

1. Accounting Standards Issued but not Adopted

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

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

2. Events after the Reporting Period

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister, to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future, once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

The Council completed the sale of the Sports Ground on Countersthorpe Road for £200,000. This is considered a non-adjusting event as regards the Statement of Accounts.

There were no adjusting events after the reporting period.

3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounting Policies describes the significant areas in which estimates and assumptions have been made, relating to the reporting of results of operations and the financial position of the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and Amortisation are provided for Property, Plant and Equipment and intangible assets respectively. This enables the assets to be written down over their estimated useful lives and show an appropriate cost of the asset in the Comprehensive Income and Expenditure Statement. Management judgement based on independent external advice is used to determine the useful economic lives of the Council's property.</p> <p>Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. As at 31st March each year the Council's valuers carry out a valuation review of the Council's assets. In addition, a year end impairment review is also undertaken. The recoverable amount is then estimated having regard to the application of the concept of materiality.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £83k on General Fund Property and £30k on Housing Revenue Account property for every year that the useful life is reduced.</p> <p>If an asset is impaired the carrying amount of the asset is reduced.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.</p>	<p>The effect on net pensions of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> • A decrease in the discount rate assumption would result in an increase in pension liability. • A one year increase in member life expectancy would result in an increase in pension liability. • An increase in the pension increase rate would result in an increase in pension liability.
Arrears	<p>At 31st March 2016, the Council had a balance of £0.37m for sundry debtors. A review of balances suggested that an impairment of doubtful debts of £0.17m was appropriate.</p>	<p>If collection rates were to deteriorate and sundry debt increased with the same debt profile, an additional contribution would be required to be set aside as an allowance.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Adjustments between Accounting and Funding Basis under Regulation

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.

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
2015/16	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adjustment primarily involving the Capital Adjustment Account:							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Depreciation and impairment of non-current Assets	3,978		2,135				(6,113)
Movement in Market Value of Investment Properties	(153)						153
Amortisation of Intangible Assets	50		13				(63)
Revenue expenditure funded from capital under statute	244						(244)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,153		1,279				(2,432)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	(271)						271
Capital Expenditure charged against General Fund and HRA Balances			(1,895)				1,895
Capital Expenditure charged against Earmarked Reserves				(1,253)			1,253

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2015/16							
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to Capital Adjustment Account	(127)						127
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(50)		(323)		373		0
Use of the Capital Receipts Reserve to finance new capital expenditure					(66)		66
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	9				(9)		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	148				(148)		0
Adjustments involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA			(877)	877			0
Use of the Major Repairs Reserve to finance new capital expenditure				(1,185)			1,185

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2015/16							
Adjustments involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,578		195				(1,773)
Employer's pension contributions and direct payments to pensioners payable in the year	(785)		(97)				882
Adjustments 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	(71)						71
Adjustments involving the Accumulated Absences Account:							
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	(6)		2				4
Total Adjustments	6,003	0	432	(1,561)	150	0	5,024

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2014/15 Comparative Figures							
Adjustment primarily involving the Capital Adjustment Account:							
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Depreciation and impairment of non-current Assets	848	0	2,166	0	0	0	(3,014)
Amortisation of Intangible Assets	60	0	16	0	0	0	(76)
Revenue expenditure funded from capital under statute	446	0	0	0	0	0	(446)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,328	0	866	0	0	0	(2,194)
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	(238)	0	0	0	0	0	238
Capital expenditure charged against the General Fund and HRA balances	0	0	(174)	0	0	0	174
Capital Expenditure charged against Earmarked Reserves	0	0	0	(489)	0	0	489
Adjustments primarily involving the Capital Grants Unapplied Account:							
Application of grants to capital financing transferred to the Capital Adjustment Account	(130)	0	0	0	0	0	130

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
	£000's	£000's	£000's	£000's	£000's	£000's	
2014/15 Comparative Figures							
Adjustments primarily involving the Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	(312)	0	312	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0	0	(312)	0	312
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal	5	0	0	0	(5)	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	121	0	0	0	(121)	0	0
Adjustments involving the Major Repairs Reserve:							
Reversal of Major Repairs Allowance credited to the HRA	0	0	(828)	828	0	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	0	0	0
Adjustments 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	0	0	0	0	0	0	0

NOTES TO THE CORE FINANCIAL STATEMENTS

	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Deferred Capital Receipts	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	
2014/15 Comparative Figures	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Adjustments involving the Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,482	0	221	0	0	0	(1,703)
Employer's pension contributions and direct payments to pensioners payable in the year	(733)	0	(110)	0	0	0	843
Adjustments 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	252	0	0	0	0	0	(252)
Adjustments involving the Accumulated Absences Account:							
Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirement	(13)	0	4	0	0	0	9
Total Adjustments	3,429	0	1,841	(1,857)	(126)	0	3,287

NOTES TO THE CORE FINANCIAL STATEMENTS

5. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2015/16. In addition where the Council has received grants with conditions attached to them they are transferred to a specific earmarked reserve.

	31 March 2014	In/(Out) Fund	Other Reserves	31 March 2015	In/(Out) Fund	Other Reserves	31 March 2016
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Earmarked Reserves							
Budget Carried Forward	30	76	0	106	(63)	0	43
Capital	24	12	(30)	6	16	(15)	7
Software Implementation	8	0	(2)	6	0	(6)	0
Operations	30	0	0	30	(30)	0	0
Plant and Machinery	62	0	(32)	30	0	(30)	0
Service Improvement	50	0	(26)	24	0	0	24
Council Priority	73	0	0	73	0	108	181
Welfare Reform	75	0	0	75	0	0	75
Troubled Families	24	0	0	24	(1)	0	23
Disabled Facilities	7	0	(7)	0	15	(10)	5
ERDF Schemes	150	0	(133)	17	20	(6)	31
Greening the Borough	184	(1)	0	183	(13)	0	170
Active Asset Management	350	0	(50)	300	0	0	300
Contingency	200	0	0	200	0	0	200
Management of Change	300	200	(55)	445	(322)	(65)	58
Weekly Collection Support Scheme	1,170	0	(179)	991	0	(983)	8
Budget Equilibrium	200	400	0	600	0	0	600
Income Profiling	150		0	150	(103)	0	47
Land Valuation	0	(2)	25	23	(3)	0	20
HR Recruitment	0	20	0	20	0	0	20
Land Charges	0	0	0	0	37	0	37
Borough Events	0	0	0	0	0	9	9
Total General Fund Earmarked Reserves	3,087	705	(489)	3,303	(447)	(998)	1,858

NOTES TO THE CORE FINANCIAL STATEMENTS

	2014/15			2015/16			
	Balance	Transfer	(To)/From	Balance	Transfer	(To)/From	
	31 March	In/(Out)	Other	31 March	In/(Out)	Other	
	2014	Fund	Reserves	2015	Fund	Reserves	
£000's	£000's	£000's	£000's	£000's	£000's	£000's	
General Fund Grants							
Grounds Maintenance	234	0	0	234	(24)	0	210
Housing and Planning Delivery Grant	176	36	0	212	(5)	0	207
Earmarked Grants	542	11	0	553	55	(116)	492
Total General Fund Grants	952	47	0	999	26	(116)	909
Total General Fund	4,039	752	(489)	4,302	(421)	(1,114)	2,767
HRA							
Regeneration Reserve	500	0	0	500	0	(139)	361
Major Repairs Reserve	1,012	357	(1,369)	0	308	(308)	0
Budget Carried Forward				0	0	14	14
Total HRA	1,512	357	(1,369)	500	308	(433)	375
Grand Total	5,551	1,109	(1,858)	4,802	(113)	(1,547)	3,142

Purpose of Reserves

Details of the purpose of reserves not given elsewhere in either the Notes to the Core Financial Statements or the Statement of Accounting Policies are shown below.

Housing and Planning Delivery Grant	Contains the remaining proceeds of this Central Government funding for future housing and planning projects.
Earmarked Revenue Grants and Contributions	Reserves containing the proceeds of revenue grants and other external contributions that are yet to be used.
Budget Carried Forward	Contains authorised budget carry forwards from this year, to be used in the next financial year.
Capital	Monies put aside specifically for use to fund capital projects.
Software Implementation	Monies put aside specifically for funding ICT software improvements.

NOTES TO THE CORE FINANCIAL STATEMENTS

Operations Reserve	This reserve is provided as insurance against potential fluctuations in market pricing on the sale of recyclates.
Plant and Machinery	Used to fund the purchase of replacement plant and machinery.
Service Improvement Reserve	Used to fund improvements in Council services to improve performance after corporate restructure and reductions in commensurate budgets
Council Priority Reserve	Funding to be used to fund the improvement of areas which are specific to Council priorities and allocated through the Local Forums.
Grounds Maintenance Reserve	This reserve holds a commuted lump sum received from a developer earmarked for the maintenance of a specific green space.
Major Repairs Reserve	Resources available to meet capital investment in council housing.
Welfare Reform	Monies set aside to cover the additional costs of administration and recovery following the introduction of the local Council Tax Benefit scheme and Universal Credit.
Troubled Families	Used to fund investment in the Leicestershire Troubled Families programme.
Disabled Facilities	Monies put aside specifically to fund Disabled Facilities Grants.
ERDF	Monies put aside specifically to provide matched funding for European Regional Development Fund schemes.
Greening the Borough	Resources available to improve the environment of the Borough and well-being of residents.
Active Asset Management	Funding for developing Business Enterprise Centres in the Borough.
Weekly Collection Support Scheme	Funding towards the retention of weekly waste collection, recycling rewards and innovation schemes.
Regeneration Reserve	Additional reserve set aside for regeneration and new build of council housing.

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Contingency Reserve	To safeguard against budget risk and for one off priming initiatives.
Management of Change	For future organisational development expenditure.
Income Profiling Reserve	To safeguard against the volatility of planning income in future years
Budget Equilibrium Reserve	To safeguard against changes in Council funding.
Land Valuation Reserve	To allow the Council to value land within the Borough with a view to selling.
HR Recruitment Reserve	To fund Council recruitment as required.
Land Charges Reserve	To fund improvements in the land charges service
Borough Events Reserve	To fund commemorative events held in the borough by the Council or other grant assisted groups.

6. Material Items of Income and Expenditure

For 2015/16 the Council has the following material items of income and expenditure for both capital and revenue.

The Council paid out £6million in Housing Benefits during 2015/16 and a further £2.9million in Rent Rebates. The Government Subsidy received to fund these is not listed here but is included in Note 37 to the core statements.

The Council also undertook two major capital schemes, spending a further £6.9million on the Leisure Facilities redevelopment project begun in 2014/15, and £2.7million on major refurbishment projects within with the Council's housing stock.

7. Other Operating Expenditure

	2015/16	2014/15
	£000's	£000's
(Gains)/Loss on Disposal of Non-current Assets	(31)	(60)
Loss on De-recognition of Fixed Assets *	2,096	1,942
Contribution to Housing Pooled Capital Receipts	148	121
Total	2,213	2,003

* De-recognition relates to components of various housing assets which have been replaced and therefore de-recognised in year, and to Oadby Swimming Pool, as its value in service is now nil.

NOTES TO THE CORE FINANCIAL STATEMENTS

8. Financing and Investment Income and Expenditure

	2015/16	2014/15
		Restated
	£000's	£000's
Interest Payable and Similar Charges	592	574
(Gains)/Loss on Revaluation of Investment Properties	(153)	0
Interest and Investment Income	(14)	(59)
Pension Interest Costs and Expected Return on Pension Assets	791	877
Total	1,216	1,392

9. Taxation and Non Specific Grant Income and Expenditure

	2015/16	2014/15
	£000's	£000's
General Government Grants	(1,175)	(1,677)
Council Tax Income	(3,369)	(3,289)
Collection Fund (Surplus)/Deficit - Council Tax	(43)	(88)
Non-Domestic Rates Income	(4,816)	(4,471)
Collection Fund (Surplus)/Deficit - NNDR	174	95
Non-Domestic Rates Tariff Payment	3,512	3,446
Non-Domestic Rates Safety Net	4	(83)
Non-Domestic Rates Levy	20	0
LLP Share of Surplus (Pool)	(24)	0
S31 Small Business Rate Relief	(353)	(274)
Capital Grants and Contributions	(147)	(130)
New Homes Bonus	(318)	(243)
Total	(6,535)	(6,714)

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Property, Plant and Equipment

Cost or Valuation						
	Council Dwellings	Other Land & Buildings	Vehicles, plant etc.	Community Assets	Assets Under Construction	Total Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2014	41,067	18,184	3,474	2,677	0	65,402
Additions	2,322	1,513	544	69	1,619	6,067
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	1,732	1,021	0	66	0	2,819
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(2,041)	(663)	0	(9)	0	(2,713)
Derecognition - Disposals	(312)	(1,328)	0	0	0	(1,640)
Derecognition - Other	(614)	0	0	0	0	(614)
Balance at 31 March 2015	42,154	18,727	4,018	2,803	1,619	69,321
Balance at 1 April 2015	42,154	18,727	4,018	2,803	1,619	69,321
Additions	3,265	8,536	1,508	10	(1,619)	11,700
Revaluation Increases/ (Decreases) Recognised in the Revaluation Reserve	766	71	0	(5)	0	832
Revaluation Increases/ (Decreases) Recognised in the Surplus/Deficit on the Provision of Services	(2,064)	(3,669)	0	(11)	0	(5,744)
Derecognition - Disposals	(1,038)	(1,058)	(303)	0	0	(2,399)
Derecognition - Other	(241)	0	0	0	0	(241)
Balance at 31 March 2016	42,842	22,607	5,223	2,797	0	73,469

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	Council Dwellings	Other Land & Buildings	Vehicles, plant etc.	Community Assets	Assets Under Construction	Total Assets
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2014	0	0	2,788	0	0	2,788
Depreciation Charge	749	601	240	9	0	1,599
Depreciation Written Out to the Revaluation Reserve	(749)	(601)	0	(9)	0	(1,359)
Derecognition - Disposals	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0
Balance at 31 March 2015	0	0	3,028	0	0	3,028
Balance at 1 April 2015	0	0	3,028	0	0	3,028
Depreciation Charge	793	1,098	368	9	0	2,268
Depreciation Written Out to the Capital Adjustment Account	(793)	(1,098)		(9)	0	(1,900)
Derecognition - Disposals			(208)			(208)
Balance at 31 March 2016	0	0	3,188	0	0	3,188

	2015/16			2014/15		
	Net Book Value	Nature of Asset		Net Book Value	Nature of Asset Holding	
		Finance Lease	Owned		Finance Lease	Owned
	£000's	£000's	£000's	£000's	£000's	£000's
Council Dwellings	42,842		42,842	42,154	0	42,154
Other Land & Buildings	22,607		22,607	18,727	0	18,727
Community Assets	2,798		2,798	2,803	0	2,803
Vehicles, Plant etc	2,008	27	2,035	950	40	990
Incomplete Assets	0		0	1,619	0	1,619
Total	70,255	27	70,282	66,253	40	66,293

Depreciation

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

- i) Council Dwellings - 45 to 50 Years
- ii) Other land and buildings - 5 to 20 years
- iii) Vehicle Plant and Equipment - 5 to 10 years

Capital Commitments

At the 31st of March 2016, the Council had outstanding capital commitments of £550K in relation to HRA major refurbishment works at Boulter Crescent, £210K in relation to HRA major refurbishment works at Kings Drive, and £52K in relation to HRA major refurbishment works at Queens Street.

NOTES TO THE CORE FINANCIAL STATEMENTS

Valuation of Assets

The freehold and leasehold properties which comprise the Council's property portfolio have been valued as at 31 March 2015 by an external independent valuer, Innes England, in accordance with the statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors (RICS), except that not all the properties were inspected. This was neither practical nor considered by the valuer to be necessary for the purposes of the valuation. Consequently, Council Dwellings were valued using the "Beacon Principle". Inspections to determine the Beacon properties were carried out between February and April 2010.

Land and Community Assets have been valued using the depreciated replacement cost valuation method on an existing use value basis which is the amount the property would be exchanged for on the date of the valuation.

Plant and machinery directly associated with the building is generally included in the valuation of the buildings. However, where in conjunction with the valuer it is found that a building has plant of which the value forms a significant part of the building and which needs to be depreciated at a different rate from the building, then this has been dealt with as a separate item.

Properties regarded by the Council as operational were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market value for the subject asset, the depreciated replacement cost.

Where an impairment loss on an operational fixed asset occurs this has been recognised, if it is caused by a clear consumption of economic benefit (e.g. physical damage or deterioration in the quality of the service provided by the asset), or a significant decline in the market value of assets that is significantly greater than would be expected as a result of the passage of time or normal use.

In order to judge impairment of Council Dwellings, a rolling stock condition survey is being carried out. Any assets that are considered to have suffered any impairment are referred to the Council's independent valuer for assessment. To date no impairment relating to obsolescence has been recognised although some assets have suffered a reduction in value due to market forces.

11. Heritage Assets

These assets are held and maintained principally for their contribution to knowledge and culture. They have historical, artistic, technological, geophysical or environmental qualities. All assets are deemed to have indefinite useful economic lives.

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	40	40
Additions	0	0
Balance at 31 March	40	40

NOTES TO THE CORE FINANCIAL STATEMENTS

12. Investment Properties

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

	2015/16	2014/15
	£000's	£000's
Rental Income from Investment Property	(17)	(16)
Direct Operating Expenses Arising from Investment Property	0	0
Net Gain/(Loss)	(17)	(16)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

2015/16 has seen an increase of £153,000 in the value of the Council's investment properties.

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	223	206
Revaluation Gain Recognised in the Surplus/Deficit on the Provision of Services	153	17
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
Balance at 31 March	376	223

13. Intangible Assets

The Council accounts for its software and licenses as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to all the major software suites used by the Council is 5 years.

Amortisation of the assets is charged to the ICT support service and then recharged to services on an appropriate basis under Net Cost of Services within the Comprehensive Income and Expenditure Statement.

NOTES TO THE CORE FINANCIAL STATEMENTS

Cost or Valuation of Software	2015/16	2014/15
	£000's	£000's
Balance at 1 April	774	689
Additions	41	85
Balance at 31 March	815	774

Depreciation and Impairment of Software	2015/16	2014/15
	£000's	£000's
Balance at 1 April	637	561
Amortisation for the Year	63	76
Balance at 31 March	700	637

Net Book Value	Balance as at 31 March 2016	Balance as at 31 March 2015
	£000's	£000's
Software	115	137

14. Debtors

Amounts falling due in one year are:

	2015/16	2014/15
	£000's	£000's
Central Government Bodies	637	566
Other Local Authorities	261	262
Other Entities and Individuals	958	975
Total	1,856	1,803

Amounts falling due after one year are:

	2015/16	2014/15
	£000's	£000's
Voluntary Organisation Loans	2	3
Car Loans to Employees	10	24
Other Long Term Debtors	0	0
	12	27

NOTES TO THE CORE FINANCIAL STATEMENTS

15. Investments

The Council's investments are detailed below.

	2015/16	2014/15
	£000's	£000's
Long Term Investments (Greater than 1 year)	0	0
Short Term Investments (Less than 1 year)	3	4,018
	3	4,018

16. Assets Held for Sale

Countesthorpe Road Sports Ground was classified as an asset held for sale as at 31st March 2016. It was sold for £200,000 on 17th May 2016.

17. Inventories

	Consumable Stores		Maintenance Materials		Recyclates		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance Outstanding at Start of Year	16	15	25	15	35	33	76	63
Purchases	149	185	29	32	168	297	346	514
Recognised as an Expense in the Year	(151)	(184)	(34)	(22)	(171)	(295)	(356)	(501)
Balance Outstanding at End of Year	14	16	20	25	32	35	66	76

There is no write down of Inventory as most items are consumables.

NOTES TO THE CORE FINANCIAL STATEMENTS

18. Cash and Cash Equivalent and Bank Overdrawn

Cash and Cash Equivalents	31 March 2016	31 March 2015
	£000's	£000's
Short-term Deposits	3,961	1,408
Bank Overdrawn	31 March 2016	31 March 2015
	£000's	£000's
Cash Held by the Authority	5	4
Bank Current Accounts	(424)	(88)
	(419)	(84)
Total	3,542	1,324

Cash and cash equivalents consist of short-term bank deposits and money market funds.

Short-term bank deposits consist primarily of money market deposits, which can be readily converted to cash at short notice. The effective interest rate on short-term bank deposits at 31 March 2016 was 0.25% (0.50% as at 31 March 2015).

The Council has an unsecured bank overdraft facility of £1 million.

The maximum exposure to credit risk for cash and cash equivalents is equal to the carrying value.

19. Short Term Creditors

	2015/16	2014/15
	£000's	£000's
Central Government Bodies	(628)	(413)
Other Local Authorities	(66)	(36)
Other Entities and Individuals	(2,625)	(2,780)
Total	(3,319)	(3,229)

NOTES TO THE CORE FINANCIAL STATEMENTS

20. Provisions

	Accumulated Absence 2015/16	NNDR Appeals 2015/16	Total 2015/16
	£000's	£000's	£000's
Balance B/Fwd	(35)	(326)	(361)
Arising during the year	(31)	(245)	(276)
Used during the year	35	0	35
Balance C/Fwd	(31)	(571)	(602)
Current Provision	(31)	(571)	(602)
	(31)	(571)	(602)
Expected Timing of Cash Flows:			
To 31 March 2017	(31)	(571)	(602)
Total	(31)	(571)	(602)

	Accumulated Absence 2014/15	NNDR Appeals 2014/15	Total 2014/15
	£000's	£000's	£000's
Balance B/Fwd	(52)	(174)	(226)
Arising during the year	(35)	(194)	(229)
Used during the year	52	42	94
Balance C/Fwd	(35)	(326)	(361)
Current Provision	(35)	(326)	(361)
	(35)	(326)	(361)
Expected Timing of Cash Flows:			
To 31st March 2016	(35)	(326)	(361)
Total	(35)	(326)	(361)

An accumulated absence provision was made for the best estimate of the unavoidable cost associated with holiday pay. This provision is expected to be used by the end of next period as no holiday pay can be carried forward for more than 1 year.

A provision has been set up to fund appeals against rateable values for business within the borough. This will be utilised as appeals are settled.

NOTES TO THE CORE FINANCIAL STATEMENTS

21. Capital Grants and Contributions - Receipts in Advance

	2015/16	2014/15
	£ 000's	£ 000's
Grants and Contributions		
Big Lottery Grant - Toy library	(5)	(5)
Big Lottery Grant - Mobile library	(1)	(1)
Section 106 South Wigston Regeneration	(10)	(10)
South Wigston Regeneration - Interest	(305)	(306)
Section 106 - Open Space	(550)	(621)
Green Roof Bus Shelter	(6)	(6)
Brocks Hill Alarm	(1)	(1)
DECC Grant	(5)	(5)
Total	(883)	(955)

22. Movements on Reserves

	Balance	Net	Balance	Net	Balance
	At	Movement	At	Movement	At
	31st March	in	31st March	in	31st March
	2014	Year	2015	Year	2016
	£000's	£000's	£000's	£000's	£000's
Earmarked Reserves (Note 5)	(5,551)	750	(4,801)	1,660	(3,141)
Other Usable Reserves					
Usable Capital Receipts Reserve	(705)	126	(579)	(150)	(729)
Capital Grants Unapplied Reserve	(30)	0	(30)	0	(30)
Deferred Capital Receipts - General Fund	(3)	0	(3)	0	(3)
General Fund	(891)	(123)	(1,014)	18	(996)
Housing Revenue Account	(1,897)	(826)	(2,723)	1,377	(1,346)
	(9,077)	(73)	(9,150)	2,905	(6,245)

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance	Net	Balance	Net	Balance
	At	Movement	At	Movement	At
	31 March	in	31 March	in	31 March
	2014	Year	2015	Year	2016
	£000's	£000's	£000's	£000's	£000's
Unusable Reserves					
Collection Fund Adjustment Account	60	252	312	(71)	241
Pensions Reserve	20,426	4,251	24,677	(6,091)	18,586
Revaluation Reserve	(11,246)	(2,179)	(13,425)	113	(13,312)
Capital Adjustment Account	(29,557)	1,533	(28,024)	2,957	(25,067)
Financial Instruments Adjustment Account	7	0	7	0	7
Accumulated Absences Reserve	52	(17)	35	(4)	31
	(20,258)	3,840	(16,418)	(3,096)	(19,514)
Total	(29,335)	3,766	(25,569)	(190)	(25,759)

Purpose of Reserves

Details for the purpose of reserves not given elsewhere in either the Notes to the Core Financial Statements or the Statement of Accounting Policies are shown below.

Usable Capital Receipts	Proceeds of fixed asset sales available to meet future capital investment
Capital Grants Unapplied	Reserve contains capital grants for which all conditions of use have been fulfilled, but have yet to be used for funding.
Deferred Capital Receipts	Proceeds of fixed asset sales which are not receivable immediately on sale.
General Fund	Resources available to meet future running costs of non-housing services
Housing Revenue Account	Resources available to meet future running costs of council houses
Financial Instruments Adjustment Account	Accounts for the timing differences in the different methods of accounting for Financial Instruments
Accumulated Staff Absence	The Authorities obligation to staff for leave earned but not taken at the end of the financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

23. Capital Adjustment Account

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

	2015/16	2014/15
	£000's	£000's
Balance as at 1 April	(28,041)	(29,557)
Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	6,113	3,014
Amortisation of intangible assets	63	76
Revenue expenditure funded from capital under statute	244	446
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,432	2,194
	8,852	5,730
Adjusting amounts written out of the Revaluation Reserve	(928)	(657)
Notional Gain on Revaluation of Investment Property	(153)	(17)
Net Written Out Amount of the Cost of Non-current Assets Consumed in the Year	(20,270)	(24,501)
Capital financing applied in the year		
Use of Capital Receipts Reserve to finance new capital expenditure	(66)	(312)
Use of Major Repairs Reserve to finance new capital expenditure	(1,185)	(2,197)
Application of grants to capital financing from the Capital Grants Unapplied Account and other Reserves	(1,380)	(619)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(271)	(238)
Capital expenditure charged against the General Fund and HRA balances	(1,895)	(174)
	(4,797)	(3,540)
Balance as at 31 March	(25,067)	(28,041)

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

24. Revaluation Reserve

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

NOTES TO THE CORE FINANCIAL STATEMENTS

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2015/16	2014/15
	£000's	£000's
Balance as at 1 April	(13,409)	(11,246)
Upward revaluation of assets	(2,183)	(2,989)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	1,199	152
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(984)	(2,837)
Amount written off to the Capital Adjustment Account	928	657
Adjustment for Revaluation Gain on Investment Properties	153	17
Balance 31 March	(13,312)	(13,409)

25. Pensions Fund Reserve

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

	2015/16	2014/15
	£000's	£000's
Balance at 1 April	24,677	20,426
Transfer to Pension Reserve	(5)	(4)
Remeasurements of the net defined benefit liability/(asset)	(6,977)	3,394
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.	1,773	1,704
Employer's Pension Contributions and direct payments to the pensioners payable in the year.	(882)	(843)
Balance at 31 March	18,586	24,677

NOTES TO THE CORE FINANCIAL STATEMENTS

26. Cash Flow Statement - Investing Activities

	2015/16	2014/15
	£000's	£000's
Purchase of Property Plant and Equipment	11,737	6,153
Proceed of the Sale of Property Plant and Equipment	(374)	(312)
Other Receipts from Investing Activities	(75)	(225)
Net Change in Investments	(4,000)	(2,000)
Total Investing Activities	7,288	3,616

27. Cash Flow Statement - Financing Activities

	2015/16	2014/15
	£000's	£000's
Cash Receipts from Long and Short Term Borrowing	(8,000)	0
Repayments of Short Term and Long Term Borrowing	3	12
Appropriation to/from the Collection Fund Adjustment Account.	(71)	252
Other Payments for Financing Activities	(143)	394
Total Financing Activities	(8,211)	658

28. Net Movement in Liquid Resources

The Council seeks to maximise return on short term cash surpluses by the use of money market deposits.

	As at 31st March 2016	As at 31st March 2015	Increase/ (Decrease) in Year
	£000's	£000's	£000's
Money Market	3,961	5,408	(1,447)
Short Term Deposits	3,961	5,408	(1,447)

The Council collects Council Tax and Non Domestic Rates on behalf of its Precepting Authorities and the Government. At the end of the year the difference between money collected and paid over is shown as an increase or decrease in liquid resources.

	As At 31/03/2016	As At 31/03/2015
	£000's	£000's
Net Movement in other Liquid Resources	(244)	394

NOTES TO THE CORE FINANCIAL STATEMENTS

29. Operating and Finance Leases

Operating Lease

During the year the Council made payments on operating leases as detailed below.

2015/16			2014/15
Vehicles £000's	Other Equipment £000's	Total £000's	Total £000's
95	6	101	140

At 31 March 2016 the Council had commitments in respect of operating leases for future years as shown below.

As at 31st March 2016	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	75	2	77
Between 1 and 5 years	47	7	54
Total	122	9	131

As at 31st March 2015	Vehicles £000's	Other Equipment £000's	Total £000's
Less than 1 year	90	5	95
Between 1 and 5 years	97	0	97
Total	187	5	192

Finance Leases

During 2015/16 the Council held photocopying equipment under a finance lease. This is carried as Property, Plant and Equipment in the Balance Sheet at a net amount of £26,774 at 31 March 2016 (£40,160 as at 31 March 2015).

The Council is committed to making minimum lease payments as shown below.

NOTES TO THE CORE FINANCIAL STATEMENTS

Minimum Lease Payments	2015/16	2014/15
	£000's	£000's
Amounts Payable under Finance Leases		
Within One Year	16	16
Between One and Five Years	24	40
Less Future Finance Charges	(6)	(9)
Present Value of Minimum Lease Payments	34	47
Included in:		
Current Liabilities	14	14
Non-current Liabilities	20	33
Total	34	47

The total future minimum lease payments amount to £39,759 which includes future rental cost of £33,467 at 31 March 2016.

30. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice.

However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across committees, the operating segments. These reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:

- No charges are made for any eventual impairment or revaluation of assets as these are only realised at the end of the financial year.
- Only revenue grants matched by expenditure are included.

These reports are presented to the Council's Management Team who is defined as the chief operating decision maker on the basis that it allocates resources and assesses the performance of the operating segments.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16	Develop- ment Control	Service Delivery	Policy, Finance & Development	Youth & Licensing	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Income	(266)	(757)	(811)	(87)	(1,921)
Government Grants	0	(260)	(9,312)	0	(9,572)
Total Income	(266)	(1,017)	(10,123)	(87)	(11,493)
Employee Expenses	558	2,380	2,020	90	5,048
Support Service Recharges	116	165	500	59	840
Other Service Expenses	33	2,094	9,922	21	12,070
Total Expenditure	707	4,639	12,442	170	17,958
Net Expenditure	441	3,622	2,319	83	6,465

2014/15 Comparative Figures	Develop- ment Control	Service Delivery	Policy, Finance & Development	Youth & Licensing	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Income	(246)	(6,080)	(810)	(83)	(7,219)
Government Grants	0	(203)	(9,541)	0	(9,744)
Total Income	(246)	(6,283)	(10,351)	(83)	(16,963)
Employee Expenses	489	3,085	1,681	42	5,297
Support Service Recharges	145	403	493	38	1,079
Depreciation	0	2,168	0	0	2,168
Other Service Expenses	189	3,815	10,129	15	14,148
Total Expenditure	823	9,471	12,303	95	22,692
Net Expenditure	577	3,188	1,952	12	5,729

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

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

	2015/16	2014/15
	£000's	£000's
Net expenditure in the Committee Analysis	6,465	5,729
Amounts in the Comprehensive Income and Expenditure Statement not Reported to Management in the Analysis	4,265	803
Cost of Services in Comprehensive Income and Expenditure Statement	10,730	6,532

Reconciliation to Subjective Analysis

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Service Income	(1,921)	0	(1,921)	0	(1,921)
Interest and Investment Income	0	0	0	(167)	(167)
Income from Collection Fund	0	0	0	(3,454)	(3,454)
Government Grants and Contributions	(9,572)	(8)	(9,580)	(3,081)	(12,661)
Total Income	(11,493)	(8)	(11,501)	(6,702)	(18,203)
Employee Expenses	5,048	0	5,048	0	5,048
Support Service Recharges	840	0	840	0	840
Non Distributed Costs		0	0	0	0
Depreciation, Amortisation and Impairment	0	4,273	4,273	0	4,273
Interest Payments	0	0	0	592	592
Payments to Housing Capital Receipts Pool	0	0	0	148	148
Other Service Expenses	12,070	0	12,070	0	12,070
Pension Interest Costs and Return on Pension Assets	0	0	0	791	791
Gain or Loss on Disposal of Fixed Assets	0	0	0	2,065	2,065
Total Expenditure	17,958	4,273	22,231	3,596	25,827
(Surplus) or Deficit on the Provision of Services	6,465	4,265	10,730	(3,106)	7,624

NOTES TO THE CORE FINANCIAL STATEMENTS

2014/15 Comparative Figures	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's
Fees, Charges & Other Service Income	(7,219)	0	(7,219)	0	(7,219)
Interest and Investment Income	0	0	0	(59)	(59)
Income from Council Tax	0	0	0	(3,083)	(3,083)
Government Grants and Contributions	(9,744)	42	(9,702)	(3,631)	(13,333)
Total Income	(16,963)	42	(16,921)	(6,773)	(23,694)
Employee Expenses	5,297	0	5,297	0	5,297
Support Service Recharges	1,079	0	1,079	0	1,079
Non Distributed Costs	0	0	0	0	0
Depreciation, Amortisation and Impairment	2,168	761	2,929	0	2,929
Interest Payments	0	0	0	574	574
Payments to Housing Capital Receipts Pool	0	0	0	121	121
Other Service Expenses	14,148	0	14,148	0	14,148
Pension Interest Costs and Return on Pension Assets	0	0	0	877	877
Gain or Loss on Disposal of Fixed Assets	0	0	0	1,882	1,882
Total Expenditure	22,692	761	23,453	3,454	26,907
(Surplus) or Deficit on the Provision of Services	5,729	803	6,532	(3,319)	3,213

31. Members Allowances

In 2015/16 the Council paid allowances to Members totalling £153,441 (2014/15 £163,147). The diminution compared to the previous year reflects the end of Councillor's participation in the Local Government Pension Scheme.

32. Audit Costs

In 2015/16 Oadby and Wigston Borough Council incurred the following fees relating to external audit and inspection:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2015/16	2014/15
	£000's	£000's
Fees payable to the Council's auditors with regard to external audit services carried out by the appointed auditor	50	43
Fees payable to the Council's auditors for the certification of grant claims and returns	8	12
Fees payable in respect of other services	5	3
	63	58

33. Related Party Transactions

The aim of this note is to demonstrate that any material transactions between the Council and those in a position to influence decisions are properly disclosed.

Any material transactions between related parties must be disclosed in the Statement of Accounts. The purpose of this is to highlight the possibility that the reported position and results may have been affected by the existence of the related parties and by any material transactions with them.

As Members and Chief Officers are considered to be related parties, a Register of Interest is used to record and monitor related party transactions. Disclosure forms were also completed by both Members and Chief Officers. There were found to be no significant transactions. Leicestershire County Council, Leicestershire Police and Leicestershire Local Government Pension Scheme are considered to be related party transactions, their year end balances being:

	2015/16	2014/15
	Payments £000's	Payments £000's
Leicestershire County Council	317	501
Leicestershire County Council, Pension Fund	882	843
Leicestershire County Council - Year End Debtor	14	3
Leicestershire County Council - Year End Creditor	177	174
Leicestershire Police Authority	4	3
	1,394	1,524
	Precepts £000's	Precepts £000's
Leicestershire County Council	19,393	18,991
Leicestershire Police	3,043	2,981
Leicestershire and Rutland Fire Authority	1,022	1,115
	23,458	23,087
Total	24,852	24,611

In 2015/16 the Council received a number of Government grants. These have been listed in notes 9 and 37 in the accounts.

NOTES TO THE CORE FINANCIAL STATEMENTS

Entities controlled or significantly influenced by the Council:

The following grants were given to external organisations in year. Whilst these amounts may not be material to the Council they may be material to and indicate control of the awarded bodies.

	2015/16		2014/15	
	Receipts	Payments	Receipts	Payments
	£000's	£000's	£000's	£000's
Leicestershire County Council				
Safer Communities Grant	20	0	18	0
Supporting People Grant	41	0	106	0
Council Tax Support	1	0	12	0
Community/Youth Grants				
South and West				
Leicestershire CAB	0	34	0	55
Senior Citizen's Group	0	10	0	10
Multicultural Group	0	0	0	5
SSAFA	0	0	0	3
Age UK - Wigston	0	6	0	6
Civic Orchestra	0	2	0	0
Friends of Brocks Hill	0	2	0	0
Grant of Lions	0	2	0	0
Helping Hands	0	15	0	0
Phoenix Therapies	0	3	0	0
Wigston Foodies	0	2	0	0
Pride of the Borough	0	5	0	0

Councillor Mr L Bentley is a Governor of Birkett House School which submitted a Planning Application to the Council. Councillor Mr D Carter is an executive committee member of Oadby Community Stakeholders, he is also a committee member of the Pride of the Borough, which receives an annual grant from the Council.

NOTES TO THE CORE FINANCIAL STATEMENTS

34. Remuneration of Senior Staff

The Council is required to disclose payments made to senior employees, by post, whose remuneration is in excess of £50,000 per annum. The situation for 2015/16 is as follows;

Senior Officers' Salary - £50,000 to £150,000

Post Holder		Salary, Fees & Allowances	Expense Allowances	Compensation for Loss of Office	Pension Contributions	Total
		£000's	£000's	£000's	£000's	£000's
Chief Executive	2015/16	97	0	0	24	121
	2014/15	95	0	0	22	117
Director of Service Delivery	2015/16	79	0	0	19	98
	2014/15	78	0	0	18	96
Chief Financial Officer	2015/17	4	0	0	0	4
	2014/16	0	0	0	0	0

During part of the financial year 2015/16 the Council employed the Chief Financial Officer through an agency, as a result of which salary costs for this post are not included above. The total fees paid to the agency for this role totalled are as follows £36,573 for 2015/16 (£44,440 for 2014/15).

Officers Salary Exceeding £50,000

The Council's other employees receiving more than £50,000 remuneration for the year were paid in the following bands:

Remuneration Band	2015/16	2014/15
£50,000 - £55,000	1	0
£55,000 - £60,000	0	0
£60,000 - £65,000	1	1
£65,000 - £70,000	1	1
	3	2

Remuneration for these purposes includes all sums paid to or receivable by an employee, sums due by way of expense allowances and the money value of any other benefits received other than in cash, but excludes pension contributions payable by either the employee or the Council.

Exit Packages

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

NOTES TO THE CORE FINANCIAL STATEMENTS

2015/16				
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£
£0 - £20,000	7	4	11	59,657
Total	7	4	11	59,657

2014/15				
Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band
				£
£0 - £20,000	1	0	1	3,595
Total	1	0	1	3,595

35. Termination Benefits

The Council has terminated the contracts of eleven employees in the year through redundancy. The cost of this movement was £59,657 (2014/15 £3,595) - see note 34 for the number of exit packages and total cost by band.

The cost of termination benefits has been met by a combination of earmarked reserve, balance sheet provisions and revenue. All capital costs associated with early retirement have been funded by a combination of the Leicestershire County Council Pension Fund, earmarked reserves, balance sheet provisions and revenue.

36. Defined Benefit Pension Schemes

The Council participates in the Local Government Scheme administered by Leicestershire County Council. This is a defined benefit funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level estimated to balance the pension liabilities with investment assets.

In 2015/16 the Council paid an employer's contribution of £822,931 (2014/15 £784,232) into the Leicestershire County Council Superannuation Fund, representing 25.95% (2014/15 23.24%) of pensionable pay.

In addition the Council made payments into the Leicestershire County Council Superannuation Fund relating to added years benefits of £59,119 (2014/15 £58,608), representing 1.86% (2014/15 1.74%) of pensionable pay.

The annual report of the Leicestershire County Council Pension Fund is available from County Hall, Glenfield, Leicester.

NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the change we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserve Statement during the year:

Comprehensive Income and Expenditure Statement		
	2015/16	2014/15
	£000's	£000's
Cost of Services		
Service Cost comprising		
Current Service Cost	970	827
Past Service Costs	12	0
Financial and Investment Income and Expenditure		
Net interest expense	791	877
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,773	1,704
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement.		
Remeasurement of the net defined benefit liability comprising		
Return on plan assets (excluding the amount included in the net interest expense)	674	(2,788)
Actuarial gains and losses arising on changes in demographic assumptions		
Actuarial gains and losses arising on changes in financial assumptions	(6,883)	6,616
Other	(768)	(434)
Transfer to Pension Reserve for Post Year Actuaries Adjustment	(5)	(4)
Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement.	(6,982)	3,390
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code.	147	43
Actual amount charged against the General Fund Balance for pension in the year		
Employers contribution payable to scheme	841	802
Retirement benefits payable to pensioners	46	45

NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2015/16	2014/15
	£000's	£000's
Present Value of the Defined Benefit Obligation	45,971	52,227
Fair Value of the plan assets	(27,385)	(27,550)
Net liability arising from Defined Benefit Obligation	18,586	24,677

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets		
	2015/16	2014/15
	£000's	£000's
Opening fair value of scheme assets	27,550	24,208
Interest Income	876	1,030
Remeasurement gain/ (loss)		
The return on plan assets, excluding the amount included in the net interest expense	(674)	2,788
Contributions from employer	841	802
Contribution from employees into the scheme	209	223
Benefits paid	(1,417)	(1,501)
Other (if applicable)	0	0
Closing fair value of scheme assets	27,385	27,550

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)		
	2015/16	2014/15
	£000's	£000's
Opening balance at 1st April	52,227	44,634
Current Service Costs	970	827
Interest cost	1,667	1,907
Contributions from scheme participants	209	223
Remeasurement (gain) and loss		
Actuarial gain/loss arising from changes in demographic assumptions	0	0
Actuarial gain/loss arising from changes in financial assumptions	(6,883)	6,616
Other	(768)	(434)
Past service cost	12	0
Benefit Paid	(1,463)	(1,546)
Adjustment for 2015/16 Actuarial report	0	0
Closing balance at 31st March	45,971	52,227

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised		
	Fixed Value of Scheme Assets	
	2015/16 £000's	2014/15 £000's
Cash and cash equivalents	548	276
Equity Securities	748	855
Debt Securities	2,573	2,644
Private Equity	1,051	1,045
Real Estate	2,789	2,611
Investment Funds and Unit Trusts:		
Equities	13,435	13,891
Bonds	2,947	2,566
Hedge Funds	1,243	1,196
Commodities	589	1,157
Infrastructure	715	650
Other	747	659
	19,676	20,119
Total Assets	27,385	27,550

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and Discretionary Benefits Liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2015/16	2014/15
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.2	22.2
Women	24.3	24.3
Longevity at 65 for future pensioners		
Men	24.2	24.2
Women	26.6	26.6
Rate of Inflation		
Rate of increase in salaries	3.2%	4.3%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.5%	3.2%

NOTES TO THE CORE FINANCIAL STATEMENTS

Impact on the Defined Benefit Obligation in the Scheme		
	Increase in Employer's Liability	Appropriate Monetary Amount
Change in Assumptions at 31st March 2016	%	£000's
0.5% decrease in Real Discount Rate	10	4,609
1 Year increase in member life expectancy	3	1,379
0.5% increase in the Salary Increase Rate	2	1,061
0.5% increase in the Pensions Increase Rate	8	3,511

37. Revenue and Capital Grants

The Council has credited the following grants and contributions to the Comprehensive Income and Expenditure Statement during 2015/16:

	2015/16	2014/15
	£000's	£000's
Revenue:		
Rent Allowance	6,081	6,571
Benefit Administration	202	163
Rent Rebates	2,786	2,881
Transparency Grant	0	6
Community Rights to Challenge New Burdens Grant	0	9
Assets of Community Value New Burdens Grant	0	8
Local Land Charges Court Case Grant	33	0
Housing Benefit New Burdens Grant	19	12
Council Tax Support New Burdens Grant	13	62
Local Authority Data Sharing	7	10
Individual Electoral Registration Grants	15	25
Enhanced Land Valuation Grant	5	0
Weekly Collection Support Scheme	0	128
Big Lottery Fund (Boulter Crescent)	29	38
Safer Communities	20	18
Supporting People	0	109
Physical Activity Development Grant	142	141
Youth Activities Early Help	0	47
Letting Agents Transparency	1	0
Right to Move Grant	53	0
Local Development Order Grant	45	0
NHS Community Grant Scheme	7	0
PCC Youth Diversion Grant	8	0
Food and Fuel Scheme Grant	4	0
Heritage Lottery Fund - Brocks Hill Grant	22	0
	9,492	10,228
Capital		
Improvement Grants	177	143
Transformation Challenge Award	60	0
	237	143
Total	9,729	10,371

NOTES TO THE CORE FINANCIAL STATEMENTS

38. Capital Expenditure

The Council's in year capital expenditure was financed as follows:

	2015/16	2014/15
	£000's	£000's
Opening Capital Financing Requirement	22,308	22,118
Capital Investment		
Property, Plant, Equipment and Intangible Assets	14,611	3,284
Revenue Expenditure Funded from Capital under Statute - Other	421	595
Sources of Finance		
Capital Receipts	(66)	(312)
Government Grants and Other Contributions	(2,742)	(2,966)
Revenue Contribution	(1,895)	(174)
Revenue Provision	(271)	(237)
Closing Capital Financing Requirement	32,366	22,308
Explanation of Movement in Year		
Increase/Decrease in underlying need for supported Borrowing	0	0
Increase/Decrease in underlying need for unsupported Borrowing	10,058	190
	10,058	190

General Fund capital expenditure in 2015/16 resulted in a net increase in the underlying need for unsupported borrowing of £10,058,057 (2014/15 £189,651).

There is a £2.872M discrepancy between the sum of the capital expenditure recorded in Note 10, Property, Plant & Equipment, and Note 13, Intangible Assets; and Note 38, Capital Expenditure. This reflects the fact that, under local government accounting regulations, for the purpose of calculating the Capital Financing Requirement, expenditure is not recognised until the asset is in operational use. Therefore, expenditure on the Leisure Facilities project in 2014-15 was not reflected in the CFR until 2015-16.

39. Minimum Revenue Provision

Under the Capital Finance Regulations, this Council has a duty to set aside a Minimum Revenue Provision (MRP) for the repayment of external debt that it considers "prudent".

For this financial year in respect of debt that is supported by the Revenue Support Grant the method chosen is the Capital Financing Requirement (CFR) method. The CFR method calculates MRP as 4% of the non-housing CFR at the end of the preceding financial year.

In the case of new borrowing for which no Government support has been given and is therefore self-financed, the Asset Life method has been used. This method requires

NOTES TO THE CORE FINANCIAL STATEMENTS

MRP to be made in equal annual instalments over the estimated life of the asset for which the unsupported borrowing is undertaken.

The annuity asset life method requires that the MRP for each year be the amount presumed to be the principal element of the equal amounts that would be payable each year in respect of a loan at a specified rate of interest that would reduce the outstanding principal amount to zero at the end of the estimated useful life of the asset. This results in an MRP charge that rises over time. This is deemed to be particularly appropriate for assets which generate increasing revenues over time. This has been chosen for the leisure facilities project.

	2015/16	2014/15
	£000's	£000's
General Fund Charge	271	238
HRA Charge	0	0
Minimum Revenue Provision	271	238

The provisions for depreciation and impairment should be regarded as part of the minimum revenue provision with the balance being treated as a transfer to or from the Capital Adjustment Account.

	2015/16	2014/15
	£000's	£000's
Minimum Revenue Provision	271	238
Amount Charged as Depreciation	(1,454)	(847)
Amount Charged as Impairment	(2,573)	(62)
Additional Charge to/from the General Fund Balance	(3,756)	(671)

40. Analysis of Net Assets Employed

	31st March 2016	31st March 2015
	£000's	£000's
General Fund	2,211	3,551
Housing Revenue Account	23,548	22,018
	25,759	25,569

NOTES TO THE CORE FINANCIAL STATEMENTS

41. Information on Assets Held

Fixed assets owned by the Council include the following;

	No. as at 31st March 2016	No. as at 31st March 2015
Operational Buildings		
Allotment Sites	4	4
Car Parks	11	11
Cemeteries	2	2
Cemetery Buildings	4	4
Council Offices	1	1
Community / Day Centres	2	2
Depots & Garage	1	1
Garages	179	179
Garage Spaces	54	54
Pavilions	7	7
Public Conveniences	4	4
Sports Centre	1	1
Swimming Pools	1	1
Sports Grounds & Parks	17	16
Vehicle Workshop	1	1
Brocks Hill Visitor Centre	1	1
Brocks Hill Country Park	1	1
Investment Property		
Shops	3	3
Countersthorpe Road Sports Ground	1	1
Council Dwellings	1,235	1,240
Total	1,530	1,534

42. Financial Instruments Balances

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

	Long - Term		Current	
	2015/16	2014/15	2015/16	2014/15
	£000's	£000's	£000's	£000's
Financial Liabilities at Amortised Cost	(19,133)	(19,147)	(10,831)	(2,519)
Financial Liabilities at Fair Value through Profit and Loss	0	0	0	0
Total Borrowings	(19,133)	(19,147)	(10,831)	(2,519)
Loans and Receivables	12	26	5,388	4,840
Available-for-Sale Financial Assets	0	0	0	0
Total Investments	12	26	5,388	4,840

NOTES TO THE CORE FINANCIAL STATEMENTS

43. Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	Financial Assets	
	Loans and Receivables	
	2015/16	2014/15
	£000's	£000's
Interest Expense	579	574
Interest Income	(14)	(59)
Net (Gain)/Loss for the Year	565	515

In the past, the Council has made loans to staff under a car purchase scheme at less than market rates. As these "soft loans" now total less than £1K, it has been decided that at present interest rates any adjustment for loss on them would not be material.

44. Fair Value of Assets and Liabilities Carried at Amortised Cost

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

- Estimated interest rates at 31 March 2016 for loans and investments, including those loans from the Public Works Loan Board, are based on a rate equivalent to that of the outstanding period of each loan or investment.
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values calculated are as follows:

	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000's	£000's	£000's	£000's
Financial Liabilities	(29,964)	(33,208)	(21,666)	(24,792)

The fair value is more than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. This commitment

NOTES TO THE CORE FINANCIAL STATEMENTS

to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2016		31 March 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000's	£000's	£000's	£000's
Loans and Receivables	5,400	5,400	4,866	4,866

The fair value is represented by the carrying amount as the Council has no material long-term investments.

45. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous 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.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework 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;
 - The maximum and minimum exposures to fixed and variable rates;
 - The maximum and minimum exposures to the maturity structure of its debt;
 - The 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;

NOTES TO THE CORE FINANCIAL STATEMENTS

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Strategy and Plan which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported at least annually to Members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with UK banks and "top 20" building societies with a minimum long-term rating of 'A' and a short-term rating of F1. In addition, investments in money market funds may be made, provided that such funds have a long-term rating of 'AAA'. Top 20 is defined as building societies with a minimum asset base of £1 billion. The Council has a policy of not lending more than £1.5 million of its surplus balances to one institution.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions. For sundry debtors, other debtors and housing rents the historical experience of default is based on the provision for bad and doubtful debts according to generally accepted accounting practice. This is adjusted to reflect current market conditions.

			Historical Experience Adjusted for Market Conditions at 31st March 2015	Estimated Maximum Exposure to Default and Uncollectibility
	Amount at 31st March 2016	Historical Experience of Default		
	£000's	%	%	£000's
	A	B	C	(A x C)
Deposits with banks and financial Institutions				
Local Authorities	0	0.00	0.00	0.00
'AA' Rated Counterparties	0	0.02	0.02	0.00
'A' Rated Counterparties	0	0.06	0.06	0.00
Sundry Debtors *	1,032	0.04	0.04	41.27
Other Debtors	130	0.04	0.04	5.22
Housing Rents	265	0.02	0.02	5.30
				51.79

* Sundry debtors includes the overpayment of housing benefits, building control fees and charges, licensing fees and other service fees and charges.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

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

The Council does not allow credit for customers, such that all of the debtor's balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2015/16	2014/15
	£000's	£000's
Less than three months	145	196
Three to six months	64	144
Six months to one year	117	126
More than one year*	708	549
	1,034	1,015

* The majority of debt that has been outstanding for more than one year relates to the overpayment of housing benefit where instalment payments have been set up.

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 Strategy and Plan and Investment Strategy reports), as well as through a comprehensive cash flow management system, as 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 whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose action is unlawful). The Council is also required to provide a balanced budget through 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. Whilst the cash flow procedures above are considered against the refinancing risk procedures, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The approved prudential indicator limits for the maturity structure of debt, and the limits placed on investments placed for greater than one year in duration, are the key parameters used to address this risk. The Council approved the Treasury Strategy and Plan and Investment Strategy to address the main risks, and the central treasury team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the 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 to provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	2015/16	2014/15
	£000's	£000's
Less than one year	(10,831)	(2,519)
Between one and two years	(513)	(13)
Between two and five years	(506)	(520)
More than five years	(18,114)	(18,614)
	(29,964)	(21,666)
Bank Overdrawn	(419)	(84)
Short Term Creditors*	(2,402)	(2,432)
Short Term Borrowing	(8,010)	(3)
Long Term Creditors	(19)	(33)
Long Term Borrowing	(19,114)	(19,114)
	(29,964)	(21,666)

All trade and other payables are due to be paid in less than one year.

*Amounts owing to and from central government and other local government agencies are not deemed financial instruments, as they represent statutory obligations, rather than tradable instruments. Consequently, the short-term creditors figure here is lower than the balance sheet figure.

Market Risk

Interest Rate Risk

Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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

The Council has a number of strategies for managing interest rate risk. The policy is to have no more than 25% of its borrowings in variable rate loans. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out should be fixed or variable.

According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2015/16	2014/15
	£000's	£000's
Increased return on money market investments	(11)	(83)
Impact on Income and Expenditure Account	(11)	(83)
Share of Overall Impact Credited to the HRA	(8)	(28)

The current Bank of England Base Rate is 0.50%. The scope for any further decrease in prevailing interest rates for investments with a maturity of less than one year is so small that the Council does not regard the risk to be material.

Price Risk

The Council is not exposed to price risk as it does not invest in equity shares.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus no exposure to loss arising from movements in exchange rates.

46. Contingent Liabilities

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The impact upon the Council as a scheme creditor is not clear, nor is the consequential impact on future funding for unknown claims incurred but not reported between 1974 and 1992. Whilst the Council has so far fulfilled its obligations to the scheme, the total liability going forward is uncertain, and there thus remains the possibility of future demands on Council funds.

Litigation

The Council is currently involved in a lawsuit pertaining to a planning matter, which is currently before the Court of Appeal. If settled against the Council's favour, this is estimated to cost £10K.

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

There have been no adjustments to the 2015/16 Financial Statements

48. Statement of Authorisation

The Statement of Accounts was authorised for issue on the 20 September 2016 by Mr. M Hone CPFA, Interim Section 151 Officer. All financial events up to and including this date have been considered in these accounts including the amendments arising from the audit.

Mrs S.B. Morris
Chair of Policy, Finance and Development Committee