement		
(3,257)	(1,468)	- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-employment benefits in accordance with the code	12,114	1,385
		Actual amount charged against General Fund:		
		Balance for pensions in year:		
(26,541)		- Employer’s contributions payable to Scheme	(26,726)	
	(1,376)	- Rechargeable Pensions		(1,374)

The unfunded liabilities represent Compensatory Added Years’ benefits which are not a liability of the LGPS and are therefore recharged to the employer. They have been included in the liabilities figure for the purpose of IAS 19 calculations, as unfunded discretionary benefits arrangements.

Net interest expense above includes £0.484m Administrative expenses in relation to investments during 2015/16 (2014/15 £0.488m).

In addition to the recognised gains and losses included in the CIES in arriving at the surplus / deficit on services, actuarial gain of £51.883m (£108.829m loss in 2014/15), has been included in other comprehensive income and expenditure in the CIES.

Pension Assets and Liabilities recognised on the Balance Sheet

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

	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 15 £000	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 16 £000
Fair Value of Scheme Assets	915,439	927,244
Present value of Funded Liabilities	(1,262,908)	(1,226,590)
Net (under) funding in Funded Plans	(347,469)	(299,346)
Present Value of Unfunded Discretionary Liabilities	(22,331)	(20,946)
Per Mercers Report	(369,800)	(320,292)
Amount in the Balance sheet:		
Liabilities - funded and unfunded	(1,285,239)	(1,247,536)
Assets - funded and unfunded	915,439	927,244
Add back Employer Contributions Prepayment for 2016/17	0	(9,739)
Pensions Reserve	(369,800)	(330,031)
Pensions Liability	(369,800)	(320,292)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Total Funded & Unfunded Local Government Pension Scheme 2014/15 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2014/15 £000		Total Funded & Unfunded Local Government Pension Scheme 2015/16 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2015/16 £000
813,202	0	Fair Value of Plan Assets at beginning of period	915,439	0
36,374	0	Interest on plan assets	30,588	0
		Remeasurement gain / (loss):		
75,938	0	- The return on plan assets, excluding the amount included in interest expense	(22,195)	0
(488)	0	- Administrative expenses	(484)	0
(5,761)	0	- Settlements	(1,689)	0
26,541	1,376	- Employer contributions	26,726	1,374
0	0	- Prepayment Employer Contributions for 2016/17	9,739	0
7,600	0	- Member contributions	7,530	0
(37,967)	(1,376)	- Benefits/transfers paid	(38,410)	(1,374)
915,439	0	Fair Value of Scheme Assets at end of period	927,244	0

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

Total Funded & Unfunded Local Government Pension Scheme 2014/15 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2014/15 £000		Total Funded & Unfunded Local Government Pension Scheme 2015/16 £000	Unfunded Discretionary Benefits Arrangements (included in Total) 2015/16 £000
(1,077,430)	(20,863)	Benefit Obligation at beginning of period	(1,285,239)	(22,331)
(20,398)	0	Current Service Cost	(24,976)	0
(2,412)	0	Trading Services	(4,326)	0
(47,380)	(908)	Interest Cost	(41,835)	(713)
(7,600)	0	Member Contributions	(7,530)	0
		Remeasurement gains and (losses):		
0	0	- Experience gain / (loss)	0	0
0	0	- Actuarial Gain / (loss) arising from changes in demographic assumptions	0	0
(184,767)	(1,936)	- Actuarial Gain / (loss) arising from changes in financial assumptions	74,078	724
(53)	0	- Past Service Cost	(53)	0
(1,178)	0	- (Loss) / gain on Curtailments	(1,482)	0
18,012	0	- Liabilities extinguished on Settlements	5,417	0
37,967	1,376	- Benefits/Transfers paid	38,410	1,374
(1,285,239)	(22,331)	Benefit Obligation at end of period	(1,247,536)	(20,946)

Analysis of the Fair Value of Plan Assets:

	Quoted (Y/N)	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 15 £000	Total Funded & Unfunded Local Government Pension Scheme 31 Mar 16 £000
Cash & cash equivalents:		14,922	16,227
Equity Investments:			
- UK quoted	Y	176,680	167,182
- Overseas quoted	Y	368,464	367,281
Bonds:			
- UK Government fixed	Y	7,049	371
- UK Government indexed	Y	109,853	111,084
- Overseas Government fixed	Y	23,344	25,221
- Overseas other	Y	5,859	12,703
- UK other	Y	47,145	45,806
Property:			
- UK direct	Y	86,143	94,023
-Property Funds	Y	13,732	14,372
Alternatvies:			
- Pooled Investment Vehicles	N	62,250	72,974
		915,441	927,244

The above asset values are at bid value as required by IAS19.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis discounted to present value terms using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rate, salary levels, etc. The Council Fund liabilities have been assessed by Mercer Human Resources Ltd, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme 2014/15	Discretionary Benefits 2014/15		Local Government Pension Scheme 2015/16	Discretionary Benefits 2015/16
		Mortality assumptions:		
		Longevity at 65 for current pensioners:		
23 years	23 years	Men	23 years	23 years
25.6 years	25.6 years	Women	25.7 years	25.7 years
		Longevity at 65 for future pensioners:		
25.3 years	25.3 years	Men (in 20 years time)	25.4 years	25.4 years
28.4 years	28.4 years	Women (in 20 years time)	28.5 years	28.5 years
2.0%	2.0%	Rate of CPI inflation	2.0%	2.0%
3.75%	-	Rate of increase in salaries	3.75%	-
2.0%	2.0%	Rate of increase in pensions	2.0%	2.0%
3.3%	3.3%	Rate for discounting scheme liabilities	3.6%	3.6%

Assets in the South Yorkshire Pension Fund are valued at fair value, which in line with the requirement of the Code is principally realisable or bid value for investments, and consist of the following categories, by proportion of the total assets held by the Fund.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are longevity, rate of inflation, expected salary increase and discount rate. The sensitivity analysis below indicates the effect on the defined benefit obligation of changes to these assumptions.

- If there were to be one year increase in the life expectancy for both men and women, the defined benefit obligation would increase by £24.1m if all other assumptions were held constant.

- If the rate of inflation were to be 0.1% higher, the defined benefit obligation would increase by £24.1m if all other assumptions were held constant.

- If the expected salary growth were to be 0.1% higher, the defined benefit obligation would increase by £5.5m if all other assumptions were held constant.

- If the discount rate used to discount future pension liabilities were to be 0.1% higher, the defined benefit obligation would decrease by £23.7m if all other assumptions were held constant.

In reality interrelationships exist between some of these assumptions, especially between discount rate and expected salary increases that both depend to a certain extent on expected inflation rates. The analysis above does not take account of any interdependence between the assumptions.

Note 19 Property, Plant and Equipment

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 Apr 14	528,477	497,047	60,728	130,052	6,816	39,284	20,885	1,283,289
Additions	29,113	6,475	4,383	6,477	24	14,272	358	61,102
Accumulated Depreciation and Impairment written out to gross cost/valuation	(37,719)	(10,045)	0	0	0	0	(288)	(48,052)
Revaluation increases/decreases to Revaluation Reserve - as restated	1,913	5,882	0	0	8	0	81	7,885
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	8,965	(11,862)	0	0	0	0	(49)	(2,946)
Derecognition - Disposals	(2,899)	(130,206)	(9,342)	0	(48)	0	(3,367)	(145,862)
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	(1,342)	(1,342)
Reclassified to/from Investment Properties	0	(46)	0	0	0	(217)	0	(263)
Other Movements in cost valuation as restated	175	11,371	0	17,544	(19)	(29,962)	235	(656)
At 31 Mar 15	528,025	368,616	55,770	154,073	6,781	23,377	16,513	1,153,155
Depreciation and Impairment								
At 1 Apr 14	(37,491)	(63,003)	(25,789)	(30,547)	(6,368)	1	(2,365)	(165,562)
Accumulated Depreciation and Impairment written out to gross cost/valuation	37,719	10,045	0	0	0	0	288	48,052
Depreciation Charge	(12,639)	(7,890)	(4,569)	(3,069)	(3)	0	(63)	(28,233)
Impairment losses/reversals to Revaluation Reserve	(1,121)	(638)	0	0	0	0	(5)	(1,764)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services - as restated	(27,546)	(2,194)	0	(28)	(24)	0	(229)	(30,021)
Derecognition - Disposals	104	10,590	2,660	0	0	0	418	13,772
Derecognition - Other	0	0	0	0	0	0	0	0
Reclassification to / from Held for Sale	0	6	0	0	0	0	0	6
Other movements in depreciation and impairment - as restated	(14)	12	0	0	0	0	1	(1)
At 31 Mar 15	(40,989)	(53,070)	(27,699)	(33,644)	(6,395)	1	(1,955)	(163,751)
Net Book Value								
At 31 Mar 15	487,036	315,546	28,071	120,429	386	23,378	14,558	989,404
At 31 Mar 14 as restated	490,986	434,044	34,939	99,505	448	39,285	18,520	1,117,727

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation								
At 1 Apr 15	528,025	368,616	55,770	154,073	6,781	23,377	16,513	1,153,155
Additions	26,208	26,539	4,374	10,764	18	8,222	0	76,125
Accumulated Depreciation and Impairment written out to gross cost/valuation	(41,191)	(21,296)	0	0	0	0	(248)	(62,735)
Revaluation increases/decreases to Revaluation Reserve	3,609	11,057	0	0	4	0	4,712	19,382
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	2,148	4,055	0	0	0	0	(788)	5,415
Derecognition - Disposals	(3,647)	(22,442)	(3,046)	0	0	0	(605)	(29,740)
Derecognition - Other	0	(184)	(168)	0	0	0	0	(352)
Reclassified to/from Held for Sale	0	(193)	0	0	0	0	430	237
Reclassified to/from Investment Properties	0	(165)	0	0	0	(30)	0	(195)
Other Movements in cost valuation	731	3,255	307	9,469	20	(14,111)	0	(329)
At 31 Mar 16	515,883	369,242	57,237	174,306	6,823	17,458	20,014	1,160,963
Depreciation and Impairment								
At 1 Apr 15	(40,989)	(53,070)	(27,699)	(33,644)	(6,395)	1	(1,955)	(163,751)
Accumulated Depreciation and Impairment written out to gross cost/valuation	41,191	21,296	0	0	0	0	248	62,735
Depreciation Charge	(12,325)	(8,461)	(4,932)	(3,669)	(3)	0	(44)	(29,434)
Impairment losses/reversals to Revaluation Reserve	(717)	(1,751)	0	0	0	0	0	(2,468)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(20,969)	(1,263)	(24)	(496)	(38)	0	0	(22,790)
Derecognition - Disposals	63	653	1,033	0	0	0	238	1,987
Derecognition - Other	0	37	67	0	0	0	0	104
Reclassification to / from Held for Sale	0	1	0	0	0	0	0	1
Reclassified to/from Investment Properties	0	11	0	0	0	0	0	11
Other movements in depreciation and impairment	(24)	24	0	0	0	0	0	0
At 31 Mar 16	(33,770)	(42,523)	(31,555)	(37,809)	(6,436)	1	(1,513)	(153,605)
Net Book Value								
At 31 Mar 16	482,113	326,719	25,682	136,497	387	17,459	18,501	1,007,358
At 31 Mar 15	487,036	315,546	28,071	120,429	386	23,378	14,558	989,404

(a) Carrying Value of PFI Assets

Included within Property, Plant and Equipment are PFI assets with the following carrying value:

2014/15 as restated £000		2015/16 £000
	Cost or Valuation:	
104,611	At 1 April as restated	71,142
(1,627)	Accumulated Depreciation and Impairment written out to gross cost/valuation	(5,845)
243	Additions	19,611
929	Revaluation Increases / (Decreases) taken to Revaluation Reserve	3,438
(4,908)	Revaluation Increases / (Decreases) taken to (Surplus) or Deficit on the Provision of Services	1,030
(28,106)	Derecognition - Disposals	(16,489)
71,142	Cost or Valuation at 31 March	72,887
	Depreciation & Impairment:	
11,964	At 1 April	9,486
(1,627)	Adjustments between cost / value & depreciation/impairment	(5,845)
1,626	Depreciation Charge	1,995
22	Depreciation written out on Revaluation Reserve	163
67	Depreciation written out on Revaluation taken to (Surplus) or Deficit on the Provision of Services	172
2	Impairment Losses Recognised in the Revaluation Reserve	0
145	Impairment Losses taken to (Surplus) or Deficit on the Provision of Services	0
(2,713)	Derecognitions - Disposals	(1,082)
9,486	Depreciation and impairment at 31 March	4,889
	Net Book Value	
61,656	At 31 March	67,998

2014/15 as restated £000		2015/16 £000
53,540	Land and buildings	63,848
6,113	Vehicles, Plant, Furniture and Equipment	4,150
2,003	Assets under Construction	0
61,656	Total	67,998

The carrying value of PFI Assets has come down by £16.5m (2014/15 £25.2m) due to PFI schools converting to academies.

b) Effects of change in estimates

There were no material changes in accounting estimates during the financial year.

c) Valuations

Capital assets are revalued on the basis of a five year rolling programme in accordance with RICS Guidance, and in the case of council dwellings in accordance with revised guidance on housing stock valuations. In 2015/16 the assets were revalued by Jonathan R Marriott BSc(Hons), MRICS, Principal Estates Surveyor, acting as Internal Valuer within the Council's Regeneration and Environment Services. The Statement of Accounting Policies provide further information on revaluation and depreciation policies. The table below provides an analysis between the carrying value of assets carried in the balance sheet at historical cost and those carried in the balance sheet at fair value together with, in the case of the latter, when assets were revalued.

d) Downward Revaluations and Impairment

There was a net valuation decrease of £17.375m charged to the CIES in 2015/16. The primary reason for this was the writing down of £22.790m of capital expenditure which did not enhance asset carrying values. This was offset mainly by an increase in the value of school buildings (£1.970m), indoor leisure facilities (£2.161m) and council dwellings (£2.148m).

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	23,027	16,428	57,237	174,306	6,822	865	17,458	296,143
Valued at fair value as at:								
31 Mar 16	492,856	161,740	0	0	0	18,702	0	673,298
31 Mar 15	0	43,960	0	0	0	233	0	44,193
31 Mar 14	0	60,336	0	0	0		0	60,336
31 Mar 13	0	42,524	0	0	0	215	0	42,739
31 Mar 12	0	44,254	0	0	0		0	44,254
Total Cost or Valuation	515,883	369,242	57,237	174,306	6,822	20,015	17,458	1,160,963

e) Capital commitments

At 31 March 2016 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16. The Council had significant commitments of £1 million or more budgeted to cost £12.989m (£16.674m at 31 March 2015).

	Cost £m
Neighbourhood and Adult Services:	
Refurbishment of Dwellings	12.989
Total	12.989

The projects above are included in the Council's Medium Term Capital Programme and appropriate funding has been committed.

f) Fair Value Hierarchy – Surplus Assets

Following the implementation of IFRS 13, Fair Value Measurement, in 2015/16 the Council's surplus assets have been revalued to fair value as at 31 March 2016. The Council uses appropriate valuation techniques for each circumstance and for which sufficient data is available, maximising the use of relevant known data ('observable inputs') and minimising the use of estimates or unknowns ('unobservable inputs').

Details of the Council's Surplus Assets and their fair value hierarchy, taking into account the three levels of categories for inputs to valuations, are as follows:

Recurring fair value measurements using:	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
Land and Buildings	0	18,501	0	18,501
Total	0	18,501	0	18,501

2014/15 Comparative figures

Recurring fair value measurements using:	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 2015 £000
Land and Buildings	0	14,558	0	14,558
Total	0	14,558	0	14,558

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels during the year.

Valuation Techniques used to determine Fair Values for Surplus Assets

The fair value for the surplus assets of £18.501m (£14.558m as at 31 March 2015) has been based on the market approach using current market evidence including recent sale prices and rentals achieved and other relevant information for similar assets within the local authority area. Market conditions are such that similar properties have actively sold or let and the level of observable inputs are significant leading to properties being categorized at level 2 in the fair value hierarchy.

Note 20 Investment Property

Income and expenditure from investment property included within Financing and Investment Income and Expenditure (Note 5) was as follows:

2014/15 £000		2015/16 £000
(1,264)	Rental income from investment property	(1,420)
432	Direct operating expenses arising from investment property	546
(832)	Net income	(874)
(77)	Net (surplus) from fair value adjustments	(533)
(95)	(Profit) on disposal	0
(1,004)	Total included in Finance & Investment Income	(1,407)

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

2014/15 £000		2015/16 £000
29,356	Balance at 1 April	31,427
4,330	Subsequent expenditure	15
(2,624)	Disposals	0
77	Net gain from fair value adjustments	533
31	Net gain / (loss) through Revaluation Reserve	(7)
257	Transfers from Property, Plant & Equipment	184
31,427	Balance 31 March	32,152

There are no restrictions on the Council's ability to realise the value inherent in its investment property or the Council's right to the remittance of income and the proceeds of disposal.

The Council has no major contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Fair Value Hierarchy

To conform with the requirements of IFRS 13, Fair Value measurement, the Council's investment properties have been revalued to fair value. The Council uses appropriate valuation techniques maximising the use of 'observable inputs' and minimising the use of 'unobservable inputs'. The fair value hierarchy for investment properties takes into account the three levels of categories for inputs to valuations for fair value assets, as follows:

Recurring fair value measurements using:	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
Land and Buildings	0	32,152	0	32,152
Total	0	32,152	0	32,152

2014/15 Comparative figures

Recurring fair value measurements using:	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 2015 £000
Land and Buildings	0	31,427	0	31,427
Total	0	31,427	0	31,427

Transfers between levels of the Fair Value Hierarchy

There were no transfers between levels during the year.

Valuation techniques used to determine Fair Values for Investment Properties

The fair value of investment property of £32.152m (£31.427m as at 31 March 2015) has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment property portfolio. The underlying market conditions are such that similar properties are actively purchased and sold with a significant level of observable inputs. This has resulted in the Council's investment properties being categorised as level 2 on the fair value hierarchy.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The investment property portfolio has been valued at 31 March 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Jonathan R Marriott BSc(Hons), MRICS, Principal Estates Surveyor, acting as Internal Valuer within the Council's Regeneration and Environment Services.

Note 21 Intangible Assets

The Council has purchased software licences that it accounts for as intangible assets, the licences are valued at cost. The Council has no internally generated intangible assets. The software licences have a finite useful life of 3 years during which period they are being amortised using the straight line method.

2014/15 £000		2015/16 £000
	Balance at 1 April:	
3,186	- Gross carrying amount	5,080
(1,677)	- Accumulated amortisation	(2,277)
1,509	Net carrying amount at 1 April	2,803
	Additions:	
1,054	- Purchases	283
840	- Reclassified from PP&E under Construction	330
(601)	Amortisation	(858)
2,803	Net carrying amount at 31 March	2,558
	Comprising:	
5,080	Gross carrying amounts	5,693
(2,277)	Accumulated amortisation	(3,135)
2,803	Balance at 31 March	2,558

Note 22 Assets Held for Sale

	Assets Held for Sale-Current		Assets Held for Sale-Non-current	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Balance at 1 April	689	1,458	0	0
Assets newly classified as held for sale:				
- Property, Plant and Equipment	1,342	881	0	0
- Revaluation losses	(78)	(337)	0	0
- Revaluation gain	0	181	0	0
Assets declassified as held for sale:				
- Reclassified to Property, Plant and Equipment	0	(1,120)	0	0
- Assets sold	(495)	(434)	0	0
Balance at 31 March	1,458	629	0	0

Note 23 Heritage Assets

Nature and scale of heritage assets held by the Council:

Museum Exhibit

The Museum Exhibit collections hold over 90,000 items. Approximately 10% of these are on display at Clifton Park Museum in Rotherham. The remainder are held in off-site locations within the Borough. Access to the collections can be obtained during the main museum opening times. The collections can be divided into the following main categories:

a) Social & Industrial History (around 11,000 items) - Contains objects and ephemera illustrating themes of domestic, personal and community life within the Borough from 1660 to the present day.

b) Archaeology (around 36,000 items) - Includes large collections excavated from the Roman Fort at Templeborough, Roche Abbey and Jesus College (Rotherham).

c) World Cultures (around 300 items) - Consists of objects originating from Africa, Asia, the Americas and Oceania. In 1981 the collection was transferred on loan to Leeds Museum.

d) Numismatics & Philately (over 3,000 items) - Includes items dating from the 4th century BC to the 20th century AD.

e) Fine Art (around 3,000 items) - Consists of oil paintings, water-colours, prints and a good collection of sculpture items.

f) Decorative Art (around 5,500 items) - Predominated by ceramic items including a large collection from Yorkshire potteries, the most significant being items from the Swinton Pottery/Rockingham Works.

g) Natural Sciences (over 30,000 items) – Including botanical and geological specimens from Yorkshire and Great Britain.

These assets are carried at valuation, using the insurance valuation as a proxy for market value or the sale of similar items as a basis, with the exception of the addition in 2012/13 which is currently shown at cost.

Civic Regalia & Plate

The Council’s collection of Civic Regalia includes the Mayor and Mayoress’ Chain of Office, the Diamond Pendant, the Mace and the Empire Cup. The chains and pendants are held in a safe in the Town Hall until required for civic ceremonies whilst all other items are kept in display cases and can be seen as part of a tour of the building.

These assets are carried at valuation rather than cost, using the insurance valuation as a proxy for market value.

Archives

The Council holds over 900 archive collections in secure, environmentally controlled, strong rooms and a secure, environmentally monitored store at Bailey House. These documents cover the history of the whole of Rotherham Borough from 1328 to the present day. The collection includes local Council materials, maps, plans, title deeds and family records. Access to the documents can be obtained by contacting the Archives and Local Studies Service.

These assets are carried at valuation rather than cost, using the insurance valuation as a proxy for market value.

Historic Buildings

Two historic buildings are in the ownership of the Council: Keppel’s Column, a 35.5 metre high free standing Tuscan order column listed grade II, and Catcliffe Glassworks Cone a listed grade I conical structure dating from 1740, the earliest surviving example of its type in Western Europe. These buildings are closed to the public on safety grounds.

These assets are carried at valuation rather than cost, both of them being valued on the 1 April 2012 by by Jonathan R Marriott BSc(Hons), MRICS, Principal Estates Surveyor, acting as Internal Valuer. Both were regarded as having nil value as they are listed building with restrictions on their disposal, which gives them no commercial value.

Council policies for the acquisition, preservation, management and disposal of heritage assets

The Council’s policies are contained in the “Collections Management policy” and the “Acquisition and Disposals policy”, both of which are available on request from Heritage Services.

Heritage Assets Values

The table below provides an analysis between the carrying value of assets carried in the balance sheet at historical cost and those carried at fair value.

It is not practicable to present additions for years prior to 2010/11 as detailed information is not available.

	Museum Exhibits held at valuation £000	Civic Regalia & Plate held at valuation £000	Archives held at valuation £000	Total £000
Cost or Valuation				
1 Apr 15	4,948	1,746	258	6,952
Additions	0	0	7	7
Revaluation increases/decreases to Revaluation Reserve	0	0	(7)	(7)
31 Mar 16	4,948	1,746	265	6,952
31 Mar 15	4,948	1,746	258	6,952

Disposal of Heritage Assets in 2015/16

There have been no Heritage Asset disposals in 2015/16.

Note 24 Financial Instruments – Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Short Term	
	31 Mar 15 £000	31 Mar 16 £000	31 Mar 15 £000	31 Mar 16 £000
Financial Liabilities (principal amount)	446,597	459,306	22,286	17,292
Plus Accrued Interest	0	0	4,407	4,062
Financial liabilities at amortised cost	446,597	459,306	26,693	21,354
Total Borrowings	446,597	459,306	26,693	21,354
Loans and receivables (principal amount)	0	0	18,674	32
Plus(+)/Less(-) Other accounting adjustments	0	0	(6)	2
Loans and receivables at amortised cost	0	0	18,668	34
Unquoted equity investments at cost	190	0	190	0
Total Investments	190	0	18,858	34

No financial instruments have been reclassified during the year. The Council also did not transfer any financial assets which have not been derecognised or retained a continuing involvement in a transferred asset.

Note 25 Financial Instruments – Risk

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;

- Re-financing risk – the possibility that the Council might have to renew a financial instrument on maturity at less advantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at the Council's annual Council Tax and Budget setting meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported semi-annually to Members.

These policies are implemented by a central treasury team. The Council maintains written procedures 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels, adjusted to reflect current market conditions.

	Amount at	Historical experience of default	Adjustment for market conditions at	Estimated maximum exposure to defaults
	31 Mar 16		31 Mar 16	
	£000	%	%	£000
	(a)	(b)	(c)	(a*c)
<u>Deposits with banks and financial institutions – excluding Icelandic Banks</u>				
AAA rated counterparties	0	0.000%	0.000%	0
AA rated counterparties	0	0.030%	0.030%	0
A rated counterparties	0	0.080%	0.080%	0
Bonds	0	0.000%	0.000%	0
Total	0			0
<u>Debtors</u>				
Long Term Debtors	10,022	4.111%	4.111%	412
Sundry Debtors	10,003	9.387%	9.387%	939
Council Tax	6,972	33.692%	33.692%	2,349
NNDR	1,400	19.286%	19.286%	270
Community Charge	43	95.349%	95.349%	41
Housing Benefits	2,644	61.157%	61.157%	1,617
Housing Tenants	6,295	45.957%	45.957%	2,893
Other Short-Term Debtors	25,160	3.355%	3.355%	844
Debtors	62,539			9,365

Except as disclosed later at Note 29 the Council has no exposure to losses from non-performance by any of its counterparties in relation to deposits and bonds.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Council maintains strict credit criteria for investment counterparties. As a result of these high credit criteria, we have maintained historical default rates as a good indicator under these current conditions.

The Council also uses non credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances these investments would be classified as other counterparties.

The estimated maximum exposure to defaults of £9.365m represents the Council's provision for bad debts as disclosed within the Balance Sheet. In calculating these provisions reference is made to historical collection rates and these rates are applied to the debt raised rather than the percentages shown above.

The Council does not generally allow credit for its sundry debtors, such that all of the balance is past its due date for repayment. The past due amount can be analysed as follows:

31 Mar 15		31 Mar 16
£000		£000
6,318	Less than three months	7,444
188	Three to six months	498
821	Six months to one year	523
1,351	More than one year	1,538
8,678		10,003

Collateral

The Council initiates a legal charge on property where, for instance, clients require the assistance of social services but cannot afford to pay immediately. The total collateral at 31 March 2016 was £0.885m (£1.041m as at 31 March 2015).

Liquidity Risk

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

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB, which provides access to longer term funds, also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced Budget by the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

Limits on the maturity structure of debt and the limits on investments placed for longer than one year are the key controls used to address this risk. The treasury team address the operational risks within the Council approved parameters by:

- Monitoring the maturity profile of financial liabilities and amending the profile by either new borrowing or rescheduling existing debt; and

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

31 Mar 15 £000		31 Mar 16 £000
26,693	Less than one year	21,354
17,292	Between one and two years	22,299
54,565	Between two and seven years	80,337
50,768	Between seven and fifteen years	37,981
323,973	More than fifteen years	318,689
473,291		480,660

The maturity analysis of financial assets is as follows:

31 Mar 15 £000		31 Mar 16 £000
18,668	Less than one year	34
0	Between one and two years	0
0	Between two and three years	0
0	More than three years	0
18,668		34

All trade debtors and other payables are due to be paid in less than one year and trade debtors of £10.003m are not shown in the above table. Interest accruals are disclosed as less than one year although associated with both short and long-term financial liabilities and assets.

Market Risk

Interest Rate Risk – The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations. It includes a statement about expectations regarding interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure long term returns.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.
If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

2014/15 £000		2015/16 £000
134	Impact on Surplus or Deficit on the Provision of Services	100
65	Share of overall impact debited to the HRA	47
(95,481)	Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(125,913)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 27 Fair Value of Assets and Liabilities carried at amortised cost.

Price Risk – The Council does not generally invest in equity shares but does have a number of small shareholdings in its related companies. The Council is therefore not exposed to any significant risks arising from movements in the price of these shares and the shares are not classified as Available-for-Sale.

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

Note 26 Financial Instruments – Gains/Losses

Gains/Losses charged to the Comprehensive Income and Expenditure Statement and the Movement in Reserve Statement for the year to 31 March 2016 are as follows:

2014/15		Financial Liabilities	Financial Assets			2015/16
Total		Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Fair value through the CIES	Total
£000		£000	£000	£000	£000	£000
22,492	Interest expense	20,601	0	0	0	20,601
0	Impairment (gain)	0	(4)	0	0	(4)
11,438	Finance Lease Interest	12,826	0	0	0	12,826
33,930	Interest payable and similar Charges	33,427	(4)	0	0	33,423
(707)	Interest income	0	(513)	0	0	(513)
33,223	Net gain (-) / loss (+) for the year	33,427	(517)	0	0	32,910

Note 27 Financial Instruments – Fair Values

Fair Value of Financial Assets

At 31 March 2016 the Council had no Available for Sale financial assets measured in the Balance Sheet at fair value on a recurring basis (Nil at 31 March 2015). The Authority's equity shareholdings in companies disclosed at Note 17 – Related Party Transactions are not traded in an active market and are valued at historical cost (see below).

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 Available for Sale financial instruments.

Fair Value of Financial Assets and Financial Liabilities not measured at Fair Value

All other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors which are not measured at Fair Value but for which a disclosure is required are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date.
- The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early payment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount, either the principal outstanding or the billed amount.

The fair values calculated are as follows:

2014/15 as restated			31 Mar 16	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
		Long and Short-term		
257,926	345,757	PWLB debt	235,249	324,999
215,365	282,109	Non-PWLB debt	245,411	412,588
473,291	627,866	Total Debt	480,660	737,587
(59,930)	(59,930)	Trade Creditors	(56,933)	(56,933)
413,361	567,936	Total Financial Liabilities	423,727	680,654

The fair value for financial liabilities is greater than the carrying value because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £324.999m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value (£89.750m) measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £235.249m would be valued at £286.845m. But, if the Council was to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption by charging a premium equivalent to the additional interest, based on the redemption interest rates (£89.750m) that would not then be paid. The exit price for the PWLB loans including this charge would therefore be £324.999m.

31 Mar 15			31 Mar 16	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
18,668	18,668	Money Market loans less than one year	34	34
190	190	Equity	190	190
10,823	10,823	Long-term Debtors	10,022	10,022
8,678	8,678	Sundry Debtors	10,003	10,003
7,955	7,955	Council Tax	6,972	6,972
859	859	NNDR	1,400	1,400
43	43	Community Charge	43	43
3,491	3,491	Housing Benefits	2,644	2,644
6,336	6,336	Housing Rents	6,295	6,295
		Other Short-Term :		
24,741	24,741	Debtors	25,160	25,160
(9,843)	(9,843)	Bad Debts Provision	(9,365)	(9,365)
71,941	71,941	Total Loans and Receivables	53,398	53,398

The fair value for financial assets is the same as the carrying value because all are carried at cost as a fair approximation of their value.

Note 28 Financial Instruments – Soft Loans and Financial Guarantees

Soft Loans – Loans granted by the Council at below market rates are accounted for on a fair value basis. This is the present value of all future cash receipts discounted using the prevailing market interest rate for a similar instrument for an organisation with a similar credit rating.

Government Regulations permit the removal of this charge through the Movement in Reserves Statement to the Financial Instruments Adjustment Account. The balance is then amortised from this account over the remaining life of the loans. At 31 March 2015 a £0.003m balance was held within the account. At 31 March 2016 soft loans granted had been fully amortised.

Financial Guarantees – Under the revised Regulations the Council is required to record in its balance sheet any financial guarantees that it has provided based on the likelihood of the guarantee being called.

The initial recognition of the guarantee is measured at fair value based on the probability of the guarantee being called together with the likely amount payable under the guarantee.

At 31 March 2016 the Council had no material financial guarantees requiring disclosure within the Balance Sheet.

Note 29 Impairment adjustment – Heritable Bank

Early in October 2008, the Icelandic bank Landsbanki collapsed and the UK subsidiary of the bank, Heritable, went into administration. The Council had £1.800m deposited in this institution, with a maturity date and interest rate as follows:

Bank	Date invested	Maturity Date	Amount Invested £m	Interest Rate	Carrying Amount £m	Impairment £m
Heritable	24/09/2008	24/10/2008	1.800	5.95%	0.034	(0.002)

All monies within the institution has been subject to an administration process. The amounts and timing of payments to depositors such as the Council have been determined by the administrators.

During 2015/16 the Council's claim under Heritable Bank's cross-guarantee with its former parent Landsbanki bank was finalised and a maximum amount of £9k, currently held in an interest bearing Escrow account in Iceland, will be paid on a pro-rata basis to the Council depending on the extent to which the administration of Heritable Bank falls below the 100% recovery level.

Recognition in the CIES

The total impairment gain recognised in the Comprehensive Income and Expenditure Statement amounting to £0.002m has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered.

Interest credited to the Comprehensive Income and Expenditure Statement in respect of the investments is as follows:

Bank	Credited 2014/15 £	Received 2014/15 £	Credited 2015/16 £	Received 2015/16 £
Heritable	2,259	638	7,755	71,840

Note 30 Long-Term Investments

2014/15 £000		2015/16 £000
	Investments in Associates and Joint Ventures:	
190	Investment in BDR Property Limited (formerly Arpley Gas Ltd)	190
190	Balance at 31 March	190

Note 31 Inventories

2014/15 £000		2015/16 £000
794	Balance at 1 April	748
6,380	Purchases	5,599
(6,261)	Recognised in year as an expense	(5,672)
(165)	Written on / (off) in year	71
748	Balance at 31 March	746

Note 32 Construction contracts

The Council has not recognised any significant contract revenue in respect of construction contracts with third parties during the year, and there are no significant construction contracts in progress at 31 March 2016 (Nil 2014/15).

Note 33 Debtors

	Short Term		Long Term	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Central Government Bodies	11,855	8,723	0	0
Other Local Authorities	1,798	1,413	0	0
NHS Bodies	1,924	2,610	0	0
Public corporations and trading funds	0	0	0	0
Other Entities and Individuals	27,110	30,818	10,397	9,610
Total	42,687	43,564	10,397	9,610

Note 34 Cash and cash equivalents

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

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

Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet as follows:

31 Mar 15 £000		31 Mar 16 £000
25,916	Cash and Bank balances	21,549
(36,141)	Bank Overdraft	(34,202)
(10,225)	Total Cash and Cash Equivalents	(12,653)

Note 35 Creditors

	Short Term		Long Term	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Central Government Bodies	(6,331)	(5,629)	0	0
Other Local Authorities	(912)	(1,307)	0	0
NHS Bodies	(1,583)	(1,011)	0	0
Public corporations and trading funds	0	(4)	0	0
Other Entities and Individuals	(50,388)	(48,460)	(716)	(522)
Total	(59,214)	(56,411)	(716)	(522)

Note 36 Provisions

Current Year	Balance as at 1 Apr 15 £000	Increase in provision during year £000	Utilised during year £000	Unused Amounts Reversed £000	Balance as at 31 Mar 16 £000
Insurance Claims	(6,029)	(3,739)	2,909	0	(6,859)
Compensation Payments	0	(893)	0	0	(893)
Carbon Reduction Commitment	0	0	0	0	0
Severance Costs	(96)	(79)	0	0	(175)
Business Rates Appeals	(3,874)	(2,614)	1,407	0	(5,081)
Vehicle Repairs Costs	(50)	0	50	0	0
Other	(3,654)	(214)	570	2,238	(1,060)
Total	(13,703)	(7,539)	4,936	2,238	(14,068)
Current Provisions	(7,676)	(3,130)	2,027	2,238	(6,541)
Long Term Provisions	(6,027)	(4,409)	2,909	0	(7,527)
Total	(13,703)	(7,539)	4,936	2,238	(14,068)

Comparative Year	Balance as at 1 Apr 14 £000	provision during year £000	Utilised during year £000	Amounts Reversed £000	Balance as at 31 Mar 15 £000
Insurance Claims	(5,364)	(4,344)	3,679	0	(6,029)
Compensation Payments	(55)	0	8	47	0
Carbon Reduction Commitment	(431)	0	431	0	0
Severance Costs	(288)	0	192	0	(96)
Business Rates Appeals	(3,416)	(2,007)	1,549	0	(3,874)
Vehicle Repairs Costs	(50)	0	0	0	(50)
Other	(7,433)	(96)	3,830	45	(3,654)
Total	(17,037)	(6,447)	9,689	92	(13,703)
Current Provisions	(11,650)	(2,103)	6,010	67	(7,676)
Long Term Provisions	(5,387)	(4,344)	3,679	25	(6,027)
Total	(17,037)	(6,447)	9,689	92	(13,703)

Insurance claims

The Council carried out a complete re-tender of its insurance arrangements in 2013, with new policies commencing 28 February 2013. The liability risk is insured by QBE (via RMP) whilst the property risk is insured by Zurich Municipal. The contracts are for three years with a two year optional extension. The two year optional extensions have been exercised, the first year commencing from 28 February 2016.

In balancing the cost of insurance against the risk of a liability arising, the Council has elected to meet the policy excess in respect of certain types of claim (Employers Liability and Public Liability) and to co-insure or self-insure itself against other types of claim by operating an Insurance Fund. Details of the different types of claim covered by this arrangement are set out below.

The Council keeps under review the best estimate of the likely liability falling on the Insurance Fund by reference to recent claims history, repudiation rates and other relevant factors and the expert advice of the Council's legal representatives on larger more complex claims.

The provision in this year's accounts covers the estimated residual liability relating to claims settled by Municipal Mutual Insurance (MMI) which, under the terms of MMI's Scheme of Arrangement, can no longer be met in full and therefore require a proportion to be repaid by the local authorities who were members of MMI when it went into solvent liquidation in 1992. This includes the Council.

The Council is currently liaising with its insurers to ascertain the extent to which the Council's insurance policies can be used to meet any liabilities arising from any legal claims that are brought in relation to child sexual exploitation cases.

The Council continues to liaise with its insurers and legal advisors to ascertain the extent to which the Council's insurance policies can be used to meet liabilities arising from compensation claims that have been brought in relation to child sexual exploitation cases.

(a) Employers Liability and Public Liability

Since the demise of Municipal Mutual Insurance (MMI) in 1992, many authorities have been retaining and funding their liability losses, third party, highways third party and employers' liability, up to an agreed threshold per claim. For several years, this remained static at £100,000, however, with effect from 28 February 2015, the Council now meets the first £250,000 of every settlement. In effect the Insurance Fund meets the majority of settlements determined by the insurers.

(b) Fire

The Fund acts as a co-insurer, up to a stop-loss limit of £350,000 in any one period of insurance.

The Fund bears the first £50,000 of all claims involving education, municipal and housing property.

(c) Motor

All accidental damage to our own vehicles is self-funded. The Fund recoups the cost from user departments/services via a charge per vehicle. There is an excess of £500 on all claims (£1,000 for thefts) which is met initially by the Fund and recharged to owning departments. There is an excess of £500 on all underground plant claims. Third party risks remain with the external insurer.

(d) Council House Fires

The Fund bears all costs to repair fire damage on a full reinstatement basis. Blocks of flats above three storeys remain with the external insurer.

(e) Council Flats – Added Perils

The Fund insures blocks of flats for added perils where one or more flats have been sold under the right to buy arrangements.

(f) ICT Equipment

Where requested, schools ICT equipment is insured on the Fund on an ‘All-Risks’ basis. Responsibility for insurance of departmental ICT equipment also rests with the Fund.

(g) Other Equipment

Where requested, schools’ musical instruments, televisual and video equipment, Youth & Community equipment and office equipment are insured on the Fund on an ‘All-Risks’ basis. In addition schools can insure many other items if desired.

In addition to the above there are many smaller risks which are self-insured including:

Schools PABX Equipment
‘Time on Risk’ Cover
The York and Lancaster Exhibition

Severance Costs

Provision is made for the estimated severance costs associated with reductions in staff numbers arising from the restructuring of services when there are detailed formal plans in place, a valid expectation is raised amongst those staff who are affected that the plans will be implemented, significant changes to the plans are unlikely, and, the costs can be identified. The expectation is that the outstanding liability at 31 March 2016 will be settled in 2016/17.

Rating appeals

Under the business rates retention regulations which came into effect on 1 April 2013, an allowance is made for the amount of business rate income it is estimated will have to be refunded to business ratepayers as a result of appeal. The provision represents the Council’s share of the overall estimated liability for refunding business rate payers income recognised up to and including the end of the financial year. The government has directed the Valuation Office to clear the backlog of outstanding appeals by July 2015 and has introduced new regulations which prevent appeals lodged on or after 1 April 2015 being back-dated prior to this date. Accordingly, we anticipate the majority of refunds provided for at 31 March 2016 will be made during 2016/17 and the provision has therefore been classified as a current provision.

Vehicle Repairs Costs

A provision has been made for the estimated cost of repairs which are likely at the end of lease return arrangement for the waste fleet, to ensure vehicles meet the required condition. This provision reached fruition in 2015/16.

Other

Other provisions comprise commercially or politically sensitive items disclosure of which would prejudice the Council's position.

Note 37 Usable Reserves

The Council's usable reserves are summarised in the table below into capital and revenue followed by a brief description of the nature and purpose of each reserve. Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on Page 7 and Notes 1 and 2.

31 Mar 15 £000		31 Mar 16 £000
	CAPITAL RESERVES	
(23,721)	Capital Receipts Reserve	(25,009)
(4,737)	Major Repairs Reserve	(3,873)
(15,773)	Capital Grants Unapplied Account	(10,606)
	REVENUE RESERVES	
(4,919)	General Fund - Schools	(3,684)
(12,365)	General Fund - Non Schools	(11,859)
(81,187)	Earmarked Reserves	(57,003)
(20,728)	HRA	(27,932)
(163,429)	TOTAL USABLE RESERVES	(139,966)

(a) Capital Receipts Reserve

Income from the disposal of non current assets is credited to the Capital Receipts Reserve. The amount credited in respect of housing capital receipts is reduced by the amount the Council is required to pay over to central government under the national pooling arrangements. The Capital Receipts Reserve can only be applied to finance new capital expenditure, repay debt or meet liabilities under credit arrangements.

(b) Major Repairs Reserve

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all HRA assets. This can only be used to finance new capital expenditure, repay debt or meet liabilities under credit arrangements. The arrangements ensure that subsequent funding of capital expenditure does not affect the Housing Revenue Account.

(c) Capital Grants Unapplied Account

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within usable reserves reflecting its status as a capital resource available to finance future capital expenditure.

(d) General Fund

The General Fund balance represents uncommitted revenue balances held to safeguard the Council against potential financial risks, unforeseen costs and contingencies. The balance to be held is risk assessed annually as part of the budget setting process to ensure a prudent level of resources is retained.

(e) Earmarked Reserves

Details of the earmarked reserves the Council has set aside to meet specific needs or which are ring-fenced to particular services are contained in Note 2.

(f) HRA

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ringfenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

Note 38 Unusable Reserves

The Council's unusable reserves are summarised in the table below into capital and revenue followed by a brief description of the nature and purpose of each reserve and movements thereon during the year.

31 Mar 15 £000		31 Mar 16 £000
	CAPITAL RESERVES	
(173,109)	Capital Adjustment Account	(173,094)
(76,980)	Revaluation Reserve	(87,932)
(103)	Deferred Capital Receipts	(98)
	REVENUE RESERVES	
369,800	Pensions Reserve	330,031
4,890	Short term accumulating absences account	3,242
(7)	Financial instruments adjustment account	95
(3,249)	Collection Fund adjustment account	(6,158)
121,242	TOTAL UNUSABLE RESERVES	66,086

(a) Capital Adjustment Account

The Capital Adjustment Account absorbs timing differences arising from the different arrangements for accounting for the consumption of non current assets under normal accounting practices and statutory requirements for financing capital expenditure applicable to local authorities. Hence, it is debited with capital charges (depreciation, impairment, revaluation losses and amortisation) that have been made in the Comprehensive Income and Expenditure statement but which are reversed out as they are not proper charge to revenue for council tax purposes and credited with the amount which is set aside from capital resources or from revenue to finance capital expenditure under the statutory provisions (the accounting policies set out the Council's approach for determining a prudent charge to revenue for debt repayment and PFI liabilities). The Capital Adjustment Account also contains accumulated gains and losses on investment properties and on Property Plant and Equipment before 1 April 2007, the date on which the Revaluation Reserve was created.

2014/15 £000		2015/16 £000
(306,610)	Balance 1 April	(173,110)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
601	Amortisation of Intangible Assets	858
47,793	Charges for depreciation and impairment of non-current assets	33,627
6,188	Revenue expenditure funded from capital under statute	5,464
134,969	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	28,436
13,321	Depreciation - Major Repairs Reserve	12,970
(1,177)	Write down of Met Debt deferred Liability	(1,295)
	Adjusting amounts written out to Revaluation Reserve:	
(24,476)	Disposal	(4,199)
(1,438)	Excess of current cost depreciation over historic cost depreciation	(1,751)
	Capital Financing Applied in the year:	
(4,613)	Use of Capital Receipts Reserve to finance capital expenditure	(3,091)
(2,531)	Use of Capital Receipts Reserve to repay debt	0
(20,392)	Use of Major Repairs Reserve to finance capital expenditure	(20,932)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing:	
(30,454)	Application of grants to capital financing from the Capital Grants Unapplied Account	(19,318)
(9,282)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,338)
0	MRP holiday	5,310
0	To correct pre 07/08 MRP adjustment	(25,501)
34,783	Adjustment to prior years statutory provision for the financing of capital investment charges against the General Fund and HRA Balances	0
(9,792)	Capital expenditure charged against the General Fund and HRA balances	(5,222)
(173,110)	TOTAL	(173,094)

(b) Revaluation Reserve

The Revaluation Reserve represents the cumulative unrealised revaluation gains and losses on the Council's Property, Plant and Equipment since the reserve was created on 1 April 2007.

2014/15 £000		2015/16 £000
(96,744)	Balance 1 April	(76,980)
(7,915)	Net revaluation gains/losses not charged to the Surplus /(Deficit) on Provision of Services	(19,377)
1,765	Impairment losses and reversals thereof not charged to the Surplus / (Deficit) on Provision of Services	2,475
(6,150)	Sub total - net revaluation and impairment gains / losses not posted to the Surplus / Deficit on provision of Services	(16,902)
24,476	Accumulated Gains on assets sold or scrapped	4,199
1,438	Excess of fair value depreciation over historic cost depreciation transferred to Capital Adjustment Account	1,751
(76,980)	Balance at 31 March	(87,932)

(c) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve represents amounts due from the sale of non current assets that have still to be realised. Under statutory arrangements, this only becomes available for financing on receipt of cash at which point a transfer is made to the Capital Receipts Reserve. The balance is mainly represented by mortgages on council houses sold to (former) tenants.
.

2014/15 £000		2015/16 £000
(104)	Balance 1 April	(102)
2	Transfer to the Capital Receipts Reserve of cash received	4
(102)	Balance at 31 March	(98)

(d) Movements in Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its 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:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

At 31 March 2016 the Council held no financial assets classified as available-for-sale.

(e) Pensions Reserve

The Pensions Reserve absorbs timing differences arising from the different arrangements for accounting for post employment benefits under normal accounting practices and statutory requirements for funding benefits applicable to local authorities. The amount recognised as post employment benefits under normal accounting practice reflects the benefits accrued by employees from their reckonable service, and changes to the assumptions about the liabilities that will fall on the scheme when benefits are paid out and the value of scheme assets to cover those liabilities. The amount charged under statutory provision is the amount due to be paid over by the Council as employer contributions under local government pension scheme rules.

The Pensions Reserve represents the Council's share of the underlying assets and liabilities for post-employment benefits attributable to the Council at the balance sheet date. The deficit represents the amount by which benefits earned by past and current employees currently exceeds the resources set aside by the Council to meet them.

Further details of the Council's participation in the Local Government Pension Scheme (administered by South Yorkshire Pensions Authority) are detailed in Note 18.

2014/15 £000		2015/16 £000
264,228	Balance 1 April	369,800
108,829	Remeasurements of the net defined benefit liability/(asset)	(51,883)
23,284	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	38,840
(26,541)	Employer's pensions contributions and direct payments to pensioners payable in the year	(26,726)
369,800	Balance 31 March	330,031

(f) Short-term Accumulated Absences Account

The Accumulating Absences Accounts absorbs the timing differences arising from the different arrangements for accounting for short term compensated absences under normal accounting practices and statutory requirements for charging such absences applicable to local authorities. Under normal accounting practice, an accrual is made to charge compensated absences, for example, annual leave entitlement not yet paid, in the year in which they are earned. However, under statutory provision, these are charged to revenue in the year in which they are payable. The balance on the Accumulating Absences Account therefore represents the amount of compensated absences earned which will fall as a charge on the General Fund in the future.

2014/15			2015/16	
£000	£000		£000	£000
	5,209	Balance 1 April		4,890
(5,209)		Settlement or cancellation of accrual made at the end of the preceding year	(4,890)	
4,890		Amounts accrued at the end of the current year	3,242	
	(319)	Net amount charged to Comprehensive Income and Expenditure Statement in the year reversed out under regulation chargeable to revenue in the future when payments fall due		(1,648)
	4,890	Balance at 31 March		3,242

(g) Financial Instruments Adjustment Account

This reserve has been created to hold the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with Regulations to be charged to the General Fund Balance.

General Transactions

The Code requires that unless directly attributable to a loan held at 31 March 2007 then all premium and discounts carried on the Balance Sheet at that date are to be written off to the General Fund Balance as at 1 April 2007. Government Regulations allow for the impact to be neutralised through a transfer to the Financial Instruments Adjustment Account. The balance of premium and discounts will be amortised to revenue in line with the provisions set down in the Council's accounting policies.

The Code also requires that where the Council has provided loans at less than market rates then these should be accounted for on a fair value basis. The difference between the fair value and loan amount is accounted for as an immediate charge to the Income and Expenditure Account. Government Regulations allow for the impact to be neutralised through a transfer to the Financial Instruments Adjustment Account. The fair value increases over the period of the loan and the annual impact will be neutralised in the Income and Expenditure Account by the writing down of the balance on the Financial Instruments Adjustment Account.

2014/15 £000		2015/16 £000
(71)	Balance at 1 April	(7)
	Movement in year:	
65	Premium and discounts	105
(1)	Soft Loans	(3)
(7)	Balance carried forward at 31 March	95

(h) Collection Fund Adjustment Account

The Collection Fund Adjustment Account absorbs differences between the amount of council tax income recognised under normal accounting practice as it falls due from council tax payers and the amount due to the General Fund and preceptors under statutory provisions. The balance on the Collection Fund Adjustment Account therefore represents the amount still to be distributed to the General Fund and precepting authorities.

2014/15 CTAX £000	2014/15 NNDR £000	2014/15 Total £000		2015/16 CTAX £000	2015/16 NNDR £000	2015/16 Total £000
(4,086)	3,788	(298)	Balance 1 April	(5,962)	2,713	(3,249)
(1,876)	(1,075)	(2,951)	Difference between amount receivable in the Comprehensive Income and Expenditure Statement for the year and General Fund balance	(1,083)	(1,826)	(2,909)
(5,962)	2,713	(3,249)	Balance at 31 March	(7,045)	887	(6,158)

Note 39 Cash Flow – Analysis of adjustments to (Surplus) / Deficit on the Provisions of Service

2014/15 £000		2015/16 £000
	Items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
26,092	Capital Grants credited to surplus or deficit on the provison of services	14,151
2	Net adjustment from sale of long term investments	0
14,451	Proceeds from the sale of property plant and equipment, investment property and intangible assets	6,520
40,545		20,671
(742)	Interest received (cash basis)	(539)
34,120	Interest paid (cash basis)	34,559

Note 40 Cash Flow – from Investing Activities

2014/15 £000		2015/16 £000
66,508	Purchase of property, plant and equipment, investment property and intangible assets	62,788
300	Long term loans granted	0
(1,081)	Purchase of short term investments	(18,659)
0	Purchase of Long term investments	190
0	Capital Grants and Contributions Repaid	103
(14,453)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(6,524)
(26,282)	Capital Grants and Contributions Received	(18,829)
(315)	Other receipts from investing activities	(551)
24,677	Net cash outflow from Investing Activities	18,518

Note 41 Cash Flow – from Financing Activities

2014/15 £000		2015/16 £000
(25,771)	Cash receipts of short- and long-term borrowing	(49,000)
1,820	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,444
33,051	Repayments of short- and long-term borrowing	41,285
(775)	Other payments for financing activities	217
8,325	Net cash outflow from Financing Activities	(6,054)

Note 42 Capital Expenditure and 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 and PFI contracts), 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 £000		2015/16 £000
749,450	Opening Capital Financing Requirement Capital Investment	781,614
61,102	Property, Plant and Equipment	76,125
4,330	Investment Properties	15
1,054	Intangible Assets	283
26	Heritage Asset	7
300	Long Term Debtors (Capital Expenditure Loans)	0
6,188	Revenue Expenditure funded from Capital under Statute	5,464
822,450		863,508
	Sources of finance:	
(4,613)	Capital receipts to finance new capital expenditure	(3,091)
(2,531)	Capital receipts to repay debt	0
(26,722)	Government grants and other contributions	(19,318)
(20,392)	Major Repairs Allowance	(20,932)
	Sums set aside from revenue	
	Direct revenue contributions:	
(1,279)	General Fund	(650)
(8,513)	Housing Revenue Account	(4,572)
(9,696)	Minimum Revenue Provision	(5,869)
0	MRP holiday	5,310
0	To correct pre 2007/08 MRP adjustment	(25,501)
34,783	Adjustment to prior years statutory provision for the financing of capital investment charges against the General Fund and HRA Balances	0
(53)	Transfer of Finance Lease Liability to Academy	0
(1,820)	Write down of finance lease liability	(1,637)
(40,836)		(76,260)
781,614	Closing Capital Finance Requirement	787,248

2014/15 £000	Explanation of movements in year	2015/16 £000
32,164	Increase in underlying need to borrowing (unsupported by government financial assistance)	(8,050)
0	Assets acquired under finance leases	13,683
32,164	Increase in Capital Financing Requirement	5,633

Note 43 Leases

The classification of all types of lease including land is assessed on who has the risks and rewards of ownership as for all other types of lease.

Contingent rents are expensed in the year in which they are incurred.

(a) Finance leases – Council as Lessee

The movements in Finance Lease liabilities during the year are as follows:

	31 Mar 15 £000	31 Mar 16 £000
Finance Lease Liability outstanding at start of year	(29,046)	(28,769)
Principal repaid in year	224	217
Less: Schools converting to Academies Finance Lease Liability written off	53	0
New Liabilities arising in year	0	(189)
Balance outstanding at year end	(28,769)	(28,741)
Short Term Creditors	(188)	(234)
Long Term Liabilities	(28,581)	(28,507)

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 Mar 15 £000	31 Mar 16 £000	31 Mar 15 £000	31 Mar 16 £000
Not later than one year	(2,837)	(3,086)	(188)	(234)
Later than one year and not later than five years	(12,585)	(12,824)	(847)	(1,007)
Later than five years	(120,497)	(117,342)	(27,734)	(27,499)

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

2014/15 £000		2015/16 £000
28,346	Land and buildings	28,642
178	Vehicles, Plant, Furniture and Equipment	390
28,524	Total	29,032

(b) Operating leases – Council as Lessee

The Council has the right of use over a range of assets by virtue of operating leases that it has entered into. The future minimum lease payments due under these non-cancellable leases in future years are:

2014/15 £000		2015/16 £000
1,496	Within one year	1,148
2,703	Between one year and five years	2,027
5,558	After more than five years	5,259

The expenditure charged to service in 2015/16 in the Comprehensive Income and Expenditure statement in relation to these leases was £2.397m (£2.115m 2014/15).

(c) Finance leases – Council as Lessor

The Council has leased out property to Thurcroft Junior School and land on which the Council's former Civic buildings were situated. The former is being leased out on a peppercorn rent. The minimum leased payments in respect of the latter were received in full as a premia. As a consequence, there is no net investment in finance lease receivable to bring onto the balance sheet.

(d) Operating leases – Council as Lessor

Most of the property and equipment leased out by the Council meets the definition of investment property. The rental income earned from leasing out these investment properties is disclosed in Note 20.

Note 44 Private Finance Initiative and Similar Contracts

As at 31 March 2016, the Council has in place three long-term contracts under Private Finance Initiative (PFI) arrangements, one of which, the Waste PFI, is a joint contract with Barnsley and Doncaster Councils. In addition, it has in place one partnership agreement

As a result of a change to the way in which PFI Schemes and Similar Contracts were accounted for in 2009/10 on transition to IFRS, assets within the PFI Schemes or Similar Contracts were brought on Balance Sheet. The movement in the carrying value of these assets is disclosed in the Property Plant and Equipment note (Note 19a).

The note below provides a brief description of each scheme and outstanding obligations.

(a) Private Finance Initiatives - Schools PFI

The contract for the provision of 8 primary and 6 secondary schools commenced on 1 April 2004 with an end date of 31 March 2034, and a capital value of £96m. All the schools were completed in line with the original programme. At the expiry of the contract the schools transfer back to the Council for nil consideration, with the exception of 6 PFI schools, 2 primary and 4 secondary schools which have converted to academy trusts and therefore transfer to the individual trusts under 125 lease arrangements with the Council. The agreed government funding is being received and the Authority has established a fund to manage income and expenditure over the rest of the 30 years of these arrangements. Payments during the year totalled £15.242m and are subject to availability and performance-related deductions and contractually agreed inflation adjustments. In the same period the Council received £6.223m of PFI grant in support of this project.

(b) Private Finance Initiatives – Sports and Leisure PFI

The Sport and Leisure Facilities Regeneration Programme and Maltby Joint Service Centre PFI involves the construction of 3 new combined swimming pools and dry leisure centres, one stand alone swimming pool and a joint service centre. The contract with DC Projects (Rotherham) Ltd became operational in August 2008 and has a capital value of £38m. The contract expires on 31 October 2041, when all the assets transfer back to the Council for nil consideration. £24.954m of PFI

Credits have been awarded to support the scheme. All 5 facilities are operational. Payments during the year totalled £4.620m. In the same period the Council received £1.811m of PFI grant in support of this project.

(c) Bereavement Services Partnership - Dignity

The Council signed a partnership agreement with Dignity Funerals Limited in July 2008, who now manage the Borough's bereavement services on the Council's behalf. The contract commenced in August 2008 and operates for a period of 35 years at which point all the Assets revert back to the Council for nil consideration. This is a partnership that will improve the provision of bereavement services to the Rotherham public, with significant investment having taken place on the crematorium facility and the wider East Herringthorpe site.

(d) Waste Management PFI

The Council's joint Waste PFI Contract, along with Barnsley and Doncaster Councils, with 3SE (Shanks, Scottish and Southern Energy) became operational in July 2015. The contract is providing residual waste facilities for the 3 boroughs. The Councils have been jointly awarded £77.4m PFI credits for this project. The Council received £2.01m of PFI grant in support of this project in 2015/16, this included £0.224m which relates to the 2014/15 commissioning period, but was paid in 2015/16. Payments during the year totalled £4.713m. The contract will assist the Councils in achieving their overall 50% recycling targets. The Council has brought on balance sheet £19.276m representing its share of the capital cost of the Waste Management PFI facility and made a capital contribution of £5.783m. The end of year lease liability is recognised within the Waste PFI Finance Lease Liability in note 44e.

(e) Movements in Finance Liabilities

The Table below shows the movements in the Finance Liabilities during 2015/16:

	31 Mar 15 £000	31 Mar 16 £000
Balance outstanding at start of year	(98,524)	(96,928)
Principal repaid in year	1,596	1,444
Add:		
Waste PFI Finance Lease Liability	0	(13,517)
Balance outstanding at year end	(96,928)	(109,001)
Short Term Creditors	(1,444)	(1,951)
Long Term Liabilities	(95,484)	(107,050)

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

	Payment for Services £000	Finance Lease Liability £000	Interest £000	Total £000
Not later than one year	14,750	1,951	10,414	27,115
Two to five years	60,665	11,298	41,221	113,184
Six to ten years	89,330	17,768	46,280	153,378
Eleven to Fifteen years	100,674	28,446	40,018	169,138
Sixteen to twenty years	93,039	30,541	27,648	151,228
Twenty one to twenty five years	75,113	15,984	12,381	103,478
Twenty six to thirty years	12,551	3,012	3,457	19,020

The carrying value of PFI Assets has come down by £16.5m (2014/15 £25.2m) due to PFI schools converting to academies.

Note 45 Capitalised borrowing costs

The Council had no capitalised borrowing costs during 2015/16 (£30,038 in 2014/15) the capitalisation rate used in 2014/15 was 4.69%.

Note 46 Contingent Liabilities

Highfields Nursing Home

The owner of Highfields Nursing Home has issued legal proceedings in respect of alleged breach of contract between the Council and the nursing home. The Council denies these allegations and is defending the claim.

Lord Hardy Court Nursing Home

Following a death at the nursing home in 2013 and resulting outcome in the Coroners Court in 2015, the Adults Safeguarding Board commissioned a Safeguarding Review. There is a possibility of the family of the deceased pursuing a litigation claim against the Council.

RMBC Transport Incident

A passenger sustained an injury whilst being transported in a Council Vehicle. This incident is currently being investigated by the Council's Safeguarding and Health and Safety Team. The family have advised a solicitor to act on their behalf.

Note 47 Contingent Assets

The Council has no contingent assets.

Note 48 Trust Funds

The Council acts as sole trustee for various legacies relating to the provision of educational supplies to specific local schools. Each fund holds investments and may use the interest derived from those investments to fund the purchase of supplies.

Accumulated interest balances and the respective balance sheets are as follows:

	Balance as at 1 Apr 2015 £	Income £	Expenditure £	Balance as at 31 Mar 16 £
Treeton Council School War Memorial	687	28	0	715
EJ Butland, Treeton Infants	594	28	0	622
Whiston Two Wars Memorial	490	110	0	600
Total	1,771	166	0	1,937

Trust Funds – Balance Sheet

2014/15 £		2015/16 £
	Assets	
	Investments	
58	- Treeton Council School War Memorial	58
59	- EJ Butland, Treeton Infants	59
233	- Whiston Two Wars Memorial	233
350	Total Investments	350
48	- Debtors	48
1,723	- Cash	1,889
2,121	Total Assets	2,287
	Financed by:	
350	- Fund Balance	350
1,771	- Accumulated Investment Interest	1,937
2,121	Total Equity	2,287

Note 49 Material items of income and expenditure

This note is used to draw attention to material items of income and expenditure not disclosed separately on the face of the CIES which need to be taken into consideration to gain a full understanding of the Council's financial performance in the year.

MRP

A change in MRP policy in 2014/15 to produce a fairer charge to revenue in respect of pre 2007/08 debt led to £34.783m of MRP that had been charged to revenue over the period 2007/08 to 2014/15 being credited back to revenue. This was then transferred in full to an MRP Adjustment Reserve at the end of 2014/15.

Working with its External Auditors, the Council has evaluated whether any of the sum set aside in the reserve could be prudently released early. In concluding this evaluation the Council's External Auditors indicated that the sum held in the earmarked reserve should no longer be held in a reserve in the Balance Sheet but retained in the Capital Adjustment Account, and could be released over a period of time by taking an annual MRP holiday.

The net impact of this change in disclosure as at 31st March 2016 resulted in £20.191m of the MRP Adjustment Reserve being transferred to the Capital Adjustment Account to be released to revenue over time by taking an MRP holiday. The balance of £14.592m is the amount released from the Capital Adjustment Account in respect of the 2014/15 and 2015/16 financial years by applying the MRP holiday for those years.

Loss on disposal of non current assets

The loss on disposal of non current assets reported in Note 4 includes £23.668m of school property, plant and equipment transferred from the Council's balance sheet as a result of schools converting to an academy.

Note 50 Other Long-term Liabilities

31 Mar 15 £000		31 Mar 16 £000	Notes
(95,483)	PFI Liability	(107,048)	44
(28,581)	Finance Lease Liability	(28,507)	43
(369,800)	Pension Liability	(320,292)	18
(8,696)	Deferred Liabilities	(7,272)	50
(502,560)	Total	(463,119)	

Deferred Liabilities

The Council has a proportionate share in the interests of the Metropolitan (former South Yorkshire County Council) Debt (Page 92 of this Statement refers). As at 31 March 2016 the deferred liabilities of Rotherham MBC arising out of the Metropolitan Debt Administration amounted to £8,695,947 comprising £1,424,370 maturing within one year and £7,271,577 after that date.

Note 51 Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Judith Badger, Strategic Director of Finance and Customer Services on 21 September 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.

UK Referendum

On the 23 June 2016 the UK voted to leave the European Union. The Council will assess the financial implications as soon as it is practicable to do so, however at present the impact on the UK and Rotherham MBC is unknown.

Other Financial Statements and Notes to the Other Financial Statements

Housing Revenue Account (HRA)

The Collection Fund Income and Expenditure Account

Metropolitan Debt Administration

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) shows the economic cost in the year of providing housing services in accordance with generally accepted accounting principles, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

2014/15 £000		2015/16 £000	Notes
	Expenditure		
17,031	Repairs and maintenance	18,889	
17,785	Supervision and management	19,322	
194	Rents, rates, taxes and other charges	267	
31,985	Depreciation and impairment of Non Current Assets	31,796	
174	Debt management costs	121	
903	Provision for bad or doubtful debts	961	9
68,072	Total Expenditure	71,356	
	Income		
77,944	Dwelling rents	79,045	
755	Non-dwelling rents	775	
4,901	Charges for services and facilities	5,092	
83,600	Total Income	84,912	
(15,528)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement	(13,556)	
259	HRA services share of Corporate and Democratic Core	283	
(13)	HRA share of other amounts included in whole Authority Cost of Services but not allocated to specific services	(327)	
(15,282)	Net Cost of HRA Services	(13,600)	
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(1,709)	Gain on sale of HRA Non Current Assets	(1,880)	
14,392	Interest Payable and similar charges	13,784	10
(86)	Interest receivable	(96)	
402	Pensions interest cost and expected return on pension assets	484	11
(154)	Capital grants and contributions receivable	(621)	
(2,437)	Surplus for the year on HRA services	(1,929)	

Movement on the Housing Revenue Account Statement

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit or the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

	2014/15			2015/16
£000	£000		£000	£000
	(16,697)	Balance on the HRA at the end of the previous year		(20,728)
(2,437)		Surplus for the year on HRA Income and Expenditure Account	(1,929)	
(1,594)		Adjustments between accounting basis and funding basis under statute	(5,275)	
(4,031)		Net increase before transfers to or from reserves	(7,204)	
	(4,031)	Increase in year on the HRA		(7,204)
	(20,728)	Balance on the HRA at the end of the current year		(27,932)

Notes to the Housing Revenue Account

Note 1 Adjustments between Accounting Basis and Funding Basis Under Regulations

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

2014/15	Usable Reserves		
	Housing Revenue Account	Major Repairs Reserve	Movement in Usable Reserves
	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for impairment of non current assets (Council dwellings only)	18,581	0	18,581
Capital grants and contributions applied	(154)	0	(154)
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	(1,709)	0	(1,709)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital expenditure charged against the General Fund and HRA balances	(8,513)	0	(8,513)
Adjustments primarily involving the Major Repairs Reserve:			
Reversal of Major Repairs Allowance credited to the HRA	(6,585)	6,585	0
HRA Depreciation to the Capital Adjustment Account	0	13,321	13,321
Use of the Major Repairs Reserve to finance new capital expenditure	0	(20,392)	(20,392)
Adjustment primarily involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	90	0	90
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	814	0	814
Employer's pension contributions and direct payments to pensioners payable in the year	(929)	0	(929)
Short-term Accumulated Absences Account	(1)	0	(1)
Total Adjustments	1,594	(486)	1,108

Note 1 continued

2015/16	Usable Reserves		
	Housing Revenue Account £000	Major Repairs Reserve £000	Movement in Usable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Charges for impairment of non current assets (Council dwellings only)	18,821	0	18,821
Capital grants and contributions applied	(621)	0	(621)
Gain/Loss on disposal on non current assets charged to the Comprehensive Income and Expenditure Statement	(1,880)	0	(1,880)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital expenditure charged against the General Fund and HRA balances	(4,572)	0	(4,572)
Adjustments primarily involving the Major Repairs Reserve:			
Transfer from HRA to Major Repairs Reserve re notional MRA	(7,098)	7,098	0
HRA Depreciation to the Capital Adjustment Account	0	12,970	12,970
Use of the Major Repairs Reserve to finance new capital expenditure	0	(20,932)	(20,932)
Adjustment primarily involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	130	0	130
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,602	0	1,602
Employer's pension contributions and direct payments to pensioners payable in the year	(1,103)	0	(1,103)
Short-term Accumulated Absences Account	(3)	0	(3)
Total Adjustments	5,276	(864)	4,412

Note 2 Transfers to or from Earmarked Reserves

	Bal at 1 Apr 14 £000	Trans in 2014/15 £000	Trans out 2014/15 £000	Bal at 31 Mar 15 £000	Bal at 1 Apr 15 £000	Trans in 2015/16 £000	Trans out 2015/16 £000	Bal at 31 Mar 16 £000
Furnished Homes	3,186	0	(3,186)	0	0	0	0	0
Total	3,186	0	(3,186)	0	0	0	0	0

The Furnished Homes service provision and the earmarked reserve balance were transferred to the General Fund in 2014/15.

Note 3 Housing Stock at 31 March 2016

	Houses	Flats	Bungalows	Total
1 Bedroom	4	2,200	2,786	4,990
2 Bedroom	1,952	2,813	1,916	6,681
3 Bedroom	8,366	306	45	8,717
4+ Bedroom	263	9	1	273
Total	10,585	5,328	4,748	20,661

Note 4 Housing Stock Valuations

(a) Property, Plant and Equipment

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	PP&E Under Construction £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation						
At 1 Apr 14	528,477	9,132	475	52	4,302	542,438
Additions	29,113	74	12	1,326	0	30,525
Accumulated Depreciation and Impairment written out to gross cost/valuation	(37,719)	(1,708)	0	0	(1)	(39,428)
Revaluation increases/decreases to Revaluation Reserve	1,913	1,491	0	0	5	3,409
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	8,965	(83)	0	0	(14)	8,868
Derecognition	(2,899)	0	0	0	0	(2,899)
Assets reclassified (to) / from Investment Property	0	0	0	0	(268)	(268)
Other Movements in cost valuation	175	6,414	0	(1)	0	6,588
At 31 Mar 15	528,025	15,320	487	1,377	4,024	549,233
Depreciation and Impairment						
At 1 Apr 14	(37,490)	(1,200)	(68)	0	(1)	(38,759)
Accumulated Depreciation written out to gross cost/valuation	12,707	910	0	0	1	13,618
Accumulated Impairment written out to gross cost/valuation - as restated	25,011	798	0	0	0	25,809
Depreciation Charge	(12,639)	(612)	(68)	0	(2)	(13,321)
Impairment losses/reversals to Revaluation Reserve	(1,121)	(73)	0	0	0	(1,194)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(27,546)	(2)	0	0	0	(27,548)
Derecognition - Disposals	104	0	0	0	0	104
Other movements in depreciation and impairment	(14)	(503)	0	0	0	(517)
At 31 Mar 15	(40,988)	(682)	(136)	0	(2)	(41,808)
Net Book Value						
At 31 Mar 15	487,037	14,638	351	1,377	4,022	507,425
At 31 Mar 14	490,987	7,932	407	52	4,301	503,679

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	PP&E Under Constructio n £000	Surplus Assets £000	Total PP&E £000
Cost or Valuation						
At 1 Apr 15	528,025	15,320	487	1,377	4,024	549,233
Additions	26,208	348	4	1,579	0	28,139
Accumulated Depreciation and Impairment written out to gross cost/valuation	(41,191)	(498)	0	0	(2)	(41,691)
Revaluation increases/decreases to Revaluation Reserve	3,609	378	0	0	5,357	9,344
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	2,148	(7)	0	0	162	2,303
Derecognition - Disposals	(3,647)	0	0	0	(141)	(3,788)
Assets reclassified (to) / from Assets Held for Sale	0	0	0	0	135	135
Other Movements in cost valuation	731	(709)	0	(325)	(4)	(307)
At 31 Mar 16	515,883	14,832	491	2,631	9,531	543,368
Depreciation and Impairment						
At 1 Apr 15	(40,988)	(682)	(136)	0	(2)	(41,808)
Accumulated Depreciation written out to gross cost/valuation	12,589	467	0	0	0	13,056
Accumulated Impairment written out to gross cost/valuation	28,602	31	0	0	2	28,635
Depreciation Charge	(12,325)	(573)	(70)	0	(2)	(12,970)
Impairment losses/reversals to Revaluation Reserve	(717)	(311)	0	0	0	(1,028)
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	(20,969)	0	0	0	0	(20,969)
Derecognition - Disposals	63	0	0	0	0	63
Other movements in depreciation and impairment	(24)	24	0	0	0	0
At 31 Mar 16	(33,769)	(1,044)	(206)	0	(2)	(35,021)
Net Book Value						
At 31 Mar 16	482,114	13,788	285	2,631	9,529	508,347
At 31 Mar 15	487,037	14,638	351	1,377	4,022	507,425

Other assets including district boiler houses have been classified as intrinsic to the day to day operation of the housing estates in which they are located and as such have no asset value in their own right. Garage structures are valued based upon capitalised income streams.

Other operational property plant and equipment such as estate shops and area housing offices are held within the General Fund Asset Register.

(b) Vacant possession

	£m
Value as at 1 Apr 15	1,589

The difference between the Balance Sheet valuation of dwellings shown at (a) above and the vacant Possession value reflects the economic cost to Government of providing Council Houses at less than open market rents.

Note 5 Major Repairs Reserve

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital expenditure is then funded from the reserve without being charged to the Housing Revenue Account.

2014/15 £000		2015/16 £000
5,224	Balance as at 1 April	4,738
13,321	Depreciation in the year	12,970
6,585	Transfer to MRR	7,098
(20,392)	Financing of Capital Expenditure	(20,932)
4,738	Balance as at 31 March	3,873

Note 6 Financing of Capital Expenditure

Capital expenditure on Land, Houses and Other Property within the HRA was financed as follows:

	2015/16 £000
Borrowing Need	0
Capital Receipts	2,146
Revenue Contributions	4,572
Government Grants / Other Capital Income	617
Major Repairs Reserve	20,932
Total	28,267

During the year total capital receipts of £6.019m were received by the HRA, of which £3.881m was available to support capital expenditure within the Council

Note 7 Depreciation

A depreciation charge has been included in respect of dwelling houses within the Housing Revenue Account. This charge is based upon the value of the dwelling stock at the 1 April 2015 excluding the value of land. Depreciation has been calculated using the 'straight line' method over 30 years.

An additional depreciation charge has been included in the total charged to the Housing Revenue Account in respect of garages. This charge is based upon the value at 1 April 2015 and has been calculated using the 'straight line' method over 15 years.

Note 8 Impairment

A net impairment charge of £18.659m has been included in the HRA Income and Expenditure Account (£18.699m in 2014/15). This charge is reflected in the HRA Income and Expenditure Account in arriving at the surplus on the provision of HRA Services but the Council has taken advantage of transitional protection arrangements following the introduction of self – financing which allows the impairment relating to dwellings of £18.821m to be reversed out in determining the movement on the HRA Balance. Under Self-Financing legislation the impairment charges on non-dwellings cannot be reversed out and are a real charge to the HRA.

Note 9 Rent Arrears & Other Provisions for Bad and Doubtful Debts

2014/15 £000	Rent Arrears	2015/16 £000
2,678	Current Tenants	3,581
3,658	Former Tenants	2,714
6,336	As at 31 March	6,295

As at 31 March 2016, the level of rent arrears for current tenants as a proportion of gross rent income was 4.11% (2014/15 3.12%).

2014/15 £000	Bad Debt Provision in respect of rent income	2015/16 £000
3,371	As at 1 April	3,734
774	Increase in Provision	836
(411)	Utilised in year	(1,677)
3,734	As at 31 March	2,893

Provision has also been made in the accounts for write-offs in respect of tenants' and former tenants' rechargeable repairs are as follows:

2014/15 £000	Bad Debt Provision in respect of the rechargeable repairs	2015/16 £000
583	As at 1 April	540
130	Increase in Provision	125
(173)	Utilised in year	(139)
540	As at 31 March	526

Note 10 Interest Payable and Other Charges

This is the cost of external interest payable together with the cost of debt redemption premium.

Note 11 Contributions to and from the Pensions Reserve

Local authorities are required to account for their pension costs on an IAS 19 basis, but to reverse the impact of IAS 19 based accounting to the Pensions Reserve to ensure that it does not impact on housing rents.

THE COLLECTION FUND

By statute, billing Authorities are required to maintain a separate Collection Fund which shows the level of National Non Domestic Rates (NNDR), Council Tax and the residual Community Charge received by the Council during the accounting period and the distribution of these funds.

REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2016

2014/15				2015/16			
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000	Note
100,309		100,309	Council Tax Receivable	104,226		104,226	
	73,925	73,925	National Non-Domestic Rates (excluding write-offs)		76,390	76,390	2
	402	402	Release of creditor re 2012/13 deferrals		0	0	
	(668)	(668)	NNDR Transitional Payments		(97)	(97)	
100,309	**73,659**	**173,968**	**Total Income**	**104,226**	**76,293**	**180,519**	
			Precepts:				
82,551	35,669	118,220	Rotherham Metropolitan Borough Council	85,891	36,509	122,400	
0	35,463	35,463	Central Government	0	36,651	36,651	
9,327		9,327	- South Yorkshire Police and Crime Commissioner	9,701		9,701	
4,174	719	4,893	South Yorkshire Fire & Civil Defence	4,342	739	5,081	
96,052	71,851	167,903		99,934	73,899	173,833	
			Distribution of previous years surplus - Council Tax:				
1,504	(1,501)	3	Rotherham Metropolitan Borough Council	2,000	(1,972)	28	
0	(1,532)	(1,532)	Central Government	0	(2,013)	(2,013)	
270	0	270	- South Yorkshire Police and Crime Commissioner	332	0	332	
121	(31)	90	South Yorkshire Fire & Civil Defence Authority	149	(40)	109	
1,895	(3,064)	(1,169)		2,481	(4,025)	(1,544)	
			Charges to Collection Fund:				
550	1,050	1,600	Write off of uncollectable amounts	412	435	847	
(227)	(488)	(715)	Increase in bad debt provision	293	69	362	
0	935	935	Increase in provision for appeals	0	2,464	2,464	
0	307	307	Cost of Collection	0	312	312	
0	152	152	Disregarded amounts	0	155	155	
323	1,956	2,279		705	3,435	4,140	
98,270	**70,743**	**169,013**	**Total amounts charged to the Collection Fund**	**103,120**	**73,309**	**176,429**	
2,039	2,916	4,955	Surplus arising during the year	1,106	2,984	4,090	
			Collection Fund Balance				
2,039	2,916	4,955	Surplus arising during the year	1,106	2,984	4,090	
4,461	(7,820)	(3,359)	Surplus brought forward	6,500	(4,904)	1,596	
6,500	(4,904)	1,596	Surplus carried forward	7,606	(1,920)	5,686	5

Notes to the Collection Fund Statement

Note 1 Council Tax

The Council Tax system involves the categorisation of properties into bands (A-H) dependent upon their value. It is a requirement of the Local Government Finance Act 1992 that the basis on which the Council Tax is calculated should be expressed as a ratio of the Band D equivalent. Totals of properties falling into bands other than Band D therefore have to be adjusted to reflect their relationship to this band. The effect of this for 2015/16 is shown below.

Adjustments to the Council Tax base to reflect the estimated collection rate of Council Tax are also set out below:

Band	Number of Band D Equivalents properties	Ratio to Band D	Collection Rate @ 96.5%
A	25,920	6:9	25,013
B	14,179	7:9	13,683
C	11,517	8:9	11,114
D	7,932	9:9	7,655
E	4,980	11:9	4,805
F	2,248	13:9	2,169
G	1012	15:9	977
H	64	18:9	61
	67,852		65,477

Note 2 National Non-Domestic Rates (NNDR) – Business Rates

Business Rates are levied on non-domestic premises at a rate in the pound determined by Central Government which is applied nationally (the national multiplier). The national multiplier in 2015/16 was 49.3 pence in the pound and a small business rating multiplier of 48 pence in the pound (48.2 pence and 47.1 pence respectively in 2014/15).

The NNDR income in 2015/16 after allowing for mandatory and discretionary reliefs of £76.390m (£73.925m 2014/15) was based on a total rateable value of £189.9m as at 31 March 2016 (£187.5m as at 31 March 2015).

Note 3 Community Charge

Although the Community Charge system was replaced by the Council Tax on 1 April 1993, the Council continues to account for cash collected in relation to the Community Charges raised in previous years in the Collection Fund.

Note 4 Discounts

The Council does not operate a discount scheme for the early payment of Council Tax.

Note 5 Collection Fund Balance

The balance on the Collection Fund at 31 March 2016 is a surplus of £5.686m (£1.596m surplus 2014/15) and consists of a £1.920m deficit (£4.904m deficit 2014/15) relating to business rates to be recovered from the billing Authority (Rotherham MBC), Central Government and South Yorkshire Fire and Civil Defence Authority, and a £7.606m surplus (£6.500m surplus 2014/15) in relation to Council Tax to be distributed to the billing Authority (Rotherham MBC), South Yorkshire Police and Crime Commissioner and South Yorkshire Fire and Civil Defence Authority as follows:

2014/15 Council Tax £000	2014/15 NNDR £000	2014/15 Total £000		2015/16 Council Tax	2015/16 NNDR	2015/16 Total £000
5,962	(2,403)	3,559	Billing Authority – Rotherham MBC	7,045	(941)	6,104
0	(2,452)	(2,452)	Central Government	0	(960)	(960)
			Major Precepting Authorities:			
372	0	372	- South Yorkshire Police and Crime Commissioner	388	0	388
166	(49)	117	- South Yorkshire Fire and Civil Defence Authority	173	(19)	154
6,500	(4,904)	1,596	Total	7,606	(1,920)	5,686

Note 6 Parish Precepts

Precept demands are issued by the parishes on the Council as Billing Council. In turn the Council issues a precept on the Collection Fund for the year inclusive of the parish precepts payable. The payment of the parish precepts appears as a charge in the Comprehensive Income and Expenditure Account (see Note 4 Other Operating Expenditure).

METROPOLITAN DEBT ADMINISTRATION

The Council became responsible for the administration of the former South Yorkshire County Council Debt from 1 April 1986. The following statements account for the administration of the Metropolitan Debt.

2014/15 £000	Capital Account	2015/16 £000
(29,658)	Cash at bank 1 April	(36,877)
(35)	Transfer (from) Financial Instruments Adjustments Account	(36)
0	Adjustment to loans outstanding for interest accruals	0
0	Add: Expenditure in the year – Loans repaid	9,412
(29,693)		(27,501)
	Less Income:	
0	Loans raised	0
7,184	Repayments by Relevant Authorities	7,899
(36,877)	Cash at bank 31 March	(35,400)

2014/15 £000	Revenue Account	2015/16 £000
5,692	Interest Paid on Outstanding Loans	5,241
50	Management and other expenses	50
5,742		5,291
	Less Income:	
152	Notional Interest	169
5,590		5,122
5,590	Recharge to Relevant Authorities	5,122
0		0

2014/15 £000	Balance Sheet as at 31 March	2015/16 £000
	Capital Liabilities	
97,956	Loans Outstanding	88,540
(36,877)	Cash at bank	(35,400)
61,079		53,140
	Capital Assets	
60,973	Advances Outstanding	53,070
	Reserves	
106	Financial Instruments Adjustments Account (FIAA)	70
61,079		53,140

Note 1 Financial Instruments – Balances

The borrowings disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Short Term	
	31 Mar 15 £000	31 Mar 16 £000	31 Mar 15 £000	31 Mar 16 £000
Financial liabilities (principal amount) - PWLB	86,709	76,709	9,412	10,000
Financial liabilities at amortised cost - PWLB	86,709	76,709	11,247	11,831
Loans and receivables (principal amount)	0	0	0	0
Loans and receivables at amortised cost	0	0	0	0

Note 2 Financial Instruments – Maturity Analysis

The maturity analysis of financial liabilities is as follows:

31 Mar 15 £000		31 Mar 16 £000
11,247	Less than one year	11,831
10,000	Between one and two years	39,709
76,709	Between two and five years	37,000
97,956		88,540

Note 3 Financial Instruments – Fair Values

Fair Value of Financial Assets

At 31 March 2016 the Metropolitan Administration Account had no Available for Sale financial assets measured in the Balance Sheet at fair value on a recurring basis (Nil at 31 March 2015). 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 Available for Sale financial instruments.

Fair Value of Financial Assets and Financial Liabilities not measured at Fair Value

All other financial liabilities and financial assets represented by loans and receivables which are not measured at Fair Value but for which a disclosure is required are carried in the balance sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at each balance sheet date.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early payment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount, either the principal outstanding or the billed amount.

The fair value of Public Works Loan Board (PWLB) loans of £98.369m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value (£9.829m) measures the additional interest that the Account will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Account has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £88.540m would be valued at £96.257m. But, if the Account was to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption by charging a premium equivalent to the additional interest, based on the redemption interest rates (£9.829m) that would not then be paid. The exit price for the PWLB loans including this charge would therefore be £98.369m.

The fair values of the financial instruments are as follows:

31 Mar 15			31 Mar 16	
Carrying amount £000	Fair Value at Redemption rate £000		Carrying amount £000	Fair Value at Redemption rate £000
97,956	111,755	Financial Liabilities – Debt	88,540	98,369
0	0	Loans and Receivables	0	0

The fair value for financial liabilities is greater than the carrying value because the Account's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

Note 4 Financial Instruments Adjustment Account

This reserve has been opened to hold the accumulated difference between the financing costs included in the Revenue Account and the accumulated financing costs required in accordance with regulations to be charged to the Metropolitan Debt Administration Account.

Unless directly attributable to a loan held at 31 March 2007 then all premiums and discounts carried on the Balance Sheet at that date were written off at 1 April 2007. Regulations allowed for this impact to be neutralised through transfer to this account. The balance is amortised to the Revenue Account in line with the provisions set down in the Council's accounting policies.

2014/15 £000		2015/16 £000
141	Balance at 1 April	106
	Movement in year	
(35)	Premium and discounts	(36)
106	Balance carried forward at 31 March	70

Note 5 Authorised Limit and Operational Boundary

The Council's operational boundary for external debt for the year was £96.121m and its Authorised Limit for External Debt, the statutory limit determined under section 3(i) of the Local Government Act 2003, was £96.121m.

Accounting Policies

A) Statement of Accounting Policies

B) Accounting Standards issued but not yet adopted

C) Critical Judgements in applying Accounting Policies

D) Assumptions made about the future and other major sources of estimation

A Statement of Accounting Concepts and Policies

1 General 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 Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council 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 objective of the Statement of Accounts is to provide information about the Council's financial performance, financial position and cash flows that is useful to a wide range of stakeholders in assessing the Council's stewardship of its resources.

Fundamental to making this assessment is that information is both relevant and faithfully represented.

A key feature of relevance is materiality. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information presented in the Statement of Accounts. Conversely, there is no need to comply with the accounting principles or disclosure requirements of the Code where information is not material.

Information is faithfully represented if it is complete, unbiased and properly determined using appropriate estimation techniques and judgements.

The accounting policies are the principle bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the Statement of Accounts. The accounting policies and estimation techniques selected are those that best assist users in their understanding of the financial information presented or disclosed in the Statement of Accounts. The expectation is that this will be achieved by selecting accounting policies that are compliant with the Code.

Consistent policies are applied both within the year and between years. Where policies have changed the reason and effect is disclosed.

The underlying assumptions made in preparing the Statement of Accounts are that financial performance is reported on an accruals basis and that the Council is a going concern.

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

The Code has adopted the concept of Fair Value in 2015/16. This requires assets and liabilities to be measured and disclosure provided in accordance with IFRS 13 "Fair Value measurement" where applicable. This assumes that an asset or liability is exchanged in an orderly transaction between market participants under the market conditions prevailing at the measurement date. Further detail of the impact of the adoption of IFRS 13 is set out in Note 2, Changes in Accounting Policies and Estimates and Errors below.

2 Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

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

Fair Value

The main change to the 2015/16 Code is the adoption of IFRS 13 Fair Value Measurement. This requires fair value measurement principles and disclosures to be applied to assets and liabilities which the Code requires be carried in the balance sheet at fair value. The change is being introduced prospectively from 1 April 2015 and does not therefore require comparatives to be restated.

The basic concept of IFRS 13 is that an asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. This means the highest and best use price obtained for an asset subject to any market restrictions on its use or sale, or the price paid to transfer a liability to another party to fulfil an obligation including any pricing of risk for non performance.

In order to assess fair value IFRS 13 sets out a hierarchy of valuation techniques that should be used in the following order of preference to maximise reliance on market data and to only use unobservable inputs as a minimum:

- Level 1 – quoted prices in active markets for identical items that can be obtained at the measurement date

- Level 2 – inputs observable for an asset or liability either directly or indirectly other than the quoted prices referred to in level 1. This may include, for example, quoted prices for similar assets or liabilities in an active market

- Level 3 – unobservable inputs where there is no market data available due to there being little, if any, market activity for an asset or liability at the measurement date

The Code requires disclosure of the level that has been used to measure classes of asset or liability at fair value, the reason for any transfers between level 1 and level 2, any changes in valuation technique for assets and liabilities measured at level 2 or level 3, and a considerable amount of additional disclosure about level 3 measurements.

The main impact on the Council’s 2015/16 Statement of Accounts has been to:

- Remeasure surplus assets to fair value. This has resulted in an increase in their carrying value of £3.943m

- Remeasure investment properties to fair value. This has resulted in an decrease in their carrying value of £0.725m

- Provide additional disclosure of the basis of the fair value measurement of surplus assets, investment properties and financial liabilities (see Notes 19f, 20, 27 and Met Debt note 3), and;

- Update the accounting policy notes of assets, liabilities, income and expenditure measured at fair value

None of the other changes adopted in 2015/16 have had a material impact.

Minimum Revenue Provision (MRP)

Accounting Policy 15 has been further refined to make clear that the recovery of any MRP that has been overcharged in previous years will be effected by taking an MRP holiday in full or in part against future years charges that would otherwise have been made. The MRP holiday will be taken in such a way as to ensure that the total MRP after taking the holiday will not be less than zero in any financial year.

This has no effect on the profiling of MRP charges to revenue but has resulted in a technical presentational change on the face of balance sheet, to transfer £20.191m of the balance on the MRP adjustment reserve to the capital adjustment account representing the amount of MRP to be recovered in future years and releasing the remaining balance of £14.591m representing the amount of MRP recoverable in 2014/15 and 2015/16 to various revenue reserves.

Accounting Standards not yet adopted by the Code – Highways Network Asset

The adoption of the CIPFA Code of Practice on Transport Infrastructure Assets in the Code in 2016/17 will create a single integrated highways network asset on 1 April 2016 and change the measurement basis from historic cost to current value. The change in the basis of measurement will produce a material upward revaluation in its carrying value. Further detail on the expected impact of the change is provided in Part B of the Accounting Policies Statement on Page 115.

3 Accruals of Income and Expenditure

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

The general principle is that revenue is measured at the fair value of the consideration received which, in most transactions, will be the amount of cash and cash equivalents receivable.

Revenue is recognised when the following conditions have been met::

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.

- Interest payable on borrowings (other than that capitalised on qualifying assets) and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the Council acts as an agent for another party, income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

4 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

- Non Distributed Costs – the pension cost of past service and any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

Corporate and Democratic Core and Non Distributed costs are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

5 Debtors

Debtors are recognised when the Council has delivered or tendered a supply of goods or services. They are recognised and measured at fair value when revenue has been recognised, except for a financial asset where they form part of the asset's carrying value (see accounting policy note 22). Amounts paid in advance of the receipt of goods/services are recognised as a prepayment.

6 Creditors

Creditors are recognised when the Council receives a supply of goods or services. They are recognised and measured at fair value of the consideration payable except for a financial liability where they form part of the liability's carrying value (see accounting policy note 22). If consideration is received but the revenue does not meet the revenue recognition criteria, a receipt in advance is recognised.

7 Tax Income (Council Tax, Residual Community Charge, National Non-Domestic Rates and Rates

Council Tax

Council tax collection is an agency arrangement. Income shown within the Comprehensive Income & Expenditure Statement is the Council's share of the year's accrued income. The difference between this and the amount transferred to the General Fund under statute (representing the demand on the Collection Fund for the year together with the Council's share of the previous year's surplus or deficit which is distributed or recovered) is taken to the Collection Fund Adjustment Account. Debtors are shown exclusive of the proportions attributable to major preceptors.

National Non-Domestic Rates (NNDR)

NNDR collection is an agency arrangement. Business rate income within the Comprehensive Income & Expenditure Statement is the Council's share of the accrued business rate income for the year. The difference between this and the amount transferred to the General Fund under statute (representing the Council's share of the estimated business rate income for the year together with the Council's share of the previous year's surplus or deficit which is distributed or recovered) is taken to the Collection Fund Adjustment Account. The central share (after allowable deductions) of business rate income is paid out of the Collection Fund to central government. Growth in business rate income in an Enterprise Zone area, business rate income from renewable energy schemes and from businesses in New deal areas is wholly attributable to the Council and transferred in full to the General Fund on an accruals basis. Debtors are shown exclusive of the proportions attributable to major preceptors.

Residual Community Charge

Income adjustments are included within the Collection Fund; they are borne entirely by the Council and are excluded from the Collection Fund surplus/deficit.

8 Inventories

Inventories are measured at the lower of cost and net realisable value except where acquired through a non-exchange transaction when cost is assumed to be equal to fair value at acquisition date.

Inventories are measured at the lower of cost and current replacement cost where held for distribution at no charge or for a nominal charge.

The cost attributed to identify inventory is assigned using the first-in, first-out (FIFO) basis.

9 Work in Progress (Construction Contracts)

Where the Council acts as a contractor, if the outcome of a construction contract can be estimated reliably, the percentage of completion method is used to recognise revenue and expenses. Contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and surplus/deficit which can be attributed to the proportion of work completed.

If the outcome cannot be estimated reliably revenue is recognised only to the extent it is probable costs will be recoverable, and costs are recognised as an expense in the period incurred. When the uncertainties no longer exist, revenue and expenses are recognised using the percentage of completion method.

Should it become apparent that total costs will exceed total revenue the expected deficit on the contract is immediately expensed.

10 Cash and Cash Equivalents

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

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

11 Provisions, Contingent Liabilities and Contingent Assets

Provisions

A provision is recognised when:

- there is a present obligation (legal/constructive) as a result of a past event
- it is probable a resource outflow will be required to settle the obligation, and
- a reliable estimate of the amount can be made.

For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at each reporting date and adjusted to reflect current best estimates. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

If some or all of the expenditure required to settle a provision is expected to be reimbursed (e.g. an insurance claim), this is recognised when it is virtually certain that if the obligation is settled reimbursement will be received. The reimbursement is treated as an asset but the amount recognised does not exceed the amount of the provision.

(a) Equal Pay

The Council has made a provision for the costs of settling claims for back pay arising from payments incurred before the Council implemented its equal pay strategy. The impact has been neutralised within the revenue account by capitalising the cost following the receipt of a Government capitalisation directive.

Contingent Liability

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

A contingent liability is not recognised in the financial statements but disclosed as a note to the accounts. If it becomes probable that a resource outflow will be required for an item previously dealt with as a contingent liability, a provision is recognised.

Contingent Asset

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

A contingent asset is not recognised in the financial statements but disclosed as a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. If it has become virtually certain an inflow will arise and the asset's value can be measured reliably, a debtor and related revenue are recognised.

12 Reserves

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

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

13 Government and Non-Government Grants

Government grants and third-party contributions, including donated assets are recognised as due when there is reasonable assurance that;

- the Council will comply with the conditions attached to them
- the grants and contributions will be received

Where conditions of grant remain outstanding which could give rise to grant being repaid, grant is carried in the balance sheet as grant received in advance.

Conditions are stipulations that give the grant funder or donor the right to the return of their monies if it is not used for the purpose specified.

Revenue grants or contributions are credited to the relevant service line within net cost of services if specific or to Taxation and Non-Specific Grant Income if general or non ring-fenced.

Capital grants are credited to Taxation and Non-Specific Grant Income as general grant, but then reversed out of the General Fund Balance in the Movement in Reserves Statement. Where capital grant has been recognised but has yet to be used to finance capital expenditure, it is credited to the Capital Grants Unapplied Account within reserves. Capital grant that has been used for financing purposes is transferred to the Capital Adjustment Account.

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling, removing or restoring an asset where the Council has an obligation to do so and is required to make provision for these costs

Borrowing Costs - The Council has adopted a policy under IAS 23 'Borrowing Costs' to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. In implementing a policy of capitalisation of borrowing costs the Council has determined what it sees as a qualifying asset and what the borrowing costs are, that are to be capitalised.

- Qualifying Assets – Assets that take a substantial period of time to get ready for their intended use or sale, where this would cause a significant balance of borrowing costs to accrue.
- Borrowing costs – Where the Council borrows to specifically fund a scheme the amount that is capitalised is the actual cost of borrowing less investment income. Where funds are borrowed generally a capitalisation rate is used based on the weighted average of borrowing costs during the period.

The Council only capitalises borrowing costs when in addition to the above it becomes probable that the capital expenditure will result in future economic benefits or service potential to the Council; and that the borrowing costs can be measured reliably.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – current value based on existing use value for social housing (EUV-SH)

- all other assets – current value based on existing use (existing use value – EUV) for non specialised operational assets where there is an active market or where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost.

Depreciated historical cost is used as a proxy for current value for relatively short life assets such as vehicles, plant and equipment.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. In support of this the Council carries out an annual review of its assets for impairment. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains unless they reverse a previous revaluation or impairment loss in which case they are credited to the relevant service line within net cost of services.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

<u>Impairment of Assets</u>

At the end of each reporting period an assessment takes place as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

Disposals

The carrying amount of an item is derecognised:

- on disposal through, for example, sale, donation granting of a finance lease or transfer, or

- when no future economic benefits or service potential are expected from its use or disposal as a result, for example, of it being abandoned, scrapped or decommissioned.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair Value is the price that would be received from the selling the asset in an orderly transaction between market participants under the conditions prevailing at the end of the reporting period. Fair value for social housing being disposed of under Right to Buy (RTB) legislation is the discounted RTB value. Depreciation is not charged on Assets Held for Sale.

Assets held solely for capital appreciation purposes are reclassified as investment properties.

Non operational property, plant and equipment which do not meet the criteria for reclassification as either Assets Held for Sale or investment properties are held within property, plant and equipment as surplus assets. Surplus assets are carried in the balance sheet at their existing use value and revalued immediately prior to disposal if the current carrying value is materially different in order that the proper gain or loss on disposal can be determined.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. 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 Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives, the depreciable amount being an asset’s depreciated historic cost or fair value at the start of the financial year. No depreciation is charged in the year in which an asset is first made ready for use. A charge is made in the year in which an asset is derecognised or classified as held for sale. An exception is made for assets without a determinable finite useful life (ie, freehold land and certain Community Assets) and assets that are not yet available for use (ie, assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the Council's valuer (Council dwellings 30 Years or now notional Major Repairs Allowance (MRA) if notional MRA reasonably reflects the annual cost of maintaining property in its current condition over a thirty-year period, other buildings and non operational properties up to 100 years)

- vehicles – a reducing balance method over the useful life of the asset, as advised by a suitably qualified officer (Up to 10 years)

- infrastructure – straight-line allocation over 40 years

- plant, equipment and computers – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer (plant and equipment up to 15 years and computers/office equipment up to 10 years).

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Componentisation is being introduced with effect from 1 April 2010 as assets are acquired, enhanced, replaced or revalued.

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

15 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Non Current Assets during the year:

- 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 Non Current Assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute 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. This is known as the minimum revenue provision and the policy is detailed below. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Following the introduction of self-financing, with effect from 2012/13, depreciation, revaluation and impairment losses represent a "real" charge to the HRA to be met by rent payers. However, the Council has taken advantage of the transitional protection offered to housing authorities over a five year period to 2016/17, to reverse out impairment and revaluation losses relating to council dwellings and to cap the amount of depreciation charged on council dwellings at the notional Major Repairs Allowance included within the HRA Business Plan for that year.

Minimum Revenue Provision (MRP)

Prudent provision (MRP) is made annually for the repayment of debt relating to capital expenditure financed by borrowing or credit arrangements. The amount charged is determined having regard to the relevant statutory requirements and related guidance on MRP issued by DCLG.

The recovery of any MRP that has been overcharged in previous years will be effected by taking an MRP holiday in full or in part against future years charges that would otherwise have been made. The MRP holiday will be taken in such a way as to ensure that the total MRP after taking the holiday will not be less than zero in any financial year.

16 Leases and Lease-Type Arrangements

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

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

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

(a) Finance Leases – Council as Lessee

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and

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

The apportionment is done in such a way as to produce a constant rate of interest on the outstanding liability in each period over the lease term

An asset recognised under a finance lease is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset’s estimated useful life.

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses arising on leased assets. Instead, a minimum revenue provision is made towards the deemed capital investment in accordance with statutory requirements and the Council’s policy for determining MRP. Depreciation, revaluation and impairment losses are therefore replaced by the revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

(b) Operating Leases – Council as Lessee

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

(a) Finance Leases – Council as Lessor

Where the Council grants a finance lease over an asset, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- an amount to write down the net investment in the lease including any premiums received, and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

(b) Operating Leases – Council as Lessor

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

17 PFI and PPP Arrangements

PFI and similar 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 PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

PFI assets are initially recognised at their fair value when they are first made available for use balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment (this is normally based on the relevant elements of capital cost in the operator's financial model). Initial direct costs of the Council are added to the carrying amount of the asset. Any upfront contributions made by the authority to the PFI operator, either in the form of a cash lump sum or transfer of property that will not be used to provide services under the arrangement, are applied to write-down the PFI liability at the contribution's value agreed in the operator's financial model when the PFI asset is first made available for use.

PFI assets under construction are recognised on the balance sheet where the terms and conditions of the contractual obligation are such that the economic benefit of the asset flows to the Council at that time, similar to an asset that an Council constructs or develops for its own use.

PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- payment towards liability – applied to write down the Balance Sheet liability due to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)

- lifecycle replacement costs – are accounted for as they are incurred. Where the profile of lifecycle expenditure actually incurred by the PFI operator differs significantly from the projected profile included within the PFI model adjustments are made to account for the difference. A prepayment is recognised where planned expenditure paid for through the unitary payment exceeds the actual amount incurred by the PFI operator. An additional liability is recognised where planned expenditure is less than that actually incurred. The prepayment / additional liability is carried forward in the balance sheet until the expenditure is actually incurred / settled, or , in the case of a prepayment when there is no longer an expectation that it will eventually be incurred by the PFI operator at which point it is charged to revenue. Lifecycle replacement costs which represent the refurbishment or replacement of major components are capitalised as Property, Plant and Equipment in accordance with Accounting Policy 14.

18 Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value being the price that would be received from the selling the asset in an orderly transaction between market participants under the market conditions prevailing at the end of the reporting period.. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received and expenditure incurred in relation to investment properties are credited/charged to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the

Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

19 Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

20 Revenue Expenditure Funded from Capital under Statute

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

21 Heritage Assets

Heritage assets are assets whose principal purpose is to contribute to knowledge and culture and which are preserved in trust for future generations because of their artistic, cultural, environmental, historical, scientific or technological associations. They are recognised on balance sheet at cost or value. Where they are carried at value, the most appropriate and relevant valuation method is used including, for example, insurance values. Revaluations are carried out as and when necessary in order to keep carrying values current (there is no requirement for them to be revalued at least every 5 years). .

Operational heritage assets (i.e. those that, in addition to being held for their heritage characteristics, are used for other activities or services) are accounted for as operational assets.

Depreciation is not provided on heritage assets where they have indefinite lives.

Revaluation gains and losses and impairments of heritage assets are accounted for in exactly the same way as for Property, Plant and Equipment.

22 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.

(a) 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. They are initially measured at fair value, this being the price that would be received in an orderly transaction between market participants on the date on which the asset is recognised. Ordinarily, this will be the transaction price, such as the principal amount of a loan advanced. Thereafter they are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When the Council makes loans at less than market rates (soft loans) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

(b) Available-for-Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Fair Value is measured by reference to prevailing interest or market rates using an appropriate valuation technique.

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

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

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

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

<u>Financial Liabilities</u>

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 this being the price that would be paid in an orderly transaction between market participants on the date on which the liability is recognised. Ordinarily, this will be the transaction price, such as the principal amount of a loan received. Thereafter they are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The amount of interest charged to the HRA is determined on a fair and equitable share basis by reference to the HRA's Capital Financing Requirement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund

Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where the Council has entered into financial guarantees that are not required to be accounted for as financial instruments they are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

23 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account via the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis at the earlier of when the Council can no longer withdraw an offer of those benefits or when the Council recognises the cost of restructuring. .

Redundancy payments are charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

Pension strain costs are charged to Non Distributed Costs in accordance with statutory provisions which require that the General Fund be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The National Health Service Pension Scheme, administered by the NHS Business service

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education

- The Local Government Pensions Scheme, administered by South Yorkshire Pensions Authority

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

The arrangements for both the National Health Service and teachers' scheme mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Public Health and Children's and Education Service line in the Comprehensive Income and Expenditure Statements are charged with the employer's contributions payable to the National Health Service and Teachers' Pensions Scheme in the year.

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

- The liabilities of the South Yorkshire 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 projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds. In determining these liabilities, an assumption has been made on the advice of our actuaries that 50% of employees retiring will take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension

- The assets of the South Yorkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:

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

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

- past service cost – the increase in liabilities arising from current year decisions as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

- net interest – interest receivable on the fair value of plan assets held at the start of the period adjusted for changes in plan assets during the year as a result of contributions and benefit payments less the interest payable on pension liabilities both determined using the discount rate based on high quality corporate bonds used to measure the defined benefit obligation at the beginning of the period – debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- remeasurements - return on plan assets (net of admin expenses and excluding amounts included in net interest) and actuarial gains/losses that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions debited/credited to the Pensions reserve as Other Comprehensive Income and Expenditure

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

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (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.

24 Repayment of Debt – Metropolitan Debt

Principal repayments are based on a 10% Sinking Fund using a methodology prescribed in Statutory Instrument 1986 No. 437 and will be extinguished by 2020/21.

25 Value Added Tax (VAT)

VAT payable is included only to the extent that it is irrecoverable from HM Revenue & Customs, whilst VAT receivable is excluded from income. The net amount due from/to HMRC at the end of the financial year is included within debtors or creditors.

26 Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

Events taking place after the date the Strategic Director of Finance and Customer Services authorises the Accounts for issue are not reflected in the Statement of Accounts.

27 Exceptional Items

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

28 Interests in Companies and Other Entities

Where the Council exercises control, shares control or exerts a significant influence over another entity, and the Council's interests are material in aggregate, it will prepare Group Accounts. The Council's interest in another entity can be contractual or non contractual, and may be evidenced by, but is not limited to, the holding of equity or debt instruments in the entity as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

The Council has control over another entity, where it is able to direct the activities of that entity such that it is has exposure to or rights over variable returns and can use its power over the entity to effect the returns it receives.

Shared control with another party or parties in a joint venture arises where decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control including the Council.

The Council can exert a significant influence over an associate where the Council has the power to participate in the financial and operating policy decisions of an entity which fall short of control or joint control.

The Council's single entity financial statements include the income, expenditure, assets, liabilities, reserves and cash flows of the local Council maintained schools within the control of the Council..

Where local Council maintained schools convert to academies during the year, the assets, liabilities and reserves of the school are deconsolidated from the Council's single entity accounts at their carrying amount at the date of conversion unless the school has a deficit for which the Council retains responsibility. The Non Current Assets of the school are derecognised when the Council relinquishes control over school premises which it had held as a local Council maintained school through ownership, legally enforceable rights or some other means.

Interests in companies and other entities are recorded in the Council's balance sheet as financial assets at cost, less any provision for losses.

29 Acquisitions and discontinued operations

Transfers of functions to or from other public sector bodies are accounted for with effect from the date of transfer. Assets and liabilities are transferred at their carrying value at the date of transfer unless otherwise agreed and the balance sheet restated to reflect the value of assets brought onto or removed from the balance sheet. The financial effect of functions transferred, to or from the Council are disclosed separately in the current year as "transferred in" or "transferred out" operations. The financial effect of functions transferred to another public sector body are disclosed separately in the comparative year to enable the performance of continuing operations to be compared on a like for like basis.

A function in this context is an identifiable service or business operation with an integrated set of activities, staff and recognised assets and/or liabilities that are capable of being conducted and managed to achieve the objectives of that service or business operation.

Discontinued operations are activities that cease completely. Income and expenditure relating to discontinued operations are presented separately on the face of the Comprehensive Income and Expenditure Statement.

B) Accounting Standards issued but not yet adopted

Amendments have been made to a number of accounting standards which will not be adopted by the Code until 2016/17. The most significant change by far concerns the measurement of the highways network asset. The other significant changes are more presentational in nature concerning the way in which financial performance is to be reported.

A brief description of the accounting changes and their estimated financial effect is provided below.

Highways Network Asset

The measurement requirements of the CIPFA Code of Practice on Transport Infrastructure Assets (to be renamed the Code of Practice on the Highways Network Asset subject to a short consultation), will be adopted in the 2016/17 Code. This will lead to the creation of a single highways network asset comprising an interconnected network of roads, street lighting, signage, traffic management systems, footpaths and cycleways, bridges and other structures and land,

It will also lead to the highways network asset being measured at its current value rather than historical cost, using depreciated replacement cost (DRC) as the method of valuation, This is to reflect CIPFA's view that the network exists for the single purpose of securing the effective and safe management of traffic using the network,

The change in accounting policy comes into effect from 1 April 2016. CIPFA have confirmed in the Update to the 2015/16 Code that the transition arrangements will not require comparatives to be restated or the opening balance on 1 April 2016 to be restated as a prior period adjustment. The new valuation will instead be accounted for in 2016/17 as an in year revaluation on 1 April 2016.

Under the DRC approach, the current value will be determined by estimating the gross replacement cost of each component (roads, street lighting, signage, traffic management systems, footpaths and cycleways, bridges and other structures and land) on a modern equivalent basis and deducting the estimated accumulated depreciation to arrive at the depreciated replacement cost.

This measurement is currently in progress and indications are that it will lead to a material increase in the value of the highways network asset disclosed in the Council's Balance Sheet.

The accounting entries for the Highways Network Asset will be evaluated more fully by reference to section 4.11 of the 2016/17 Code and the draft Highways Network Asset Accounting Guidance for Practitioners being prepared by CIPFA / LAAP once finalised.

Reporting financial performance

As part of CIPFA's drive to improve the reporting of local authority financial performance in response to IAS 1 Presentation of Financial Statements, significant changes have been adopted in the 2016/17 Code in the presentation of the Comprehensive Income and Expenditure Statement (CIES), Movement in Reserves Statement and segmental reporting.

From 2016/17, the service expenditure analysis in the CIES will be based on that used for reporting internally to management rather than the standard analysis prescribed in the Service Reporting Code of Practice (SeRCOP). A key change will be the treatment of support service costs or overheads. Under SeRCOP, support service costs are apportioned out to front line services to determine the total cost of providing a service. Under the new segmental reporting requirements, if support services are operated, managed and reported as a separate segment they will not be apportioned across services but instead reported separately in their own right. This will represent a major change to the presentation in the CIES and require comparatives in the 2016/17 accounts to be restated.

A new Funding and Expenditure Analysis will be introduced which provides a high level reconciliation of the expenditure analysis reported in the CIES to the net amount charged to the General Fund and HRA which is to be met by taxpayers and council house tenants.

The reconciliation will be included in a simplified Movement in Reserves statement together with other movements in reserves. Additional disclosure will continue to be provided on material reconciling adjustments between the amounts reported in the CIES on an accounting basis and the net amount chargeable to the General Fund and HRA on a funding basis.

These changes will meet the segmental reporting requirements of the Code and hence the segmental reporting note will no longer be required.

The disclosure of sources of income and type of expense previously included within the segmental reporting note will still be required but only in relation to the authority as a whole not segmental level.

C) Critical Judgements in applying Accounting Policies

In applying the accounting policies set out, 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:

- Back funding pension contributions - The Council is liable to make annual revenue contributions in respect of its Pension Fund deficit liabilities as specified in the actuary's certificate of rates and contributions. Agreement was reached with South Yorkshire Pensions Authority that the amounts due in respect of 2015/16 and 2016/17 could be settled by way of a single payment made in April 2015. The amount settled in April 2015 in respect of 2016/17 is £9.739m and this has been offset against the pension liability in the balance sheet. The discount received from the Pensions Authority for early settlement has been apportioned to 2015/16 and 2016/17 pro rata to the back funding contributions that were due to be paid over in each respective year.

- Better Care Fund – The Council entered into a partnership agreement with Rotherham CCG in April 2015 to manage the Better Care Fund (BCF) as a pooled budget arrangement from 2015/16. A joint assessment has been conducted with the CCG on how the arrangement should be accounted for by reference to the Department of Health Group Manual for Accounts 2015/16 (Chapter 3 Annex 1) and the guidance on "Pooled budgets and the Better Care Fund" produced in October 2014 by HFMA /CIPFA. In accordance with this guidance, the Council has recognised income and expenditure and assets and liabilities proportionate to the risks and rewards it enjoys. The total available BCF funding for the year was £23.245m, of which the Council was allocated and recognised in its accounts £10.071m of income and £9.465m of expenditure, resulting in an under spend of £0.606m which was approved by the BCF Board to support over spends elsewhere in the BCF programme.

- Waste PFI - Barnsley, Doncaster and Rotherham have jointly entered into a PFI contract for the construction, development and operation of a new mechanical biological treatment plant (ITS facility) with a processing capacity of 250,000 tonnes p.a, and anaerobic digestion facility (AD facility) to generate power from gas emissions for use on site and produce a bio-compost for land remediation. The three authorities jointly exercise control, over the new ITSAD waste facility constructed by the PFI operator for the purposes of fulfilling the PFI contract with key decisions about its activities requiring the consent of all three parties sharing control. Accordingly, it has been treated as a joint operation with the Council recognising its share of the assets and liabilities and income and expenditure. This resulted in the Council recognising its share of the ITSAD facility and associated liability £13.517m when the scheme became operational in July 2015 and its share of the subsequent transactions thereafter.

- Business rates appeals – The introduction of the business rates retention scheme with effect from 1 April 2013, means that the Council shares in the risks and rewards of growth or decline in business rates income with central government and the fire authority. As a consequence the Council recognises on its balance sheet its proportion of business rates assets and liabilities including its share of refunds to business ratepayers as a result of appeal. Valuation Office statistics on appeals lodged and settled since the April 2010 rating valuation has been used to arrive at the best estimate of the likely level of business rate income collectable up to and including 2015/16 which may have to be refunded as a result of outstanding appeals as at 31 March 2016. The Council's share of £5.081m is shown as a provision in Note 36.

D) Assumptions made about the future and other major sources of estimation

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.

MRP

As stated in Accounting policy Note 15, the Council is required to make a prudent provision (Minimum Revenue Provision or MRP) to repay debt each year relating to capital expenditure financed by borrowing or credit arrangements.

As set out in Accounting Policy 2, this has been further refined to make clear that the recovery of any MRP that has been overcharged in previous years will be effected by taking an MRP holiday in full or in part against future years charges that would otherwise have been made. The MRP holiday will be taken in such a way as to ensure that the total MRP after taking the holiday will not be less than zero in any financial year.

The latest assumption for financial planning purposes is that the maximum amount of MRP holiday permissible each year will be taken up in future years until it has been fully exhausted. However, this is subject to annual review in setting the Council's annual MRP Policy and may therefore vary in the future.

Pensions liability

Included in the Council's Balance Sheet at 31 March 2016 is an estimated pensions liability of £320m. This compares to £370m at 31 March 2015 and £264m at 31 March 2014. The volatility in the amount of the liability is due to it being highly sensitive to a number of key assumptions used to determine pension fund liabilities, including the rate at which future liabilities are discounted to present value terms, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, indexation of pensions and the rate of inflation. The sensitivity analysis provided in Note 18 sets out how small changes to these key assumptions can result in a material change to the pensions liability. A firm of consulting actuaries is engaged by South Yorkshire Pensions Authority to provide expert advice about the best assumptions to be applied based on information available each year end.

Additional Information

Audit Certificate

Glossary

Independent auditor's report to the members of Rotherham Metropolitan Borough Council

We have audited the financial statements of Rotherham Metropolitan Borough Council for the year ended 31 March 2016 on pages 5 to 118. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Strategic Director of Finance and Customer Services and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Rotherham Metropolitan Borough Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Rotherham Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Rotherham Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Basis for qualified conclusion

In considering the arrangements the Authority has put in place to challenge how it secures economy, efficiency and effectiveness we have reviewed the progress made against the findings of the OFSTED inspection of Children's Services published in November 2014 and The Report of the Inspection of Rotherham Metropolitan Borough Council in relation to child sexual exploitation published on 4 February 2015 as well as the evidence gathered from our own audit work.

The Report of the Inspection of Rotherham Metropolitan Borough Council highlighted serious failings across the Authority in relation to governance. It concluded that the Council was not fit for purpose and was failing in its legal obligation to secure continuous improvement in the way it exercised its functions. The report also stated the Council was incapable of tackling its weaknesses, without sustained intervention. The OFSTED inspection judged Children's Services to be inadequate and in February 2015 independent Commissioners were appointed to manage the Council.

The Authority has developed and published a comprehensive two year Improvement Plan (A Fresh Start) which was agreed with Government in May 2015 and addresses the findings of the reports detailed above. During the course of 2015/16, the Commissioners provided regular, quarterly updates to the Secretaries of State on the improvements being delivered at the Council, including detailed six monthly progress reports in August 2015 and February 2016.

Whilst progress was made in relation to the Improvement Plan during 2015/16 over half of the areas in the Improvement Plan were yet to be completed at February 2016. This, in combination with the fact that the new strategic leadership team were only appointed in the final quarter of the year under audit, suggests that the team will require further time to fully implement and embed the improvements to governance required under the Plan.

Having considered the findings and conclusions of the above inspections together with the results of our audit work, we have concluded that the Authority did not have proper arrangements in place to meet the requirements of the sub-criteria relating to 'informed decision making'.

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Rotherham Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

Due to work on the WGA Return not being completed by the 28 September 2016

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Timothy Cutler

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

28 September 2016

GLOSSARY

This listing will help Members and other readers to understand the terminology used within the Statement of Accounts.

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ADDED YEARS

A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers' must exercise this discretion in accordance with the national regulations and the Council's own policies.

ASSET

An asset is a resource controlled by the Council as a result of past events from which future economic benefits or service potential is expected to flow to the Council.

- A current asset is an amount which is expected to be realised within 12 months.
- A non-current asset is an amount which is expected to be realised after more than 12 months.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BORROWING

Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL ADJUSTMENT ACCOUNT

An account maintained to provide a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.

CAPITAL CHARGE

A charge made to service revenue accounts to reflect the cost of Non Current Assets used in the provision of services.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other Non Current Assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

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

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITY

A contingent liability is either:

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

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

COUNCIL TAX

A banded property tax that is levied on domestic properties. The banding is based on assessed property values at 1 April 1991.

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

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

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's Non Current Assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant for Schools paid by the Department for Education and Skills (DfES) to the Local Council; it replaces the Schools Formula Spending Share (FSS).

EARMARKED RESERVE

A sum set aside in a reserve for a specific purpose.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

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

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FEES AND CHARGES

Income arising from the provision of services e.g. the use of leisure facilities.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This reserve has been created under the SORP 2007 to hold the accumulated difference between the financing costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with Regulations to be charged to the General Fund Balance.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

GENERAL FUND SERVICES

Comprises all services provided by the Council with the exception of services relating to the provision of local Council housing – which are accounted for in the Housing Revenue Account. The net cost of General Fund services is met by council tax, Government Grants and Business Rates.

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Non Current Assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INVENTORIES

Items of raw materials and stores an Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

NET INTEREST EXPENSE (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement less interest income earned on plan assets.

INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investments for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is a present obligation arising from a past event, the settlement of which is expected to result in an outflow of resources.

A liability is where the Council owes payment to an individual or another organisation.
- A current liability is an amount which is expected to be settled within 12 months.
- A non-current liability is an amount which is expected to be settled after more than 12 months.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:
- Readily convertible to known amounts of cash at or close to the carrying amount; or
-Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MAJOR REPAIRS RESERVE

The Council is required by regulation to establish a Major Repairs Reserve. The main credit to the account comprises the total depreciation charge for all Housing Revenue Account assets. Capital expenditure is then funded from the reserve without being charged to the Housing Revenue Account.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET BOOK VALUE

The amount at which property, plant and equipment are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Council's borrowings less cash and liquid resources.

NET EXPENDITURE

Gross expenditure less specific grants and income for charging for services.

NET REALISABLE VALUE

The open market value of an asset in its existing use less any expenses incurred in realising the asset.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of the Council, Central Government, and South Yorkshire Fire and Civil Defence Council with surplus and deficits being shared in the ratio specified by Business Rates Retention Regulations.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting polices or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PRIVATE FINANCE INITATIVE (PFI)

A contract in which the private sector is responsible for supplying services that traditionally have been provided by the Council. The Council will pay for the provision of this service, which is often linked to availability, performance and levels of usage.

PROPERTY, PLANT AND EQUIPMENT

Tangible assets used by the Council in the provision of services that yield benefits to the Council for a period of more than one year.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PRUDENCE

Requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.

PRUDENTIAL CODE

Under the prudential framework, local authorities make their own decisions how much and what capital investment to undertake, based on their judgement on affordability, prudence and strategic objectives. In making their decisions, finance teams are required to take account of the CIPFA Prudential Code.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in IAS24. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

RE-MEASUREMENTS

For a defined benefit pension scheme, the re-measurements comprise:

(a) Changes in actuarial surpluses or deficits that arise because:

Events have not coincided with the actuarial assumptions made for the last valuation

(experience gains and losses); or
The actuarial assumptions have changed

(b) Return on plan assets excluding interest income which forms part of the pensions net interest expense

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

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

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

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment

REVALUATION RESERVE

Records unrealised revaluation gains arising (since 1 April 2007) from holding Non Current Assets.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation allows some items to be funded from capital resources that under IFRS and normal accounting practice would be charged to Surplus or Deficit on Provision of Services.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

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

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits form the use of a fixed asset.

WORK IN PROGRESS (WIP)

The cost of work performed on an uncompleted project at the end of the financial year.

A summary of this document can be made available in your language and in alternative formats such as Braille, large print, electronic and audio-tape versions. Contact us at:

Email: central.finance@rotherham.gov.uk

‘’If you or someone you know needs help to understand or read this document, please contact us’’:

☎: 01709 822022 💻:central.finance@rotherham.gov.uk

Minicom: 01709 823536

Slovak **Slovensky**

Ak vy alebo niekto koho poznáte potrebuje pomoc pri pochopení alebo čítaní tohto dokumentu, prosím kontaktujte nás na vyššie uvedenom čísle alebo nám pošlite e-mail.

Kurdish Sorani **کوردی سۆرانی**

ئەگەر تۆ یان کەسێک کە تۆ دەیناسی پێویستی بەیارمەتی هەبێت بۆ ئەوەی لەم بەڵگەنامە یە تێبگات یان بیخوێنێتەوە، تکایە پەیوەندیمان پێوە بکە لەسەر ئەو ژمارەیەی سەرەوەدا یان بەو ئیمەیڵە.

Arabic **عربي**

إذا كنت انت أواي شخص تعرفه بحاجة إلى مساعدة لفهم أوقراءة هذه الوثيقة، الرجاء الاتصال على الرقم اعلاه، أو مراسلتنا عبر البريد الإلكتروني

Urdu **أرد و**

اگر آپ یا آپ کے جاننے والے کسی شخص کو اس دستاویز کو سمجھنے یا پڑھنے کیلئے مدد کی ضرورت ھے تو برائے مہربانی مندرجہ بالا نمبر پرھم سے رابطہ کریں یا ھمیں ای میل کریں۔

Farsi **فارسی**

اگر جناب عالی یا شخص دیگری که شما اورا می شناسید برای خواندن یا فهمیدن این مدارک نیاز به کمک دارد لطفا با ما بوسیله شماره بالا یا ایمیل تماس حاصل فرمایید.