2015/16 STATEMENT OF ACCOUNTS

PLYMOUTH
CITY COUNCIL

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Narrative Statement for the Statement of Accounts 2015/16

Introduction and Background

Plymouth City Council is a unitary local authority responsible for all local services including transport, social care and education. Plymouth is the largest port city on the South coast with a resident population of 261,000 plus 100,000 transient workforce in the travel to work area. It is home to the largest naval base in Western Europe, HMNB Devonport and has the highest concentration of manufacturing and engineering employment in the whole of the South of England. 20% of the UK's blue - tech/marine companies are based here. The Council's vision for Plymouth is to become one of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone.

The Council plans to increase its resident population to 300,000 by 2018. This will put additional pressure on refuse collection, street cleaning, schooling and social care, both children's and adults'. Plymouth's growth is core to the corporate agenda. Council-owned land has been released for building new homes together with associated additional shopping and outdoor recreational facilities. The Council is committed to improved schooling and also in the longer term to improve Plymouth's road, rail and air transport links whilst reducing carbon emissions by 50%. The first phase of the Council's regeneration programme of the city centre, the waterfront, and the Northern and Eastern Corridor is well under way.

In very difficult financial circumstances we continue to retain and improve our core services. For example during 2015/16 we:

- Collected glass for recycling from homes across Plymouth every fortnight
- Maintained our roads; 23,342 potholes and 220,962 sq m of road were repaired last year
- Attracted 740,000 people to our Libraries
- Served up 2.5m nutritious school meals through our co-operative trading company
- Prevented more than 1,242 families from becoming homeless
- Worked with more than 5,500 children in need

The scale of the reduction in government funding over the years and the magnitude of the financial challenges facing the Council has meant that we have had to radically rethink the way we work and deliver services. We believe that we can do this by:

- taking a more commercial approach to the way we commission and run services
- making the best use of council assets
- investing in and accelerating Plymouth's economic growth,

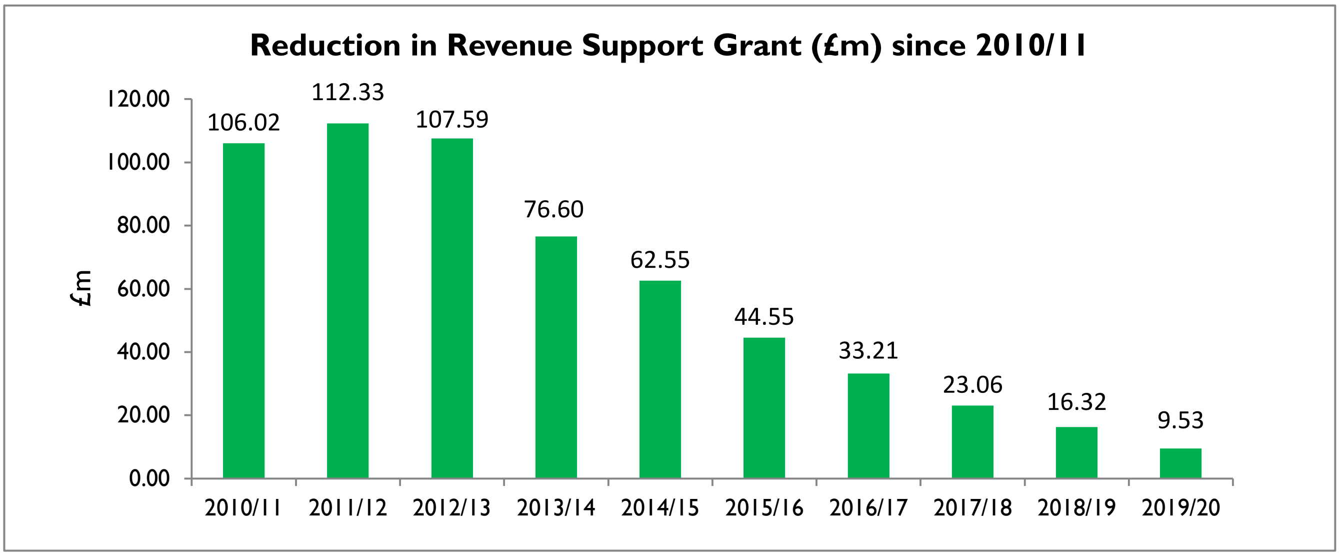
we will also reduce cost and generate additional income from business rates with the net benefit of £23m to be realised in 2016/17.

Financial Performance

I welcome this opportunity to report the Council's financial performance for 2015/16. My narrative report is not formally part of the annual Statement of Accounts. It is not covered by the audit opinion or my official certification but does supplement the Statement of Accounts by offering interested parties an easily understandable guide to the most significant matters reported in the accounts. The production of this report marks my first year at Plymouth City Council, having started at the end of May 2015. This narrative brings together information from various key documents which have been published throughout the year. The Statement of Accounts, taken as a whole, provides a comprehensive and informative stakeholder guide to establishing the Council's financial position and its net worth. In this document the Council demonstrates that it has a secure and sustainable financial standing. It has fulfilled its stewardship function for all of the public money entrusted to it in a cost effective and appropriate manner.

Since 2010, revenue funding for local government has been continually reducing and will continue to reduce for the foreseeable future, changing the make-up of the core funding as we go forward. Funding will change with government

- placing greater emphasis on councils generating additional revenue locally by attracting more businesses to the city and building more homes
- moving to 100% rates retention by 2019/20
- Introducing the Adult Social Care 2% council tax precept.



There was a drop of £18m in central government funding in 2015/16. The Council remains committed to protecting and investing in essential front line services aimed at early intervention, tackling the city's health inequalities and integrating social care with health. We are working with our partners to take a joined up preventative approach to improving the health of our residents and hence reduce demand for high cost services. Plymouth's approach to integrated health and social care service, with a clear focus on preventative and enabling services, wrapped around the combined needs of the client, is believed to be the first of its kind in the country.

The overall outturn position is a saving of £0.032m against our gross budget of £534.639m.This is testament to the strong financial management and discipline across all areas of the Council. This puts the Council in a very strong position going into the even more financially challenging 2016/17.

Given the size of the financial challenge faced for 2015/16, with a total savings target of £21.5m, balancing the budget is a major achievement for the Council. Balancing the budget without the need for a major drawdown against our financial reserves provides us with a strong foundation to address the challenges ahead.

OUTTURN POSITION 2015/16 – A SUMMARY

The Council's budget outturn position and Annual Report 2015/16 can be accessed by clicking the web links. These reports explain how the Council's priorities have been delivered over 2015/16 and also its plans for 2016/17.

The Council operated in 2015/16 with a net budget requirement of £193.009m.

The table below summarises by Directorate the budget outturn position as compared against the net budget requirement:

Directorate	Note Ref. No.	Budget 2015/16	Budget Outturn	Year End Overspend / (underspend)
		£m	£m	£m
People	1	123.233	123.393	0.160
Place	2	23.923	24.260	0.337
Office of Director of Public Health	3	1.007	0.689	(0.318)
Transformation & Change	4	33.074	35.496	2.422
Chief Executive's Office	5	3.899	3.953	0.054
Corporate Items	6	7.873	5.186	(2.687)
Total		**193.009**	**192.977**	**(0.032)**
Funded by:				
Council Tax		90.410		
Business Rates Retained		58.049		
Central Government Grant Settlement		44.550		
Total		**193.009**		

In 2015/16 we have been able to use one-off savings from our revised Minimum Revenue Provision (MRP) policy, and this is the first year of our pioneering Section 75 Agreement with the NHS Northern, Eastern, Western Clinical Commissioning Group (N.E.W. CCG). Working with our health partners and our revised budget setting process which reflects both cost and volume pressures for our social care budgets, 2015/16 is the first year we have recorded an underspend for our Adult Social Care provision in the past six years. With increasing client numbers linked to people living longer, there is even more need to join in partnership with colleagues from health to place our combined limited funding into preventative work, supporting people to live healthy lifestyles within the community.

Within the strained financial climate, the Council has set out its future direction in its Corporate Plan which clearly lays out the objectives, outcomes and values that the Council is committed to whilst driving down spend and maximising income in order to balance the books. The plan contains ambitious objectives around the themes of Pioneering, Growing, Caring and Confident Plymouth.

There are risks with any budget, particularly given the scale of the funding reductions. However, as a Council, we have every confidence that we will succeed in delivering these savings, and emerge in a strong position to take on the next set of financial challenges.

Budget Outturn Variance Analysis

You can see from the table above that overall there was a slight net underspend of £0.032m. Directorate variances are explained in note ref no. 1 to 6 as follows:

1. **The People Directorate** net overspend of £0.160m was as a result of:

   a) £0.652m additional costs related to placement pressures on the Children, Young People and Families' budget. There have been a number of factors that have contributed to this position including:

      i. a lack of availability of the right in-house foster care placements creating overuse of IFA's;

      ii. high number of placements in Welfare Secure, with 5 placements in year;

      iii. unexpected court ordered spends on Parent and Child Assessment placements;

      iv. a small number of individual packages of care at considerably higher cost due to the needs of the young person;

v. there are currently 105 Independent Foster Care (IFA's) placements with budget for only 68.

This is offset by:

b) £0.470m net favourable variance in Strategic Co-operative Commissioning. This is the first favourable outturn for six years and management actions to contain spend included measures around sign off of spend by Senior Management before approving care packages, reviewing contracts and a further review of high cost packages. Given the closedown timetable, both PCC and N.E.W. CCG agreed to formalise the financial position for the Plymouth Integrated Fund as at February 2016. We have therefore closed the books with the risk share for 2015/16 being a transfer to PCC of £0.089m. With the month 12 figures now available the final position is a risk share of £0.039m with the movement to be reflected in next year's accounts.

2. **The Place Directorate** net overspend of £0.337m was as a result of

a) £1.0m in year under achievement of various GAME income targets including £0.300m commercialisation projects and £0.420m passenger transport.

b) £0.174m net savings in Street services resulting from highways maintenance linked to a mild winter and savings in waste disposal costs offset by increased costs created by the re-procurement of the highways maintenance contract.

c) Throughout the year Strategic Planning and Infrastructure (SPI) has taken a proactive approach to budget management. Of the overall saving of £0.476m, £0.325m relates to concessionary fares, which are affected by a variety of issues beyond direct control with the overall position only becoming clearer near year end.

3. **The Office of Director of Public Health** ended the year with an overall underspend of £0.318m. Although Public Health came in as a balanced budget within the ring fenced grant, the directorate also covers the Public Protection Service which underspent by £0.297m due to a mixture of additional income and deferred spending on IT and other equipment, and the Civil Protection Unit had an underspend of £0.021m

4. **The Transformation and Change Directorate** has a range of service areas reporting an underspend mainly as a result of an Enhanced Voluntary Release Scheme being offered and completing service reviews across the Directorate. Despite this the overall position is showing an overspend of £2.422m; this is predominately due to:

a) the review of the Delt contract that took place in November 2015 which resulted in additional funds of £1.400m being allocated to ensure that the Council's IT requirements are resourced at the appropriate level going forward.

b) Legacy delays in Cooperative Centre of Operations (CCO) projects, now merged with People and Organisational Development (POD), have had an impact on benefits achievable in year.

c) Additional Delt income from new customers has been shown to be unrealistic in terms of timescale and quantity. However, in many areas we have been able to offset the savings shortfalls with one off in-year savings such as vacancy savings and additional income.

d) The Customer Services Transformation (CST) programme achieved in full its benefits target of £1.356m.

e) The Transformation Programme contributed a saving of £0.577m. During the year we were able to reduce our requirement for external consultants due to increased internal knowledge; this together with other staff savings, such as unfilled vacancies, contributed to this overall saving.

5. **The Executive Office** overspend of £0.054m relates to underachievement of Democracy and Governance support efficiency stretch targets of £0.225m which were offset by certain management action to reduce the shortfall.
6. **The Corporate Items** line reports £2.687m under its net budget requirement. This variance related to the potential for the Council to:
   a) Drawdown £1.0m from its insurance reserve and
   b) Allocate £1.0m from its general contingency budget to offset its adverse variance of £0.285m underachievement of the council wide cross cutting savings target and £0.270m linked to a strategic asset review.
   c) A review of the Minimum Revenue Provision Policy resulted in £5.964m savings through recouping prior year overly prudent provision and changing to the annuity method of calculation. In addition to this, there were other savings within Treasury Management of £0.762m due to a reduction in interest costs through improved cash management resulting in reduced borrowing, and further investment in the CCLA Property Fund.
   d) Redundancies and Enhanced Voluntary Release Scheme costs in 2015/16 were met by £0.700m from the Redundancies Reserve; but a further £0.764m remained unfunded.
   e) £0.500m was released from Pensions Reserve to meet the year-end pensions shortfall, but we have been able to replace £0.400m of this as part of the transfers to reserves detailed below.
   f) Other adverse movements on the Corporate Items budget included £0.472m relating to changes in structure and staffing levels and the subsequent reduction in internal recharges, £0.470m impact of reduced trading activity on recharges, £0.100m shortfall on the forecast income from the Devon Business Rates Pool and £0.294m shortfall on corporate efficiency savings.
   g) In addition to the above, the transfers to and from reserves and provisions to be approved in the outturn report reduce the Corporate Items outturn by £2.880m.

As in 2014/15, where we recorded a small overspend of £0.119m, we again came very close to balancing the books in 2015/16 with an underspend of £0.032m.

OUTTURN POSITION 2015/16

There are a few particular areas to note within the overall outturn position 2015/16.

This is the first year of our pioneering Section 75 Agreement with the NHS Northern, Eastern, Western Devon Clinical Commissioning Group (N.E.W. Devon CCG). Working with our health partners and our revised budget setting process which reflects both cost and volume pressures for our social care budgets, 2015/16 is the first year we have recorded an underspend for our Adult Social Care provision in the past six years. Although our Children's Social Care came in £0.652m over budget, this represents a small variance of 2% against the allocated £34.686m.

Whilst our public health department is 100% grant funded, the Office of the Director of Public Health in Plymouth is also responsible for Public Protection Services and Civil Protection Unit. Both of these departments recorded savings against budget, totalling £0.318m.

For 2015/16 we have been able to use substantial savings from our revised Treasury Management Strategy, in particular our Minimum Revenue Provision (MRP).

There has been a recent change of advice from CIPFA on MRP calculations and the use of the annuity method. Prior years involved detailed calculations which were very prescriptive but these have been replaced with a requirement that local authorities calculate an amount of MRP which they consider to be prudent. During 2015/16 the Council has undertaken a review of its MRP calculation method and accounting assumptions which used a very complex methodology. The Council therefore engaged its TM advisors, Arlingclose, to review and advise best practice. The main conclusions were that, the way we were calculating our annual MRP charge has resulted in an over-provision for many years and it also recommended a change in the calculation method.

The previous method of calculating MRP was to spread the cost of borrowing in a straight line over a maximum of 25 years. The Council wants to match the economic benefits from its assets with the life of those assets and will now use the annuity method which not only spreads the cost of the borrowing over the life of the assets but it also takes into account the time value of money. The resulting change from the over provision of MRP in prior years led to a reduction of the MRP charge in 2015/16 by £5.96m. The change of calculation method to the annuity method will also reduce the MRP charge for 2016/17 by a further £4.70m.

	31 March 2015	Outturn	31 March 2016
	£m	£m	£m
Working Balance	10.620	0.032	10.652

The £0.032m underspend has been transferred to the General Fund Working Balance. The balance at the start of the year was £10.620m; after taking into account the final surplus for the year of £0.032m the working balance to carry forward as of 31 March 2016 stands at £10.652m.

Other Financial Performance

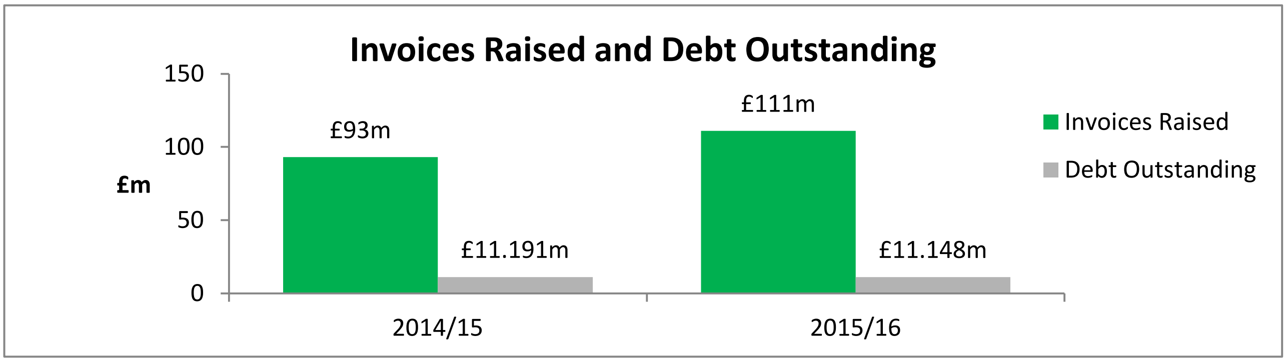
In addition to the minimal variance against the revenue budget there were a range of other significant financial achievements. In-year collection targets are set for our Council Tax, Business Rates, Commercial Rent, and Sundry Debt Income including our Trade Waste Income. The 2015/16 revenue budget was based on the achievement of the required targets.

We continue to increase our collection rates in core income streams and explore alternative ways of making further improvements. For example, in-year Council Tax collection rate has increased steadily from 92.5% in 2009/10 to our actual 96.8% in-year 2015/16.

Some Key Indicators are:

- The Miscellaneous Debt Management Team raised invoices to the total value of £111m in 2015/16 compared with £93m in 2014/15.

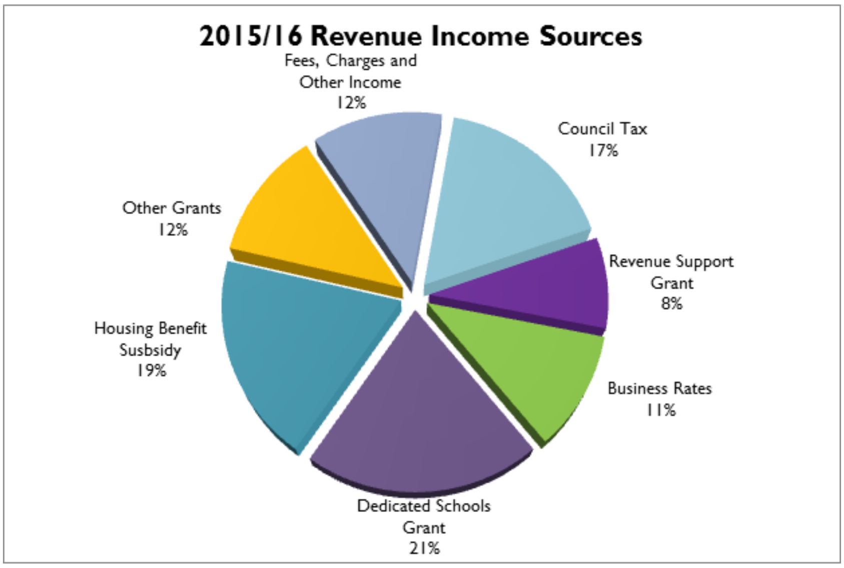
At the end of 2015/16 the debt outstanding was £11.148m compared to the debt outstanding of £11.191m in the previous year. £20m more was billed and collected, with arrears reduced by 15%.



- the value of invoices over 30 days old has reduced from £4.1m in 2014/15 to £3.5m in 2015/16
- 96.4% of our general debt was collected in year against a target of 95%. The UK average for 14/15 was 88% collected in 90 days. Plymouth collected 96.4% in 30 days.
- 97.1% of all invoices were paid within 30 days against a target of 95%
- 98.6% of NNDR collected against a target of 95.0%
- VAT partial exemption at 3.95% (14/15 = 4.37%)
- 53% of spend with PL post codes, against a target of 52% (14/15 = 48%)

GENERAL FUND REVENUE ACCOUNT

MONEY IN… INCOME SOURCES



Our Revenue Budget is financed from Council Tax, fees and charges, Government grants (which include the Revenue Support Grant (RSG) plus our allocation of Business Rates), external contributions and other income. The diagram is helpful in understanding how the 2015/16 revenue budget was financed:-

The Council set a band D Council Tax for the year of £1,320.58 for the Authority's element of Council Tax, at its meeting of 23 February 2015.

MONEY OUT… WE SPENT OUR MONEY ON

We monitor the expenditure of the Council across three Directorates, being People, Place and Transformation & Change (incorporating Finance, HR, Legal services etc) with a small Chief Executive's Office and council-wide areas covered within our Corporate Items plus the Office of the Director of Public Health.

The total spend of £192.977m is shown by department within each directorate in the following table:

People Directorate	£m
Children's Social Care	35.338
Co-operative Commissioning & Adult Social Care	70.265
Education, Learning & Family Support	15.309
Homes & Communities	2.275
Management & Support	0.206
Total	**123.393**
Transformation & Change Directorate	**£m**
Finance	16.334
Human Resources & Occupational Development	2.391
Legal	2.944
Customer Services	2.879
Management & Support	0.162
Transformation Programme	4.528
ICT	6.258
Total	**35.496**

Place Directorate	£m
Economic Development	0.491
Strategic Planning & Infrastructure	9.405
Street Services	17.653
Management & Support	(3.289)
Total	**24.260**
Corporate Items	**£m**
Capital Financing	3.170
Other Corporate Items	2.016
Total	**5.186**
Chief Executive's Office	**£m**
Total	**3.953**
Office of Director of Public Health	**£m**
Total	**0.689**
Total Council	**192.977**

CAPITAL OUTTURN 2015/16

Capital expenditure generally relates to the creation of non-current assets and other items with a useful life or benefit of greater than one year. In many instances capital expenditure on a scheme will extend beyond one year and it is therefore normal for there to be variations in the programme during the year.

Directorate	Forecast October 2015	Outturn	Year End Overspend / (underspend)
	£m	£m	£m
Transformation and Change	12.180	7.814	(4.366)
People	19.507	17.930	(1.577)
Place	45.293	36.480	(8.813)
Total	**76.980**	**62.224**	**(14.756)**

The Council has an ambitious capital investment plan, designed to improve the City's infrastructure, economy and housing. For 2015/16 capital expenditure totalled £62.224m, representing 81% of the latest approved budget of £76.980m.

The 2015/16 £62.224m programme outturn has enabled investment in some notable schemes, including:

Capital Scheme	£m	Capital Scheme	£m
Basic Need improvements to local schools	9.6	Upgrade of the Material Recycling Facility	1.8
Carriageway resurfacing	7.8	New Central Library	1.5
Towards the cost of acquisition and redevelopment of the former Quality Hotel site	4.3	Progress on development of a new Coach Station at Mayflower West, to enable the redevelopment of a leisure complex at the existing Bretonside Bus Station site	1.4
Accommodation transformation, including the separation of the Council House and Guildhall	4.0	Green Deal grant awards to Plymouth private households for solid wall insulation	1.3
To commence major infrastructure projects to support growth along the Northern Corridor	3.7	Complete the construction of the Langage employment units	1.3
Knowle Primary school rebuild	3.3	On-going replacement of street lighting to provide energy and carbon savings	2.1
To enable the redevelopment of South Yard as a Marine Industries Production Campus	3.0	Dilapidated fleet replacements ensuring reliability and effectiveness for service delivery	2.2

The year-end position includes £15m of re-profiling of schemes into 2016/17. This is spend which was scheduled to be delivered in 2015/16, but is now forecast to be delivered during 2016/17. The most significant projects being re-profiled are:

- The delivery of the Mayflower Coach Station project was delayed in 2015/16 due to contract negotiations, changes in design (value engineering process) and a Member request to keep the temporary Mayflower West Car Park open over Christmas. £1.427m of un-ring-fenced funded spend was incurred in 2015/16 compared to the £2.503m as cash-flowed for 2015/16 delivery in October 2015. This project will complete in summer 2016/17, at a total scheme cost of £4.856m. **(£1.1m)**
- At the time of the approval of the acquisition of the Quality Hotel site in January 2016, it was expected that demolition would be undertaken upon completion of the purchase in early 2016.

Demolition works were, however, delayed into 2016/17 when asbestos was discovered. These borrowing funded costs are now being incurred on-site, with an estimated completion date of September 2016. **(£1.1m)**

- £4.715m of the total £7.990m Street Lighting LED replacement programme had already been delivered pre 2015/16. A further £3.125m of spend was scheduled to be delivered in 2015/16, as at October 2015. However, following a supplier issue, which has now been resolved, a reduced value of £2.065m was delivered in 2015/16. The programme is due to finish as scheduled in 2017, fully funded from service area funded borrowing. **(£1.1m)**
- As at October 2015, £2.601m of vehicles were expected to be ordered to meet 2015/16 PCC service client requirements. The actual value of vehicles delivered was £1.865m for 12 refuse trucks and a camera car. The ordering of £0.900m of planned vehicles including tippers, vans and loaders has been delayed into 2016/17 to enable a review that will ensure that vehicles ordered continue to meet the requirements of the end users. This project is fully funded from service area borrowing. **(£0.9m)**
- PCC have agreed to provide £2.903m of HCA ring-fenced dowry and S106 to support the £4m redevelopment by R.I.O (Real Ideas Organisation) of Devonport Market as a High Tech 'Play Market'. As at October 2015, it was anticipated that R.I.O would reach milestones that would result in the payment of £0.836m in 2015/16. However, as the planning application stage was not reached in 2015/16 as expected, only £0.144m was paid. The main reason for this is that the legal negotiations over the funding agreement and the lease took longer to conclude than anticipated. **(£0.7m)**
- On site works began in February 2016 to deliver the £2.24m Derriford Hospital Interchange transport project. As at October 2015, it was reported that £1.499m would be incurred in 2015/16. However, additional time was involved than first envisaged in procuring a contractor for the construction of the scheme; financial negotiations caused further project delay and there was a need to secure agreement for the final tree clearance details which restricted the progression of the start of the main works. This resulted in £0.830m of works actually being delivered. Grant funders have confirmed that 2015/16 funding will be rolled over to support 2016/17 spend. Works are currently scheduled to complete in October 2016. **(£0.7m)**
- As at October 2015, the programme 2015 - 19 contained £20.500m to support the redevelopment of South Yard into a Marine Industries Production Campus. This was initially programmed to meet £15m of remediation/separation works and £5.500m for direct development of Area East. £1.600m of un-ring-fenced funded remediation works were planned for delivery in 2015/16. However, consideration and approval in April 2016 of a revised overall delivery strategy for the South Yard site concluded that £2.100m of resources should be vired for prioritised use on the Area East Development phase. This resulted in a delay in 2015/16 of the remediation works of £0.700m. Further demolition and site services works will now most likely commence from October 2016. **(£0.7m)**
- Design and advanced works commenced in 2015/16 for Outland Road Phase 1of the £3.392m Northern Corridor Junction Improvements, which are planned for 2015-20. At the time of approval (December 2015) it was anticipated that 2015/16 spend would be £0.7m. However, a change in the scope of the scheme has resulted in additional time being required for design and costing, resulting in slippage of £0.6m into 2016/17. Authority has been secured to roll the Growth Deal grant of £700k into 2016/17. Main works for phase 1 are currently scheduled for delivery in July – December 2016. **(£0.6m)**
- £0.071m of the total £0.862m of S106 funded highways for the Millbay School of Creative Arts had already been delivered pre 2015/16. A further £0.791m of spend was scheduled to be delivered in 2015/16, as at October 2015. However, these planned works were later slipped into 2016/17 due to Phase 3-5 delivery being delayed at Councillors request. Works incomplete relate to street lighting, 20mph zone and traffic management works. **(£0.6m)**

- £0.940m of un-ring-fenced resources were expected to be required to meet 2015/16 costs for the delivery of the Whitleigh HQ for the Four Greens Community Trust. Due to project delays arising from later than anticipated tenders resulted in the re-profiling of £0.5m into 2016/17. The total scheme cost of £1.275m is due to be financially complete in 2016/17. **(£0.5m)**

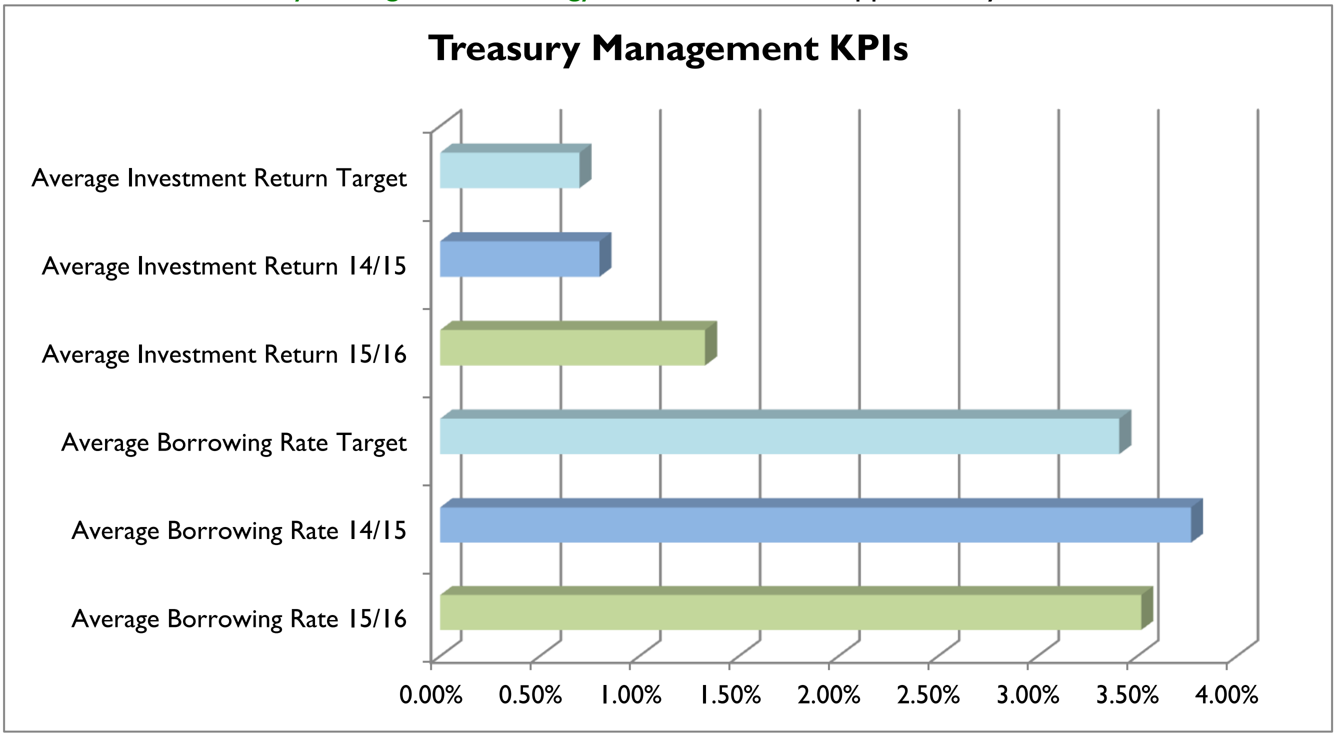
The main sources of capital grant funding are: Lottery Grant, Department for Education and Skills, Department for Transport Section 56, Department for Communities and Local Government (DCLG) (including Disabled Facilities grant) and Section 106 developer's contributions. The 2015/16 programme was fully funded:

Method of Financing	Un-ring Fenced	Ring Fenced	Total
	£m	£m	£m
Capital Receipts	10.533	0.149	10.682
Grants (e.g. gov't, HLF, LEP, Environment Agency)	15.135	18.973	34.108
Internal PCC Balance Sheet Funds	0.275	0.070	0.345
Contributions, S106 & CIL (neighbourhood element)	1.205	3.264	4.469
Direct Revenue Funding from service areas	0.000	1.343	1.343
Borrowing	11.277	0.000	11.277
Total	**38.425**	**23.799**	**62.224**

TREASURY MANAGEMENT

The Council's Treasury Management Strategy is approved by Full Council each year. As an overriding principle, the strategy proposed that the Council would continue to minimise risk contained within its current debt and investment portfolios by establishing an integrated debt management and investment policy which balanced certainty and security, with liquidity and yield. The Council would continue to make use of short-term variable rate borrowing, whilst at the same time seeking to balance its investments across a range of investment instruments.

The Council's Treasury Management Strategy 2016/17 has been approved by Full Council.



External borrowing

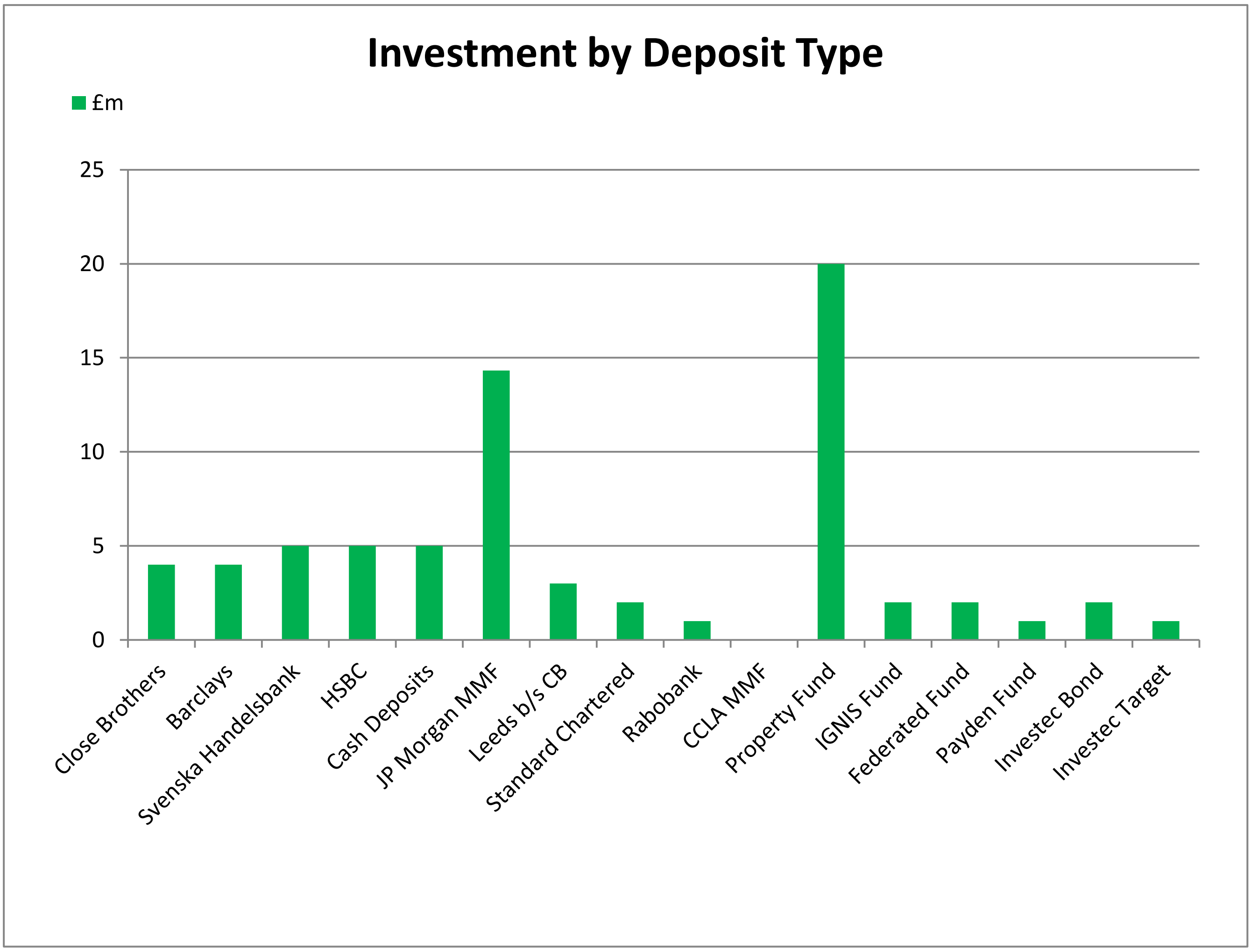
At the year-end, borrowing from external lenders totalled £240.43m, as shown in the table below. This should be viewed in relation to the value of the Council's operational land and buildings, plant and equipment and investment properties, which have a net book value of £533.256m at the 31 March 2016. The table below shows the absolute cash value of the debt which differs from the Balance Sheet value due to accounting treatment requirements.

External Borrowing	Balance 1 April 2015	Maturing Debt	New Borrowing	Balance 31 March 2016	Average Rate
	£m	£m	£m	£m	%
Short Term Borrowing	68.200	(197.500)	225.360	96.060	0.01
Long Term Borrowing	144.370	0.000	0.000	144.370	5.76
Total Borrowing	**212.570**	**(197.500)**	**225.360**	**240.430**	**3.51**

Investments

At the year-end, our investments were as follows:

Investments by bank/group at 31 March 2016



Bank / Group	£m
Close Brothers	4.000
Barclays	4.000
Svenska Handelsbank	5.000
HSBC	5.000
Cash Deposits	5.000
JP Morgan MMF	14.320
Leeds b/s CB	3.000
Standard Chartered	2.000
Rabobank	1.000
CCLA MMF	0.025
Property Fund	20.000
IGNIS Fund	2.000
Federated Fund	2.000
Payden Fund	1.000
Investec Bond	2.000
Investec Target	1.000
Total	**71.345**

Update on Investments with Icelandic Banks

The latest position on the recoveries of monies invested in the Icelandic banks is shown below. The Council continues to pursue recovery of the outstanding monies in partnership with the LGA and continues to earn interest on these investments.

Bank	Original Deposit	Balance 31 March 2016
	£m	£m
Heritable Bank	3.000	0.060
Glitnir	6.000	1.400
Landsbanki	4.000	0.000
Total	**13.000**	**1.460**

OVERVIEW OF THE ACCOUNTING STATEMENTS

Statutory duty and compliance with regulations

The Accounts and Audit (England) Regulations 2015 require the Council's Section 151 Officer, the Assistant Director for Finance, to certify that the accounts present a 'true and fair' view of the financial position of the Council as at the 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

We are required to prepare the Statements in accordance with the Code of Practice on Local Authority Accounting, based on International Financial Reporting Standards (IFRS). The two key documents:

- Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and Update (The Code)

- Service Reporting Code of Practice for Local Authorities 2015/16 and Update (SeRCOP)

These codes are updated annually by the Chartered Institute of Public Finance and Accountancy (CIPFA). There were no major changes for 2015/16.

The Annual Governance Statement

The Code also sets out the statutory requirement, under the Accounts and Audit (England) Regulations 2015, for every local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to include a statement reporting on the review with the Statement of Accounts. This review takes the form of the Annual Governance Statement (AGS).

The AGS was reported to and approved by the Audit Committee in June 2016.

Contents

The Statement of Accounts comprises:

- A Narrative Report
- Statement of Responsibilities for Statement of Accounts
- The Main Accounting Statements and related Notes to the Accounts
- Supplementary Statements in relation to the Collection Fund

The Accounting Statements comprises four Core Financial Statements as follows:

- The Movement in Reserves Statement
- The Comprehensive Income and Expenditure Statement
- The Balance Sheet
- The Cash Flow Statement

These main statements are then supplemented by:

- The Notes to the Core Financial Statements
- The Collection Fund Account
- A Glossary of technical terms

Key areas covered in the Statement of Accounts include:-

Balance sheet

The balance sheet again has a negative balance, all be it a reduced negative balance from that reported March 2015. This has again been caused mainly by movements in the unusable Reserves. The Council holds a number of reserve accounts in the Balance Sheet and these are shown in note 17.1.

There has been one large movement in the unusable reserves during the year. The pension reserve has decreased by a net figure of £51m.

Pension liabilities

Plymouth City Council employees are eligible to join the Local Government Pension Scheme (LGPS) which is managed by Devon County Council on behalf of the Devon Authorities. The accounting requirements of International Accounting Standard (IAS) 19 have resulted in a pension liability of £455.597m being reflected in the Council's Balance Sheet. This represents Plymouth City Council's liability to the LGPS. In addition, the Council discloses a long-term creditor of £15.065m on the Balance Sheet. This represents its share of Devon County Council's on-going liability to pay enhanced pension costs that existed at the time of Local Government Reorganisation in 1998.

These amounts are matched by a pensions reserve and therefore have no impact on the Council's revenue balances. The pension liability as at 31 March 2016 has increased following the actuaries review of the position.

The resultant negative balance on the Pensions Reserve measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The level of contributions required to be made by the Council into the fund are set by independent actuaries. The contribution levels are reviewed every three years following a triennial review of the fund by the actuaries. The current contribution rate is based on 20.1 per cent of pensionable salary costs for those employees in the Devon pension scheme and this will remain until 2017 when the next full actuarial review is undertaken.

Material events after the balance sheet date

The Council is required to take into account items occurring after 31 March 2016 if they would have a material effect on the financial information presented and must publish the date up to which such events have been considered. The final Statement of Accounts will be published in September and will therefore include all post Balance Sheet events up to and including September 2016.

Events taking place after that date will not be 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 will be adjusted in all material respects to reflect the impact of this information.

There are no relevant material non-adjusting events pertinent to the understanding of the Authority's financial position to report at this stage, but this might change for the publication of the final audited accounts.

Financial position of the Council

Going into 2016/17

At 31 March 2016 the Council's Working Balance stood at £10.652m which equates to approximately 5.7% of the net revenue budget for 2016/17 of £186.702m. Our approved Medium Term Financial Strategy (MTFS) requires us to maintain a Working Balance of at least 5%. This position has been reviewed and has been adjusted as part of the budget setting process for 2016/17.

In addition to the Working Balance, the Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans. Assuming the Corporate Adjustments outlined above are approved, the Council's earmarked reserves will stand at £30.587m at 31 March 2016 (up from £28.482m at 31 March 2015). This includes schools balances and reserves of £7.301m (down from £8.856m).

The Council also has a number of budget provisions set up to meet known liabilities. The main provisions include the Insurance Fund, and back dated equal pay claims. Provisions held at 31 March 2016 totalled £22.428m. Further details of provisions are in note 16. Regular reviews of the Council's financial health, in particular a review of reserves and provisions are undertaken during the year.

Looking forward to the medium term

We have had our settlement confirmed for 2016/17 and it is in line with our projections, with a further reduction in core grant funding from £44.4m to £33.21m; this is a reduction of over £11m, or just under 25%. Alongside this reduction we will continue to see a number of significant financial pressures in the medium term. On top of the already increasing demand for areas such as social care, due to demographic changes and price inflation, we also have additional costs as a direct result of Government policy changes. The Government has announced changes to the rate of national insurance on both employees and their employers for those eligible or entitled to a defined benefit pension. Plymouth City Council runs such a scheme and will therefore incur this additional cost burden. In the 2015 Budget, it was announced that the new compulsory National Living Wage of £7.20 per hour will be introduced in April 2016, again impacting on our costs. We are also preparing for the planned review of Non Domestic Rates (NDR), more commonly referred to as Business rates, with new valuations in place from April 2017 and the proposed move to 100% rates retention in

2019/20. We will build on our successes with our Section 75 agreement to pool funding covering all aspects of children's and adult's social care plus intervention services with our CCG partner.

We have set ourselves stretching targets for increasing our council tax income, through new housing build programmes, as well as growing our business rates base by encouraging new business opportunities. We will also build on our success with the Devon-wide Business Rates Pool to generate further additional rates income.

We will continue to refine the financial and non-financial benefits achievable through our transformation programme in order to address the funding challenges ahead.

We have extended the capital programme to provide a council investment of £282m over the next five years and continue to seek opportunities to lever in significant external investment in the city. Successful bids such as City Deal and the History Centre, alongside maximising contributions from developers, will leave a lasting positive legacy for the city.

Concluding Remarks

The financial statements show that as a result of careful management of the Council's available resources we have achieved a financial outturn for 2015/16 of very close to budget, with a small underspend of £0.032m; maintained an adequate level of reserves and set aside provisions to meet our known future liabilities.

All of these actions leave the Council in a reasonable financial position to cope with the challenges of the future.

The formal audit of the Draft Statement of Accounts commenced on 15 June 2016, and in line with our statutory duty we made our accounts available for scrutiny by interested members of the public from 30th June to 10th August 2016.

Following any adjustments, as a result of the audit and/or post balance sheet events, we will present the final Statement of Accounts to the Audit Committee scheduled for September, and following formal sign off, we will publish them on our web pages no later than 30 September 2016.

Local Audit and Accountability Act 2014 and Accounts and Audit (England) Regulations 2015:

a) Any person interested may inspect and make copies of the accounts to be audited.

b) A local government elector for the area may question the auditor about the accounts and object to any items of unlawful expenditure, loss due to willful default, failure to bring a sum of income into account, or any other matter of public interest. Persons wishing to question the auditor should do so by prior arrangements by contacting 0117 305 7600.

c) If any elector intends to object they must give the auditor prior written notice of any objection and its grounds and send a copy of the notice to the City Council.

The Council's Assistant Director for Finance (Section 151 Officer) is required to sign the final accounts by a statutory deadline of 30 September 2016.

Further information is available:

- On the Council's website: plymouth.gov.uk/accounts or
- From Chris Flower, Lead Accountant, Ballard House West Hoe Road, Plymouth PL1 3BJ, telephone 01752 304212, email corporateaccountancy@plymouth.gov.uk.

The Council's statutory responsibilities regarding these Accounts are laid out in the section entitled 'Statement of Responsibilities for the Statement of Accounts' page 20.

A Hardingham
Assistant Director for Finance & Section 151 Officer
Ballard House, Plymouth PL1 3BJ

Dated: 10 June 2016

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority 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 authority, that officer is the Assistant Director for Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

The Assistant Director for Finance (Section 151 Officer) responsibilities:

The Assistant Director for Finance is responsible for the preparation of the Authority's Statement of Accounts which is in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this statement of accounts, the Assistant Director for Finance has:

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

In signing these accounts, the Assistant Director for Finance confirms that these statements give a 'true and fair' view of the financial position of the Authority as at 31 March 2016 and of its expenditure and income for the year ended 31 March 2016.

A Hardingham
Assistant Director for Finance & Section 151 Officer
Ballard House, Plymouth PL1 3BJ

Dated: 10 June 2016

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDING 31 MARCH 2016

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the comprehensive income and expenditure statement. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting purposes. The net increase/(decrease) before transfers to earmarked reserves line shows the statutory general fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement	Note	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014		**10,739**	**27,443**	**12,863**	**12,882**	**63,927**	**(973)**	**62,954**
Movement in Reserves during 2014/15								
Surplus or (deficit) on provision of services		(64,728)	0	0	0	(64,728)	0	(64,728)
Other Comprehensive Expenditure and Income		0	0	0	0	0	(121,698)	(121,698)
Total Comprehensive Expenditure and Income		**(64,728)**	**0**	**0**	**0**	**(64,728)**	**(121,698)**	**(186,426)**
Adjustments between accounting basis & funding under regulations	6	65,653	0	(2,065)	(4,549)	59,039	(59,039)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves		**925**	**0**	**(2,065)**	**(4,549)**	**(5,689)**	**(180,737)**	**(186,426)**
Transfers (to) / from earmarked reserves	17.3	(1,044)	1,044	0	0	0	0	0
Increase / (Decrease) in year		**(119)**	**1,044**	**(2,065)**	**(4,549)**	**(5,689)**	**(180,737)**	**(186,426)**
Balance at 31 March 2015		**10,620**	**28,487**	**10,798**	**8,333**	**58,238**	**(181,710)**	**(123,472)**
Movement in Reserves during 2015/16								
Surplus or (deficit) on provision of services		(40,650)	0	0	0	(40,650)	0	(40,650)
Other Comprehensive Expenditure and Income		0	0	0	0	0	94,657	94,657
Total Comprehensive Expenditure and Income		**(40,650)**	**0**	**0**	**0**	**(40,650)**	**94,657**	**54,007**
Adjustments between accounting basis & funding under regulations	6	41,607	0	(1,809)	(5,964)	33,834	(33,834)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves		**957**	**0**	**(1,809)**	**(5,964)**	**(6,816)**	**60,823**	**54,007**
Transfers (to) / from earmarked reserves	17.3	(925)	925	0	0	0	0	0
Increase / (Decrease) in year		**32**	**925**	**(1,809)**	**(5,964)**	**(6,816)**	**60,823**	**54,007**
Balance at 31 March 2016		**10,652**	**29,412**	**8,989**	**2,369**	**51,422**	**(120,887)**	**(69,465)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDING 31MARCH 2016

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2014/15 Gross Expenditure	2014/15 Gross Income	2014/15 Net Expenditure		Note	2015/16 Gross Expenditure	2015/16 Gross Income	2015/16 Net Expenditure
£000	£000	£000			£000	£000	£000
102,883	(24,592)	78,291	Adult Social Care		97,456	(28,495)	68,961
10,471	(299)	10,172	Corporate & Democratic Core		4,434	(313)	4,121
6,378	(3,882)	2,496	Central Services		4,850	(2,777)	2,073
19,884	(5,439)	14,445	Cultural & Related Services		20,900	(5,599)	15,301
222,993	(155,667)	67,326	Children's & Educational Services		237,066	(156,396)	80,670
44,608	(14,520)	30,088	Environmental & Regulatory Services		37,290	(11,434)	25,856
117,693	(113,330)	4,363	Housing Services		118,539	(112,736)	5,803
79,683	(17,876)	61,807	Highways & Transport Services		41,849	(21,733)	20,116
1,884	(4,257)	(2,373)	Non Distributed Costs		1,385	(5,308)	(3,923)
12,193	(12,932)	(739)	Public Health		14,740	(14,204)	536
15,488	(13,570)	1,918	Planning Services		15,399	(9,269)	6,130
634,158	**(366,364)**	**267,794**	**(Surplus)/Deficit on Continuing Operations**		**593,908**	**(368,264)**	**225,644**
3,826	(269)	3,557	(Gain)/Loss on Disposal of non-current assets		11,190	(3,546)	7,644
358	(4,316)	(3,958)	Other Operating Expenditure		296	(3,750)	(3,454)
45,518	(20,115)	25,403	Financing and Investment Income and Expenditure	7	37,124	(11,599)	25,525
0	(228,068)	(228,068)	Taxation and Non-Specific Grant Income	8	0	(214,709)	(214,709)
		64,728	**(Surplus)/Deficit on Provision of Services**				**40,650**
		4,878	(Surplus)/deficit on revaluation of non-current assets	17.6			(30,571)
		117,858	Re-measurement of the net defined benefit liability (asset)	17.9			(62,865)
		(1,251)	(Surplus)/Deficit on revaluation of Available for sale financials assets				(803)
		213	Landfill Provision	16			(418)
		121,698	**Other Comprehensive Income and Expenditure**				**(94,657)**
		186,426	**Total Comprehensive Income and Expenditure**				**(54,007)**

BALANCE SHEET AS AT 31 MARCH 2016

The Balance Sheet shows the value of the assets and liabilities recognised by the authority as at the Balance Sheet date. The net assets of the authority are matched by the reserves held. Usable reserves are those reserves that the authority 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 may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services and are reserves that hold unrealised gains and losses (for example the Revaluation Reserve).

31 March 2015		Note	31 March 2016
£000			£000
547,377	Property Plant & Equipment	9	653,923
21,344	Heritage Assets	10	27,059
64,161	Investment Property	11.1	63,018
1,628	Intangible Assets		1,555
29,130	Long Term Investments	13.1	34,991
2,598	Long Term Debtors		4,859
666,238	**Non-current Assets**		**785,405**
41,379	Short Term Investments	13.1	13,178
966	Inventories		739
37,157	Short Term Debtors	14.1	39,439
7,628	Cash & Cash Equivalents	18.4	26,958
6,363	Assets Held for Sale	9.6	4,915
93,493	**Current Assets**		**85,229**
(69,925)	Short Term Borrowing	13.1	(97,812)
(94,155)	Short Term Creditors	15.1	(88,203)
(1,002)	Short Term Provisions	16	(2,276)
(165,082)	**Current Liabilities**		**(188,291)**
(16,756)	Long Term Creditors	15.2	(15,286)
(12,899)	Long Term Provisions	16	(10,485)
(145,537)	Long Term Borrowing	13.1	(145,584)
(504,823)	Long Term Liabilities Pensions	29.3 & 29.9	(455,599)
(38,106)	Long Term Liabilities Other	15.3	(124,854)
(718,121)	**Long Term Liabilities**		**(751,808)**
(123,472)	**Net Assets**		**(69,465)**
58,238	Usable Reserves	17.1	51,422
(181,710)	Unusable Reserves	17.1	(120,887)
(123,472)	**Total Reserves**		**(69,465)**

CASH FLOW STATEMENT

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

2014/15		Note	2015/16
£000			£000
(64,728)	Net Surplus or (Deficit) on the Provision of Services	18.1	(40,650)
97,113	Adjustment to Net Surplus or (Deficit) on the Provision of the Services for Non Cash Movement	18.1	70,276
59,033	Adjustment for Items included in the net (Surplus) of Deficit on the provision of services that are investing and Financing Activities	18.1	(9,933)
91,418	**Net Cash Flow from Operating Activities**		**19,693**
(92,530)	Investing Activities	18.2	(25,266)
(13,964)	Financing Activities	18.3	24,903
(15,076)	**Net Increase or (Decrease) in Cash and Cash Equivalents**		**19,330**
22,704	Cash and Cash Equivalents at the beginning of the Reporting Period	18.4	7,628
7,628	**Cash and Cash Equivalents at the end of the Reporting Period**		**26,958**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

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

1.2 Accruals of Income and Expenditure

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

Accruals are made for all material sums unpaid at the year-end for goods or services received or works completed. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts. A de-minimus of £500 is generally applied for income and expenditure.

1.3 Benefit Payments

Benefit payments are accounted for as they are incurred with no accrual being made for payments in advance or arrears at the year-end. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

1.4 Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

1.5 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 assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, called the Minimum Revenue Provision (MRP), towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

Termination Benefits (for example redundancy payments)

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.

Post-employment Benefits (pensions)

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pension Scheme, administered by Devon County Council.

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

Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Educational Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

However, the Council is able to supplement teachers' statutory retirement benefits with locally determined decisions (discretionary payments). The future liability for such decisions is a true cost to the Council and is assessed annually by the Actuary and included within the total pension liability on the Balance Sheet.

The Local Government Pension Scheme

All Council employees (with the exception of teachers) are eligible to join the Local Government Pension Scheme (LGPS). The Local Government Scheme is accounted for as a defined benefits scheme.

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

Liabilities are discounted to their value at current prices, using a discount rate of 3.7 per cent (based on the Merrill Lynch AA rated corporate bond).

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

- quoted securities – current bid price

- unquoted securities – professional estimate
- property – market value

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 as outlined above, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events After the Balance Sheet Date

Events after the Balance Sheet date are those events 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.

1.8 Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument.

Loans/Borrowings

The Council's loans are initially measured at fair value and carried at their amortised cost. Annual charges to 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 Council's policy is to spread the gain or loss over the term that was remaining on the loan against which the premium was payable or the discount receivable when it was repaid.

Short Term Trade Debtors

Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Balance Sheet. Debtors included within the current assets section of the Balance Sheet are therefore measured at the original invoice value, less a provision for uncollectability of debt.

Long Term Debtors

The Council may provide financial assistance to individuals or organisations in the form of a loan. Where the repayment period exceeds one year these are classified as Long Term Debtors on the Balance Sheet.

An element of Social Care debt is recovered by means of a charge on the client's property. This debt may not be recovered in the next financial year and is therefore included within long term debtors. This debt is not subject to an interest charge unless the client is deceased. Under the Care Act 2014 any Deferred Payment Agreements entered into after this date are liable to interest at a rate of 2.65%.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing 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.

Available-for-sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

The investment relates to a financial instrument with a quoted market price and is therefore maintained in the Balance Sheet at fair value.

Impairment

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.

1.9 Government Grants and Contributions

Whether paid on account, by instalments, or in arrears, government grants and third party contributions (including Section 106 and 278 Developer contributions) and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contribution have been satisfied. Conditions specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as stated, or that future economic benefits or service potential must be returned to the transferor (Grant provider).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (ring-fenced revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where Revenue grants that have been credited to the Comprehensive Income and Expenditure Statement are intended to meet specific service expenditure that has not yet been incurred, an equivalent amount is transferred from the General Fund Balance to an Earmarked Reserve in the Statement of Movement in Reserves. A transfer back is made in future years to match expenditure as it is incurred.

Capital grants are posted to the Taxation and Non-Specific Grant Income section of the Comprehensive Income and Expenditure Account, unless they are used to finance Revenue Expenditure Financed from Capital under Statute (REFCUS) spend, in which case they are posted to the relevant service line.

Grants paid to the Council as the accountable body are only recognised to the extent that they are used towards Council expenditure.

1.10 Agency Services

The Authority has a number of arrangements in place where it is acting as an agent for a third party.

The Council does not recognise the transactions relating to its agency activities within the accounts, with the exception of the administration charges received for services provided which are recognised in the Comprehensive Income and Expenditure Statement.

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council as a result of past events is capitalised when it will bring benefits to the Council for more than one financial year. The Authority accounts for its software 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. The intangible assets on the Council's Balance Sheet relate to the purchase of software licences. The useful life assigned to the major software suites used by the authority is 5 years.

Internally developed intangible assets such as the development and implementation of computer systems and development of the Council's website are not capitalised but are written down to the relevant service line(s) and reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account under the provisions for Revenue Expenditure Funded from Capital Under Statute.

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.

1.12 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other Partners that involve the use of the assets and resources of the Partners rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls, if any, and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

The joint operation does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns.

1.13 Interests in Companies and Other Entities

The Authority has interests in other entities that have the nature of subsidiaries, associates or joint ventures. However, these are not currently considered sufficiently material to require the preparation of group accounts.

In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

1.14 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. 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.

1.15 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.

Heritage assets are deemed to have an indefinite life, therefore are not depreciated as the charge made would be minimal and immaterial. Nevertheless, where there is evidence of physical deterioration to a heritage asset, or doubts arise to its authenticity, the value of the asset has to be reviewed.

1.16 Leases

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

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

Arrangements that do not have the legal status of a lease but convey 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.

The Authority as Lessee (leased in assets)

Finance Leases

Property, plant and equipment held under finance leases 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, although in practice many of the Council's property finance leases are held on a long lease at peppercorn rental and there is therefore no matching liability on the Balance Sheet. Initial direct costs to the Authority 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 periods in which they are incurred.

Finance lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – 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).

Operating Leases

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 (e.g. there is a rent-free period at the commencement of the lease).

Schools may make their own arrangements for operating leases using income from their schools budget share. These are included within total lease payments.

The Authority as Lessor (Council assets leased out)

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Surplus/deficit on continuing operations in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

1.17 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 full cost of overheads and support services are recharged to services on the basis of time allocations or other appropriate measures of resources used with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the (surplus)/deficit on continuing operations.

1.18 Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

The Council operates a policy of assets capitalisation (including donated assets) de-minimis level of £10,000 for land and property and £5,000 for vehicle, plant and equipment. However, there is no de-minimis for capital spend by individual schools financed from capital grants.

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 and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

- infrastructure, community assets and assets under construction – depreciated historical cost (except for the Tamar Toll Bridge which is stated at the depreciated replacement cost);
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use.

Assets that local authorities intend to hold in perpetuity and have no determinable useful life and may have restrictions in their disposal are classified as community assets, and in this instance are generally valued at a nominal £1.

Assets included in the Balance Sheet at fair value are revalued regularly and are reviewed at the year-end to ensure that their carrying amount is not materially different from their fair value.

Impairment

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life such as freehold land and certain Community Assets, and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the Valuer. Depreciation is charged to the Comprehensive Income and Expenditure Statement based on values as at the start of the year. No depreciation is applied in year of acquisition or construction. The depreciation periods currently used are:

Operational Buildings

Car parks	5 to 50 years
Schools	5 to 40 years
Other buildings	5 to 60 years
Infrastructure	20 to 40 years
Vehicles and Plant	5 to 20 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Council's componentisation policy is as follows:

- **Materiality level**

Assets with a building value of £2.5m or above are considered for componentisation on an individual asset basis. Consideration is also given to groups of similar assets that individually are below the materiality level for componentisation but may collectively be material.

- **Significance**

Components with a value of 20 per cent or above of the overall asset value are significant components.

In terms of schools, components are defined as separate school blocks or buildings and componentisation applied where the values meet the 20 per cent criteria.

- **Different asset life**

The difference in life between the host asset and the component must be over 5 years for componentisation to be recorded.

Assets held for sale

When it becomes probable that value of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued and held at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

Assets that are no longer used for operational purposes but are not actively being marketed are revalued and reclassified as surplus but still retained within property plant and equipment and transferred to Assets Held for Sale only when a decision is made to actively market the asset.

Disposals

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. Capital receipts can then only be used for:

- new capital investment;
- set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement).

1.19 Inventories and Long Term Contracts

Inventories (stocks and work in progress) are shown in the accounts at cost (less any foreseeable losses on work In progress).

Since stockholdings are reviewed on a continuous and rotational basis no provision has been made for obsolete stock or slow moving items.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. The Council has a long term contract with Amey to manage the Council's Local Transport Plan (LTP) revenue works, including maintenance, pre-planned and ad hoc works on highways, footpaths, gritting, walls etc. Amey also undertakes design works and delivery of an element of the Council's capital Local Transport Plan programme.

1.20 Private Finance Initiative (PFI) and Similar Contracts

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.

The Council's original recognition of PFI assets are based on the cost of construction or purchase cost of the property and is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

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

- fair value of the services received during the year;
- finance costs – an interest charge on the outstanding Balance Sheet liability;
- contingent rent – increases in the amount to be paid for the property arising during the contract;
- payment towards finance liability – applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle costs – costs to maintain assets used to operationally acceptable standard.

Schools PFI credits

The Council receives a grant towards the cost of the PFI scheme. The grant is allocated to meet the finance costs in the first instance. The amount required to meet the finance lease liability, interest and contingent rent charge is allocated to the Taxation and Non Specific grant income in the Comprehensive Income and Expenditure Statement. The remaining grant is treated as a specific grant and included within the Children's and Education service line.

Government grants received for PFI schemes, in excess of current levels of net expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

1.21 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, usually a cash payment, or service potential, and a reliable estimate of the amount of the obligation can be made, but where the timing of the transfer is uncertain.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority 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 authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 authority.

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

1.22 Reserves

The Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans 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 or 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.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority 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:

Implications of Government funding reforms/reductions

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that further assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision, other than those already earmarked for closure as part of budget delivery plans.

Accounting for schools - transfers of status

When a school that is held on the Council's balance sheet transfers to Academy, Trust or Voluntary Aided status the non-current assets are removed from the Authority's balance sheet. Where the approval for the transfer and the transfer date occur in the same financial year the Council accounts for this as a disposal for nil consideration. However, where the approval date and transfer date straddle two financial years, asset values are impaired down to nil in the year of approval, with the disposal then occurring in the following financial year when the transfer actually takes place.

Tamar Bridge valuation

Whilst bridges are classified as infrastructure assets and therefore are usually valued using the Depreciated Historic Cost method, Tamar Bridge differs from the norm because it is a toll bridge and the tolls received are used to maintain its upkeep. A reader of the Tamar Bridge accounts might reasonably expect there to be a relationship between the income raised in tolls and the cost of replacing the bridge. In addition other toll bridges are also treated differently to other infrastructure assets.

In the circumstances, the Council has made the judgement that Depreciated Replacement Cost is the most appropriate basis for valuing this asset.

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

The Council is required to disclose information regarding the impact of any accounting change on the financial statements as a result of any new standards that have been issued, but are not yet required to be adopted by the Council. The Standards that require disclosure within the 2015/16 accounts relate to changes adopted into CIPFA's Accounting Code of Practice in 2016/17 and are as follows:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements i.e. there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services. However, in the 2016/17 year the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement must reflect the new formats and reporting requirements.

4. Assumptions made about the future and other major sources of estimation uncertainty

In preparing the Statement of Accounts, there are areas where estimates have been made. Estimates are made taking into account historical experience, current trends and other relevant factors. These include the amount of arrears that will not be collected (based on past experience of collection for the different types of debt); useful lives and valuations of properties which are estimated by qualified valuers; and the liability for future pension payments, which carries the most significant risk of material adjustment.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

Sensitivity analysis of the impact of a 1% change in discount rate and a 1yr change in mortality rate assumptions can be found in the Pension disclosure note 29.

5. Events after the Balance Sheet date

The Statement of Accounts was authorised by the Council's Section 151 Officer on 30 June 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.

There are no relevant material non-adjusting events pertinent to the understanding of the Authority's financial position.

Following the result of the referendum on 23 June 2016 for the United Kingdom to leave the European Union, there has been volatility in the financial markets. The consequential effect on items reported in these financial statements includes the calculation of the Council's share of assets and liabilities within the Local Government Pension Scheme administered by Devon County Council and the valuation of investment properties. The Council will review the position and action will be taken to respond to any significant impact.

The Council has setup a cross-departmental working group to monitor all areas including Treasury Management and Grant Funding.

6. 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 Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments between Accounting Basis and Funding Basis under Regulations	2014/15				2015/16			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	78,926	0	0	(78,926)	51,935	0	0	(51,935)
Movements in the market value of Investment Properties	2,791	0	0	(2,791)	(8)	0	0	8
Amortisation of intangible assets	689	0	0	(689)	551	0	0	(551)
Capital grants and contributions	(26,301)	0	26,301	0	(29,206)	0	29,206	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	10,658	0	0	(10,658)	8,900	0	0	(8,900)
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	3,510	0	0	(3,510)	7,559	0	0	(7,559)
Deferred credit Energy from Waste	0	0	0	0	(2,267)	0	0	2,267
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	(9,110)	0	0	9,110	(3,404)	0	0	3,404
Capital expenditure charged against the General Fund	(2,670)	0	0	2,670	(1,960)	0	0	1,960
Adjustments involving the Capital Receipts Reserve:								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	3,391	0	(3,391)	0	4,853	0	(4,853)
Other Capital Receipts credited to the Comprehensive Income and Expenditure Statement	(4,316)	4,316	0	0	(3,750)	3,750	0	0
Total C/FWD	**54,177**	**7,707**	**26,301**	**(88,185)**	**28,350**	**8,603**	**29,206**	**(66,159)**

Adjustments between Accounting Basis and Funding Basis under Regulations	2014/15				2015/16			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Total B/FWD	**54,177**	**7,707**	**26,301**	**(88,185)**	**28,350**	**8,603**	**29,206**	**(66,159)**
Long term debtor repayments in year	0	36	0	(36)	0	126	0	(126)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(9,805)	0	9,805	0	(10,536)	0	10,536
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	3	(3)	0	0	2	(2)	0	0
Adjustments involving the Capital Grants Unapplied Account:								
Use of the Capital Grants unapplied Account to finance new capital expenditure	0	0	(30,850)	30,850	0	0	(35,170)	35,170
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	(160)	0	0	160	(162)	0	0	162
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	31,476	0	0	(31,476)	30,349	0	0	(30,349)
Employer's pensions contributions and direct payments to pensioners payable in the year	(19,901)	0	0	19,901	(18,165)	0	0	18,165
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	402	0	0	(402)	2,651	0	0	(2,651)
Adjustment involving the Accumulating Compensated Absences Adjustment 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	(344)	0	0	344	(1,418)	0	0	1,418
Total Adjustments	**65,653**	**(2,065)**	**(4,549)**	**(59,039)**	**41,607**	**(1,809)**	**(5,964)**	**(33,834)**

7. Financing and investment income and expenditure

This contains corporate items of income and expenditure arising from the Authority's involvement in financial instruments and similar transactions involving interest or the unwinding of discounts. This heading also includes the income and expenditure relating to investment properties, further details of which can be found in note 13.

Analysis of Income / Expenditure	2014/15	2015/16
	£000	£000
Interest payable and similar charges	10,426	13,933
Pensions interest cost and expected return on pension assets	16,233	16,096
Interest receivable and similar income	(1,398)	(1,486)
(Surpluses) / deficits on trading undertakings not included in Net Cost of Services	101	(468)
Income and expenditure in relation to investment properties and changes in their fair value including (gains)/losses on disposal	41	(2,550)
Total	**25,403**	**25,525**

8. Taxation and non-specific grant income

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure. Capital grants and contributions are credited here even where they are service-specific, unless they are used to finance Revenue Expenditure Funded by Capital Under Statute (REFCUS) spend in which case they are treated as revenue grants and credited to the relevant service line.

Analysis of Income	2014/15	2015/16
	£000	£000
Council Tax Income	(87,446)	(90,861)
Non Domestic Rates	(53,716)	(52,040)
Non-ringfenced Government Grants	(68,417)	(50,662)
Capital Grants and Contributions	(18,489)	(21,146)
Total	**(228,068)**	**(214,709)**

9. Property, plant and equipment

9.1 Movement in year

The movement in Property Plant and Equipment (PPE) in 2015/16 is summarised in the following table:

2015/16	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Infrastructure Assets	Toll Bridge	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2015	394,318	61,322	166,902	56,250	1,581	10,952	17,759	709,084	23,799
Additions	115,590	6,149	13,503	450	0	52	7,387	143,131	92,676
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,134	0	0	0	0	(2,587)	0	1,547	(2,333)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,935)	0	0	0	(27)	(258)	0	(3,220)	8,104
Derecognition - disposals	0	(3,047)	0	0	0	(1,078)	0	(4,125)	0
Derecognition - other	0	0	0	0	0	0	0	0	0
Other movements in cost or valuation	(3,555)	(49)	6,768	0	34	(3,740)	(15,422)	(15,964)	0
At 31 March 2016	**507,552**	**64,375**	**187,173**	**56,700**	**1,588**	**3,341**	**9,724**	**830,453**	**122,246**
Accumulated Depreciation and Impairment									
At 1 April 2015	(62,129)	(31,640)	(62,589)	(938)	(1,159)	(3,252)	0	(161,707)	(2,713)
Depreciation charge	(11,543)	(4,280)	(8,121)	(937)	0	0	0	(24,881)	(840)
Depreciation written out to the Revaluation Reserve	23,035	0	0	0	0	994	0	24,029	2,388
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,567	0	0	0	0	0	0	1,567	92
Impairment losses/(reversals) recognised in the Revaluation Reserve	(6,291)	0	0	0	0	1,077	0	(5,214)	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(18,039)	(477)	0	0	(7)	(182)	0	(18,705)	(4,522)
Derecognition - disposals	0	2,481	0	0	0	129	0	2,610	0
Derecognition - other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	5,387	240	0	0	0	144	0	5,771	0
At 31 March 2016	**(68,013)**	**(33,676)**	**(70,710)**	**(1,875)**	**(1,166)**	**(1,090)**	**0**	**(176,530)**	**(5,595)**
Net Book Value									
At 31 March 2016	**439,539**	**30,699**	**116,463**	**54,825**	**422**	**2,251**	**9,724**	**653,923**	**116,651**
At 31 March 2015	**332,189**	**29,682**	**104,313**	**55,312**	**422**	**7,700**	**17,759**	**547,377**	**21,086**

2014/15	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Infrastructure Assets	Toll Bridge	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
At 1 April 2014	402,213	54,932	153,777	110,793	1,565	4,990	9,890	738,160	28,135
Additions	5,713	7,163	10,779	0	3	462	15,381	39,501	0
Donations	0	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,873)	0	194	(16,264)	0	2,296	0	(18,647)	(458)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,367)	0	(194)	(38,279)	0	(46)	0	(44,886)	0
Derecognition - disposals	(746)	(444)	0	0	0	0	0	(1,190)	0
Derecognition - other	0	0	0	0	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	(1,499)	0	0	0	0	475	0	(1,024)	0
Other movements in cost or valuation	(123)	(329)	2,346	0	13	2,775	(7,512)	(2,830)	(3,878)
At 31 March 2015	**394,318**	**61,322**	**166,902**	**56,250**	**1,581**	**10,952**	**17,759**	**709,084**	**23,799**
Accumulated Depreciation and Impairment									
At 1 April 2014	(47,528)	(27,717)	(54,517)	(9,195)	(1,143)	(1,523)	0	(141,623)	(2,479)
Depreciation charge	(13,285)	(4,291)	(8,058)	(938)	0	(181)	0	(26,753)	(602)
Depreciation written out to the Revaluation Reserve	3,249	0	0	9,195	0	170	0	12,614	368
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,713	0	0	0	0	0	0	1,713	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	(200)	0	0	0	0	(300)	0	(500)	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(6,970)	(80)	(14)	0	(16)	(1,085)	0	(8,165)	0
Derecognition - disposals	380	334	0	0	0	0	0	714	0
Derecognition - other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	512	114	0	0	0	(333)	0	293	0
At 31 March 2015	**(62,129)**	**(31,640)**	**(62,589)**	**(938)**	**(1,159)**	**(3,252)**	**0**	**(161,707)**	**(2,713)**
Net Book Value									
At 31 March 2015	**332,189**	**29,682**	**104,313**	**55,312**	**422**	**7,700**	**17,759**	**547,377**	**21,086**
At 31 March 2014	**354,685**	**27,215**	**99,260**	**101,598**	**422**	**3,467**	**9,890**	**596,537**	**25,656**

9.2 Commitments under capital contracts

The capital commitments outstanding on capital and other works contracts entered into as at 31 March 2016 amounted to £39.788m (31 March 2015 £26.243m). The Council is committed to complete these contracts under its latest approved Medium Term Capital Programme, and it is anticipated that all works relating to these commitments will be completed within the next financial year.

9.3 Trust, foundation, voluntary aided and academy schools

It is a CIPFA code requirement to review the status of every school in terms of its control and influence and this may differ from the school's legal status. The Authority is satisfied that all the schools are correctly accounted for.

The Council has a number of schools that are operated by various trusts, are classed as voluntary aided schools, or have transferred to Academy status. The Council is responsible for providing funding to the schools from the Dedicated Schools Grant (DSG) and Capital Resources, with the exception of the Academies who receive funding directly from Central Government. However, the school buildings and associated land of all these categories of schools effectively passes to the Trustees of the school who have control over the use of the assets. The assets are therefore not shown on the Council's Balance Sheet. During the year, four schools transferred to Trust status, one school transferred to Academy status, and also one school which previously held voluntary/controlled status, transferred to Academy status.

9.4 Revaluations/impairments

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at fair value is revalued at least every five years. All valuations are carried out internally under the supervision of Mr T Palmer & Ms L Rymel, RICS Registered Valuers.

9.5 Gain/loss on disposal of non-current assets

In 2015/16, the Council incurred a net loss on disposal of non-current assets of £8.647m (2014/15 £2.024).

Assets Written Off Balance Sheet	2014/15	2015/16
	£000	£000
Land & Property Sales	(302)	928
Academy and Trust Schools	2,374	7,793
Investment Properties	(48)	(74)
Total	**2,024**	**8,647**

9.6 Assets held for sale

The Council has non-current assets that are held for sale as at 31 March 2016. The value of the assets held for sale are £4.915m (2014/15 £6.363m).

10. Heritage assets

The Council holds the following types of heritage assets:

Historic buildings and monuments

Historic buildings and monuments classified as heritage assets on the balance sheet include Smeaton's Tower, the Elizabethan House and Plympton Guildhall which have been recognised at insurance valuations.

The Council has a number of other Heritage Assets that are used significantly for the provision of services and therefore are required to be recognised within Property, Plant and Equipment, for example Mount Edgcumbe House and the City Museum.

Gold, silver, jewellery, fine art and world cultures

The Authority's gold, silver, jewellery, fine art and world cultures collections are reported in the balance sheet at insurance valuation which is based on market values.

The Council's policy for the acquisition, preservation and management of museum assets can be found on the museum collections page of the Council website.

All Heritage assets are recognised at insurance valuations, which are reviewed annually and the value of assets are adjusted accordingly.

The following table summarises the movement in the balances relating to Heritage Assets during the year:

Heritage Assets	Buildings	Fine Art	Gold, Silver & Jewellery	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
As at 1 April 2014	1,713	13,840	4,591	20,144
Additions	0	381	0	381
Revaluations	0	819	0	819
As at 31 March 2015	**1,713**	**15,040**	**4,591**	**21,344**
Cost or Valuation				
As at 1 April 2015	1,713	15,040	4,591	21,344
Additions	13	0	41	54
Revaluations	4,320	1,673	(303)	5,690
Reclassification	(29)	0	0	(29)
As at 31 March 2016	**6,017**	**16,713**	**4,329**	**27,059**

11. Investment Properties

11.1 Income, Expenditure and changes in Fair Value of Investment Properties

Investment properties are properties held solely to earn rentals or for capital appreciation or both. In the main the Council's investment properties consists of the City Centre Commercial (Shop) Estate and a number of Industrial Estates.

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

Analysis of movement in Investment Properties	2014/15	2015/16
	£000	£000
Balance at 1 April	66,397	64,161
Additions	3,468	158
Disposals	(3,074)	(1,222)
Net gains / (losses) from fair value adjustments	(2,791)	8
Transfers:		
(to) / from Inventories	0	0
(to) / from Property, Plant & Equipment	161	0
Other changes	0	(87)
Balance at 31 March	**64,161**	**63,018**

11.2 Fair Value Hierarchy for Investment Properties

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2016 (and 2015) are as follows:

2015/16 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016
	£000	£000	£000	£000
CAT1 - Depots & Workshops	0	267	0	267
CAT2 - Development & Surplus Land	0	4,012	50	4,062
CAT3 - Industrial sites	0	14,755	0	14,755
CAT4 - Lodges	0	160	0	160
CAT5 - Miscellaneous Ground Rents	0	1,713	3,323	5,036
CAT6 - Miscellaneous Let	0	4,112	54	4,166
CAT7 - Offices	0	1,968	0	1,968
CAT8 - Retail Ground Rents	0	32,021	0	32,021
Total	**0**	**59,008**	**3,427**	**62,435**

There were no transfers between Levels 1 and 2 during the year.

11.3 Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions, recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The office and commercial units located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The authority's office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

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

The Current Value (Fair Value) for the investment portfolio has been based on the market approach using comparable evidence from recent property transactions in the Plymouth area and by analysing other relevant information. Market Conditions are such that similar properties are actively purchased and sold with the level of observable inputs significant. This has led to the properties being categorised at Level 2 in the fair value hierarchy.

In relation to the housing sites, each of the housing sites have been marketed on the open market by Plymouth City Council, with offers received subject to various conditions (including but not limited to planning or category of house specifications). These offers have been adjusted accordingly to reflect the individual conditions.

Assets categorised at Level 3 in the fair value hierarchy have been assessed where there is a significant level of unobservable inputs. Where there is no reasonably available market evidence available in the Plymouth area to determine the Current Value (Fair Value) the Valuer will use considered assumptions such as the potential yields, rental growth and occupancy levels.

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

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

(N.B previously an all risk yield approach was used across the whole investment portfolio, however this year we have approached it on a property by property basis using an all risk yield, term and reversion and comparable market evidence).

11.4 Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Investment properties categorised within Level 3	31 March 2016
	£000
Opening Balance	0
Reclassifications in to Investment Properties at Level 3	0
Reclassifications out of Investment Properties at Level 3	0
Transfers into Level 3	2,969
Transfers out of Level 3	0
Total gains/(losses) for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value	458
Additions	0
Disposals	0
Closing Balance	**3,427**

Gains or losses arising from changes in the fair value of the investment properties are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

11.5 Quantitative information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Subcategory at Fair Value Level 3	31 March 2016	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
	£000				
Misc. Ground Rents	3,323	Income approach using a term and reversion technique	Rent growth	0% - 3.3% (0.66%)	Significant changes in rent growth and investment yield will result in a significantly lower or higher fair value
			Discount rate	6% - 15% (12.87%)	
Misc. Let Properties	54	Income approach using a term and reversion technique	Rent growth	50%	Significant changes in rent growth and investment yield will result in a significantly lower or higher fair value
			Discount rate	9%	

12. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Financing Requirement	Restated 2014/15	2015/16
	£000	£000
Opening Capital Financing Requirement 1 April	**264,753**	**262,872**
Capital Investment		
Property, Plant & Equipment	39,501	50,455
Plymouth Energy from Waste Facility (EfW)		
- initial recognition of asset (Plymouth share)	0	92,676
- less deferred credit re third party income to EfW	0	(58,036)
Investment Properties	3,468	158
Intangible Assets	238	471
Heritage Assets	381	54
Revenue Expenditure Funded from Capital under Statute	10,554	8,857
Other Capital Expenditure	482	2,813
Total	**54,624**	**97,448**
Sources of Finance		
Capital Receipts	(9,805)	(10,536)
less: Long Term Debtors written out in year	33	124
Grants & Contributions applied in year	(34,071)	(38,724)
Revenue & Other Funds	(3,552)	(1,764)
Minimum Revenue Provision	(9,110)	(3,404)
Total	**(56,505)**	**(54,304)**
Closing Capital Financing Requirement 31 March	**262,872**	**306,016**
Explanation of Movement in Year		
Increase in underlying need to borrow	7,300	11,827
Initial recognition of EfW PFI liability	0	34,640
Reduction in underlying need to borrow resulting from other changes in Capital financing Requirement	(9,191)	(3,323)
Assets acquired under Finance Leases	9	0
Increase/Decrease in Capital Financing Requirement	**(1,882)**	**43,144**

13. Financial instruments

13.1 Financial instrument balances

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

The financial liabilities and assets disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

Analysis of Financial Instruments	Long-Term		Current		Total	
	31 March 15	31 March 16	31 March 15	31 March 16	31 March 15	31 March 16
	£000	£000	£000	£000	£000	£000
Financial liabilities at amortised cost						
PWLB Debt	(44,252)	(44,252)	(287)	(287)	(44,539)	(44,539)
Other Borrowings	(101,285)	(101,332)	(69,638)	(97,524)	(170,923)	(198,856)
Deferred Liabilities	(29,352)	(116,368)	(879)	(3,406)	(30,231)	(119,774)
Other Liabilities	(8,422)	(8,486)	(498)	(521)	(8,920)	(9,007)
Trade Creditors	0	0	(27,463)	(22,715)	(27,463)	(22,715)
Total Financial Liabilities	**(183,311)**	**(270,438)**	**(98,765)**	**(124,453)**	**(282,076)**	**(394,891)**
Loans and receivables:						
Investments	4,565	4,615	41,379	13,178	45,944	17,793
Contractual debtors (net of impairment)	0	0	17,651	17,422	17,651	17,422
Cash & cash equivalents	0	0	7,628	26,958	7,628	26,958
Available for sale investments:						
Long term investments at fair value	24,565	30,376	0	0	24,565	30,376
Total Financial Assets	**29,130**	**34,991**	**66,658**	**57,558**	**95,788**	**92,549**

Note: LOBOs (Local Authority Lender's Option Borrower's Option loans) of £39m have been included in long term borrowing but have a call date in the next 12 months.

13.2 Gains and losses on financial instruments

The income, expense, gains and losses recognised in the comprehensive income and expenditure statement in relation to financial instruments are made up as follows:

Gains / Losses on Financial Instruments	2014/15			2015/16		
	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	10,428	0	10,428	13,933	0	13,933
Interest payable and similar charges	**10,428**	**0**	**10,428**	**13,933**	**0**	**13,933**
Interest income	0	(1,398)	(1,398)	0	(1,486)	(1,486)
Interest and investment income	**0**	**(1,398)**	**(1,398)**	**0**	**(1,486)**	**(1,486)**
Net (gain)/loss for the year	**10,428**	**(1,398)**	**9,030**	**13,933**	**(1,486)**	**12,447**

13.3 Financial Instruments – Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2016.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2016.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Comparison of financial liabilities	Fair Value Level	31 March 2015		31 March 2016	
		Balance Sheet	Fair value	Balance Sheet	Fair value
		£000	£000	£000	£000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(44,539)	(74,135)	(44,539)	(64,627)
Long-term LOBO loans	2	(170,923)	(227,605)	(198,856)	(254,933)
Lease payables and PFI liabilities	3	(30,231)	(30,231)	(119,774)	(119,613)
Total		**(245,693)**	**(331,971)**	**(363,169)**	**(439,173)**
Liabilities for which fair value is not disclosed *		(36,383)		(31,722)	
Total Financial Liabilities		**(282,076)**		**(394,891)**	
Recorded on balance sheet as:					
Short-term creditors		(28,508)		(26,641)	
Short-term borrowing		(69,925)		(97,812)	
Long-term borrowing		(145,537)		(145,584)	
Other long-term liabilities		(38,106)		(124,854)	
Total Financial Liabilities		**(282,076)**		**(394,891)**	

* *The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.*

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Comparison of financial assets	Fair Value Level	31 March 2015		31 March 2016	
		Balance Sheet	Fair value	Balance Sheet	Fair value
		£000	£000	£000	£000
Financial Assets held at fair value:					
Money market funds	1	0	0	14,324	14,324
Bond, equity and property funds	1	30,609	30,609	30,376	30,376
Corporate, covered and government bonds	2	3,007	3,007	3,007	3,007
Shares in listed companies	1	0	0	0	0
Shares in unlisted companies	3	0	0	0	0
Financial assets held at amortised cost:					
Long-term bank deposits	2	0	0	0	0
Long-term loans to local authorities	2	0	0	0	0
Lease receivables	3	0	0	0	0
Total		**33,616**	**33,616**	**47,707**	**47,707**
Assets for which fair value is not disclosed*		62,172		44,841	
Total financial assets		**95,788**		**92,548**	
Recorded on balance sheet as:					
Long-term debtors		0		0	
Long-term investments		29,130		34,991	
Short-term debtors		17,651		17,421	
Short-term investments		41,379		13,178	
Cash and cash equivalents		7,628		26,958	
Total financial assets		**95,788**		**92,548**	

** The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount.*

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

13.4 Nature and Extent of Risks Arising from Financial Instruments

The Council has adopted CIPFA's code of Practice on Treasury Management and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments.

Full details of the Council's Treasury Management Policy can be found on the Council website.

The treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Communities and Local Government (CLG) Investment Guidance for local authorities. The guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

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

- 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.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Credit risk

Credit risk is minimised through the annual Investment Strategy which outlines the credit criteria for the investment of the Council's funds. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies. The minimum credit rating criteria set for new investments with these financial institutions was a long term rating of A-/A3/A- (Fitch/Moody's/S&P). Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swaps and equity prices when selecting commercial organisations for investment.

A maximum limit of £20.00m of the total portfolio is placed on the amount that can be invested with a single counterparty. This limit and the maximum maturity of deposits are based on the credit quality of the organisation. The Council used UK Bank reserve accounts, allowing instant access to funds and where longer term investments were made these have been restricted to a maximum 1 year.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments with banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution.

The Council does not generally allow credit for customers. After 28 days, recovery procedures are undertaken to recover any outstanding debt. The overdue amount can be analysed by age as follows (including balances outstanding up to 28 days).

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meets its commitments.

The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future with Prudential Indicators included in the Treasury Management Strategy setting maximum levels of debt to mature within any financial year.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans outstanding	31 March 2015	31 March 2016
	£000	£000
Public Works Loans Board	(44,252)	(44,252)
Market debt	(100,000)	(100,000)
Temporary borrowing	(68,200)	(96,000)
Other borrowing	(112)	(176)
Deferred Liability (PFI)	(28,504)	(117,931)
Deferred Liability (Finance Leases)	(1,727)	(1,682)
Other Liabilities	(8,920)	(9,007)
Trade Creditors	(27,463)	(21,308)
Total	**(279,178)**	**(390,356)**
Less than 1 year	(97,154)	(121,412)
Between 1 and 2 years	(499)	(2,888)
Between 2 and 5 years	(9,217)	(17,095)
Between 5 and 10 years	(9,061)	(23,683)
Between 10 and 20 years	(50,145)	(87,933)
Between 20 and 30 years	(6,781)	(31,026)
Between 30 and 40 years	(10,532)	(12,597)
Between 40 and 50 years	(14,397)	(50,346)
Over 50 years	(81,392)	(43,376)
Total	**(279,178)**	**(390,356)**

There is £39.0m in the over 50 year category of LOBO's which have a call date in the next 12 months.

£96.0m of short term borrowing in place at 31 March 2016 was taken under approved authority to meet the Council's capital financing and cash flow requirements to the end of the financial year. These loans can be repaid from cash flow and maturing deposits in 2015/16 if required thus reducing credit risk. These repayments are not subject to liquidity risk and as there is no need to replace this borrowing as there will be no exposure to interest rate risk.

Market risk: interest rate risk

The Council is exposed to risks in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council.

Investments classed as "loans and receivables" and loans borrowed are not carried at fair value, so changes in their value will have no impact on the Comprehensive Income and Expenditure Statement. However changes in interest payable and receivable on variable rate borrowings and investments will be posted to the (surplus) or deficit on the Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Council seeks to minimise this risk through expert advice on forecasts of interest rates received from our treasury management consultants. This is used to formulate a strategy for the year for both investments and borrowing. This strategy is periodically reviewed during the year to update for any modifications required in the light of actual movements in interest rates. As part of this strategy, limits are set for variable interest rate exposure to ensure that variable rate borrowing does not exceed variable rate investments. In both cases variable rates are considered to be any loans or investments with maturities of less than one year, or longer term loans or investments with the period to maturity falling below 1 year.

During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

Market risk: price risk

The market price of the Council's units in collective investment schemes are governed by prevailing interest rates and economic conditions and the risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £20m. A 5% fall in commercial property prices would result in a £1m charge to Other Comprehensive Income & Expenditure – this would have no impact on the General Fund until the investment was sold.

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £20m. A 5% fall in share prices would result in a £1m charge to Other Comprehensive Income & Expenditure – this would have no impact on the General Fund until the investments were sold.

Market risk: foreign exchange risk

The Council currently has approximately £1.5m in Icelandic Krona (ISK) remaining in Escrow in Iceland. The Council is currently working with the LGA, Bevan Brittan and other affected authorities to research ways of converting the ISK element of the impaired Icelandic deposit into Foreign Exchange, which is British Pounds.

14. Debtors

14.1 Short term debtors

Debtors are carried in the Balance Sheet at amortised cost, which generally equates to invoice value. The carrying value of the debt is reduced, however, to take into account the potential non-collectability of debt. The table below represents the net amount the Authority expects to collect from debtors existing at the balance sheet date.

Category of Debtor	31 March 2015	31 March 2016
	£000	£000
Amounts Falling Due in One Year:		
Central Government Departments	15,502	4,000
Public corporations & Trading Funds	7	0
NHS Bodies	388	930
Other Local Authorities	3,417	5,821
Other entities and individuals	17,843	28,688
Total Short Term Debtors	**37,157**	**39,439**

14.2 Bad debt provision

The movement on the allowance for the non-collectability of debt (bad debt provision) account over the year was as follows:

Analysis of provisions held	31 March 2015	Provision made in year	Provision used in year	31 March 2016
	£000	£000	£000	£000
General Fund	(1,469)	(339)	431	(1,377)
Housing Benefit Overpayments Provision	(2,881)	(775)	157	(3,499)
Collection Fund	(4,225)	(1,688)	1,326	(4,587)
Total Provisions For Bad Debt	**(8,575)**	**(2,802)**	**1,914**	**(9,463)**

15. Creditors

15.1 Short term creditors

Creditors payable within the next 12 months are:

Category of Creditor	31 March 2015	31 March 2016
	£000	£000
Central Government Departments	(27,947)	(2,849)
Corporations & Trading Funds	0	0
NHS Bodies	(857)	(2,407)
Other Local Authorities	(2,494)	(4,679)
Other entities and individuals	(62,857)	(78,268)
Total	**(94,155)**	**(88,203)**

15.2 Long term creditors

Creditors falling due after more than 12 months are:

The amount included within the other Local Authorities relates to a liability to Devon County Council for unfunded pension liabilities relating to pre Local Government Reorganisation (that is pre 1 April 1998).

Category of Creditor	31 March 2015	31 March 2016
	£000	£000
Other Local Authorities	(16,521)	(15,065)
Other entities and individuals	(235)	(221)
Total	**(16,756)**	**(15,286)**

15.3 Other long term liabilities

Analysis of Other Long Term Liabilities	31 March 2015	31 March 2016
	£000	£000
PFI Finance Leases	(27,775)	(114,564)
Other Finance Leases	(1,673)	(1,638)
Tamar Science Park	(236)	(166)
Cornwall Council - re Tamar Bridge & Torpoint Ferry Joint Committee	(8,422)	(8,486)
Total	**(38,106)**	**(124,854)**

16. Provisions

The Council has a number of budget provisions set up to meet known liabilities. Provisions are compulsory and required to comply with accounting standards. The provisions for the year are £12.761m and includes short term provisions £2.276m (2014/15 £1.002m) and long term provisions £10.485m (2014/15 £12.899m). The balance on the provisions at year end together with movement in the year is outlined below:

Analysis of Provisions held	31 March 2015	Provision made in year	Payments used in year	Unused amounts reversed in year	31 March 2016
	£000	£000	£000	£000	£000
Insurance Provisions	(4,144)	(2,425)	2,828	3	(3,738)
Landfill Site Provision	(8,612)	0	346	418	(7,848)
Other Provisions	(1,145)	(1,582)	1,552	0	(1,175)
Total Provisions	**(13,901)**	**(4,007)**	**4,726**	**421**	**(12,761)**

Details about the main provisions held are as follows:

Insurance provisions

The Council insures only part of its risks externally through insurance companies, with other risks covered by specific internal funding. The insurance provision receives contributions from charges made to service revenue accounts for insurance, and payments are made from the fund in respect of insurable liabilities, which are covered internally. At the year end, the balance on the various funds equates to the best estimate of liabilities from claims.

All of the Council's buildings are insured against fire, whilst some are also covered against other perils. Liability cover includes public liability and employer's liability.

Landfill site provision

The Council has made a provision of £7.848m as at 31 March 2016 to reflect the Council's on-going liability for the closed landfill site at Chelson Meadow. The provision has been calculated on the future maintenance costs over the next 51 years and is reviewed each year to take into account the actual maintenance costs spent in the year.

Other provisions

Included in Other Provisions is a provision of £0.104m for business rate appeals as shown within the Collection Fund Statement note 5.

17. Reserves

17.1 Usable and unusable reserves summary

The Council holds a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accountancy practice and others have been set up voluntarily to earmark resources for future spending plans. The following table outlines the main reserves held with further analysis of individual reserve categories being shown in the remainder of this section.

There has been one large movement in the pension reserve during the year which is part of the unusable reserves balance.

Analysis of Reserves	Note	31 March 2015	31 March 2016
		£000	£000
Usable Reserves			
General Fund Balance		10,620	10,652
Earmarked General Fund Reserves	17.3	28,487	29,412
Capital Receipts Reserve	17.4	10,798	8,989
Capital Grants and Contributions Unapplied	17.5	8,333	2,369
Total Usable Reserves		**58,238**	**51,422**
Unusable Reserves			
Revaluation Reserve	17.6	102,850	119,216
Capital Adjustment Account	17.7	257,273	251,320
Financial Instruments Adjustment Account		(19,324)	(19,161)
Pensions Reserve	17.9	(521,344)	(470,664)
Collection Fund Adjustment Account		1,124	(1,529)
Accumulating Compensated Absences Adjustment Account	17.11	(3,838)	(2,426)
Deferred Capital Receipts		8	6
Available for Sale Financial Instruments Reserve		1,541	2,351
Total Unusable Reserves		**(181,710)**	**(120,887)**
Total Reserves		**(123,472)**	**(69,465)**

17.2 General fund balance

The General Fund Balance (also known as the 'Working Balance') represents accumulated surplus of income over expenditure in relation to the Authority's revenue activities. The balance may be utilised to provide for unforeseen circumstances, ensure that payments can be made pending the receipt of income, or to support the annual revenue budget (thus reducing the Council Tax levy). The balance at the start of the year was £10.620m. After taking into account the revenue surplus for the year of £0.032m the balance at 31 March 2016 was £10.652m.

17.3 Earmarked reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and policy initiatives.

Summary group	Balance as at 31 March 2015	Transfers to Reserves 15/16	Transfers from Reserves 15/16	Balance as at 31 March 2016
	£000	£000	£000	£000
Education Reserves	(8,805)	(6,102)	7,654	(7,253)
Other Ring Fenced	(3,743)	(684)	1,406	(3,021)
Other Reserves	(4,300)	(5,268)	5,077	(4,491)
PCC Earmarked Reserves:				
Insurance & Risk Management Reserve	(1,179)	0	903	(276)
Pensions	(566)	(400)	566	(400)
Carry Forwards & Corporate Health	(753)	(838)	753	(838)
Redundancies Reserve	(700)	(1,000)	700	(1,000)
Modernisation Enabler	0	(1,100)	0	(1,100)
Life Centre Dowry	(600)	(150)	0	(750)
Waste Shortfall	(750)	0	750	0
Stock Transfer Residual Liabilities	(1,005)	0	0	(1,005)
Investment Fund	(1,579)	(552)	525	(1,606)
Business Rates Reserve	0	(1,000)	0	(1,000)
Care Act	(500)	(1,943)	243	(2,200)
Integrated Finance Reserve	0	(1,000)	0	(1,000)
Other PCC Earmarked Reserves	(4,007)	(3,096)	3,631	(3,472)
Total Reserves	**(28,487)**	**(23,133)**	**22,208**	**(29,412)**

The main earmarked reserves and their purpose are as follows:

Education/schools reserves

Education carry forwards – A number of reserves are held on behalf of several educational establishments which operate under devolved budgets, whereby any surpluses or deficits are carried forward to the following financial year.

School budget share – Represents unspent balances at the year-end against schools' delegated budgets. The 31 March 2016 balance relating to the School budget share was £6.076m (31 March 2015: £7.365m).

PFI Reserve – The Council receives PFI credits towards the schools PFI contract at Wood View School in equal instalments over the course of the contract. Credits received in excess of costs are carried forward in a reserve to meet future expenditure, thus smoothing expenditure and income over the term of the contract.

17.4 Usable Capital Receipts

Capital receipts are received by the Council for the sale of assets and the repayment of mortgage loans. 75 per cent of receipts relating to former HRA Right to Buy sales, including mortgage repayments, are paid over to central Government whilst the balance remaining may be used for the following:

- To finance capital expenditure
- To be set aside to finance future repayment of debt

The table below shows the movement in the reserve during the year:

Movement in Usable Capital Receipts	2014/15	2015/16
	£000	**£000**
Balance at 1 April	**12,863**	**10,798**
Add: Receipts from sales of assets, etc.	7,744	8,729
Total	**20,607**	**19,527**
Less:		
Housing Pooled Capital Receipts Paid to Central Government	(4)	(2)
Used to Finance Capital Expenditure	(9,805)	(10,536)
Balance at 31 March	**10,798**	**8,989**

17.5 Capital Grants and Contributions Unapplied

The Authority receives various grants (mainly from Central Government) and contributions towards the financing of its capital programme each year. The following table details the transactions posted to the account for the period:

Movement in Capital Grants and Contributions	2014/15	2015/16
	£000	**£000**
Balance at 1 April 2015	**12,882**	**8,333**
Capital Grants and Contributions recognised in the Comprehensive Income and Expenditure Statement in the year	26,301	29,206
Less used to finance Capital Expenditure	(30,850)	(35,170)
Balance at 31 March 2016	**8,333**	**2,369**

In addition to the above balance, the Authority also held £33.665m of grants and contributions on the balance sheet at 31 March 2016 (£34.967m at 31 March 2015) which had not yet been released to the Comprehensive Income and Expenditure Statement. These will be recognised and transferred into the Capital Grants and Contribution Unapplied Account., once the authority is satisfied that the terms and conditions of the grant have been met.

Further details of capital grants and contributions are provided in note 25.1.

17.6 Revaluation reserve

The Revaluation 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.

The following table details the transactions posted to the account for the period:

Movement in Revaluation Reserve	2014/15	2015/16
	£000	£000
Balance at 1 April	**111,329**	**102,850**
Upward revaluation of assets	8,317	38,928
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	(13,195)	(8,357)
Surplus or (deficit) on the revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	**(4,878)**	**30,571**
Release of Investment Property Balance	0	0
Difference between fair value depreciation and historical cost depreciation	(3,601)	(12,380)
Accumulated gains on assets sold or scrapped	0	(1,825)
Amount written off to the Capital Adjustment Account	**(3,601)**	**(14,205)**
Balance at 31 March	**102,850**	**119,216**

17.7 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 Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The following table shows the transactions posted to the account during the year:

Movement in Capital Adjustment Account	2014/15	2015/16
	£000	£000
Balance at 1 April	**301,448**	**257,273**
Opening balance adjustments	0	1,053
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	(35,754)	(48,490)
Revaluation losses on Property, Plant and Equipment	(43,171)	3,298
Amortisation of intangible assets	(689)	(551)
Revenue expenditure funded from capital under statute	(10,658)	(8,900)
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	(6,900)	(10,587)
Adjusting amounts written out of the Revaluation Reserve	3,600	4,584
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	9,805	10,536
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	30,850	35,171
Amounts reserved for future capital financing:-		
Statutory provision for the financing of capital investment charged against the General Fund (includes TB&TFJC element)	9,110	3,404
Capital expenditure charged against General Fund	2,670	1,960
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(2,792)	8
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	0
Other Movement on the CAA in year:-		
Landfill Site Provision	(213)	418
Write Down of Long Term Debtors	(33)	(124)
Deferred Credit - Energy from Waste	0	2,267
Balance at 31 March	**257,273**	**251,320**

17.8 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement.

17.9 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority 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. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible (i.e. enhanced pensions). The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority 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.

Movement in Pension Reserve	2014/15	2015/16
	£000	£000
Balance at 1 April	**(391,913)**	**(521,345)**
Actuarial gains or losses on pensions assets and liabilities	(117,858)	62,865
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	(31,075)	(31,804)
Employer's pensions contributions and direct payments to pensioners payable in the year	19,902	18,165
(Increase) / decrease in Plymouth's share of net deficit in year of Devon County Council Pension Fund	(401)	1,455
Balance at 31 March	**(521,345)**	**(470,664)**

17.10 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NDR income in the Comprehensive Income and Expenditure Statement as it falls due from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

17.11 Accumulating Compensated Absences Adjustment Account

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

Movement in Accumulating Compensated Absences Adjustment Account	2014/15	2015/16
	£000	£000
Balance at 1 April	**(4,181)**	**(3,838)**
Settlement or cancellation of accrual made at the end of the preceding year	4,181	3,838
Amounts accrued at the end of the current year	(3,838)	(2,426)
Balance at 31 March	**(3,838)**	**(2,426)**

18. Cash flow disclosures

18.1 Cash flow statement - operating activities

The cash flows for operating activities include the following items:

Analysis of Operating Activities	2014/15	2015/16
	£000	£000
Net Surplus or (Deficit) on the Provision of Services	**(64,728)**	**(40,650)**
Adjust net surplus or deficit on the provision of services for non-cash movements:		
Depreciation	26,753	24,881
Impairment and downward valuations	52,173	27,645
Amortisation	689	551
Adjustments for effective interest rates	(55)	(57)
Increase/Decrease in Interest Creditors	6	44
(Increase)/Decrease in Creditors	4,047	(6,080)
(Increase)/Decrease in Interest and Dividend Debtors	159	170
(Increase)/Decrease in Debtors	(4,168)	(140)
(Increase)/Decrease in Inventories	(113)	227
Pension Liability	10,871	12,184
Contributions to/(from) Provisions	(2,941)	(1,140)
Accumulated Absence	0	1,412
Carrying amount of non-current assets sold	6,900	10,587
Movement in Investment Property values	2,792	(8)
Total	**97,113**	**70,276**
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital Grants credited to surplus or deficit on the provision of services	(26,302)	(29,207)
Proceeds from the sale of short and long term investments	93,075	28,000
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,740)	(8,726)
Total	**59,033**	**(9,933)**
Net Cash Flows from Operating Activities	**91,418**	**19,693**

Analysis of interest paid and Received	2014/15	2015/16
	£000	£000
Ordinary interest received	754	1,486
Soft Loans (non-Subsidiary) - Interest adjustment credited to I+E Account during year	0	0
Adjustment for Icelandic impairments	0	0
Opening Debtor	150	289
Closing Debtor	(289)	(48)
Interest Received	**615**	**1,727**
Interest charge for year	(10,037)	(12,447)
Adjustments for differences between Effective Interest Rates and actual interest payable	(55)	(57)
Adjustment for impairment losses on Long & Short Term Investments charged to Interest Payable	0	0
Opening Creditor	(3,220)	(3,226)
Closing Creditor	3,226	3,270
Interest Paid	**(10,086)**	**(12,460)**
Dividend Received	511	687
Opening Debtor	88	210
Closing Debtor	(210)	(281)
Dividend Received	**389**	**616**

18.2 Cash flow statement – investing activities

Analysis of Investing Activities	2014/15	2015/16
	£000	£000
Property, Plant and Equipment Purchased	(42,969)	(143,288)
Other Capital Payments	(619)	(525)
Add back new PFI Asset	0	92,676
Opening Capital Creditors	(4,737)	(6,992)
Closing Capital Creditors	6,992	4,380
Movement on other capital creditors	0	0
Purchase of Property, Plant and Equipment, investment property and intangible assets	**(41,333)**	**(53,749)**
Purchase of short and long term investments	**(97,645)**	**(5,050)**
Long term loans granted	(1,179)	(2,805)
Other payments for Investing Activities	**(1,179)**	**(2,805)**
Proceeds from the sale of property plant and equipment, investment property and intangible assets	**7,744**	**8,728**
Proceeds from short term investments	0	0
Proceeds from short-term and long-term investments	**0**	**0**
Other capital cash receipts	(1,891)	(1,603)
Capital Grants Received	41,774	29,213
Other capital cash receipts in advance	0	0
Other Receipts from Investing Activities	**39,883**	**27,610**
Total Cash Flows from Investing Activities	**(92,530)**	**(25,266)**

18.3 Cash flow statement – financing activities

Analysis of Financing Activities	2014/15	2015/16
	£000	£000
Cash receipts of short and long term borrowing	472,274	225,469
Billing Authorities - Council Tax and NDR adjustments	140	242
Repayment of Short-Term and Long-Term Borrowing	(485,328)	(197,413)
Payments for the reduction of a finance lease liability	(220)	(41)
Payments for the reduction of a PFI liability	(830)	(3,354)
Total Cash Flows from Financing Activities	**(13,964)**	**24,903**

18.4 Cash flow statement – cash and cash equivalent

Analysis of Cash and Cash Equivalents	2014/15	2015/16
	£000	£000
Cash and Bank Balances	1,121	1,172
Cash Investments - regarded as cash equivalents	5,136	23,353
Tamar Bridge & Torpoint Ferry	1,371	2,433
Total	**7,628**	**26,958**

19. Amounts reported for resources 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 (SeRCOP). However, decisions about resource allocation are taken by the Authority'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 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 and expenditure on some support services is budgeted for centrally and not charged to directorates.

The table below shows the final outturn for 2015/16 analysed by service as reported to the Authority's Cabinet:

2015/16	Executive Office	Corporate Items	Transformation & Change	People Directorate	Place Directorate	Office of Director of Public Health	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & other service income	(214)	(4,839)	(13,837)	(21,413)	(30,747)	(3,651)	(74,701)
Government grants & contributions	(74)	(6,738)	(105,900)	(258,555)	(12,580)	(14,233)	(398,080)
Interest & Investment Income	0	(1,354)	0	0	0	0	(1,354)
Total	**(288)**	**(12,931)**	**(119,737)**	**(279,968)**	**(43,327)**	**(17,884)**	**(474,135)**
Employee expenses	3,669	2,695	24,073	122,403	20,089	3,778	176,707
Interest Payments	0	2,842	0	0	0	0	2,842
Other operating Expenses	521	12,415	130,835	279,247	47,214	14,615	484,847
Precepts & Levies	0	12	0	0	33	0	45
Support Service Recharges	51	153	325	1,711	251	180	2,671
Total	**4,241**	**18,117**	**155,233**	**403,361**	**67,587**	**18,573**	**667,112**
Net Cost of Services 2015/16	**3,953**	**5,186**	**35,496**	**123,393**	**24,260**	**689**	**192,977**

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

Reconciliation to Net cost of services in Comprehensive Income and Expenditure Statement	£000
Net Cost of Services in Service Analysis as shown in the table above	192,977
Add Adjustments and Amounts not reported in Management accounts (including Tamar Bridge & Torpoint Ferry Joint Committee)	1,287
Add Net Expenditure of Services not included in the main analysis (Trading)	57
Remove amounts reported to management not included in Comprehensive Income and Expenditure	31,323
Net Cost of Services in Comprehensive Income and Expenditure Statement	**225,644**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the comprehensive income and expenditure statement.

2015/16	Service Analysis	Adjustments & Amounts not in Management accounts	Services not in main analysis	Not incl in I&E	Net cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(74,701)	(28,909)	(10,305)	48,640	(65,275)	(13,647)	(78,922)
Government grants & contributions	(398,080)	80,780	0	30,881	(286,419)	(214,713)	(501,132)
Interest and Investment income	(1,354)	(3,883)	0	5,237	0	(5,236)	(5,236)
Total Income	**(474,135)**	**47,988**	**(10,305)**	**84,758**	**(351,694)**	**(233,596)**	**(585,290)**
Depreciation, amortisation and impairment	0	(14,443)	320	54,531	40,408	812	41,220
Employee expenses	176,707	(3,532)	2,087	(25,933)	149,329	18,035	167,364
Gain or Loss on disposal of Non-Current Assets	0	11,190	0	(11,190)	0	11,189	11,189
Interest Payments	2,842	19,409	0	(22,252)	(1)	22,252	22,251
Other service Expenses	484,847	(108,401)	7,176	(31,087)	352,535	(4,980)	347,555
Payments to Housing Capital Receipts Pool	0	2	0	(2)	0	2	2
Precepts and levies	45	13	0	(59)	(1)	58	57
Support service recharges	2,671	49,061	779	(17,443)	35,068	1,234	36,302
Total Operating Expenses	**667,112**	**(46,701)**	**10,362**	**(53,435)**	**577,338**	**48,602**	**625,940**
Surplus or deficit on the provision of services 2015/16	**192,977**	**1,287**	**57**	**31,323**	**225,644**	**(184,994)**	**40,650**

Amounts reported for resources allocation decisions (2014/15 Comparative)

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 Authority'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 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 and expenditure on some support services is budgeted for centrally and not charged to directorates.

The income and expenditure of the Authority's General fund directorates recorded in the budget reports for the year is as follows:

2014/15	Executive Office	Corporate Items	Transformation & Change	People Directorate	Place Directorate	Office of Director of Public Health	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, Charges & other service income	(105)	2,722	(13,824)	(25,532)	(34,289)	(3,846)	(74,874)
Government grants & contributions	(41)	(11,272)	(107,710)	(266,659)	(10,427)	(12,503)	(408,612)
Total	**(146)**	**(8,550)**	**(121,534)**	**(292,191)**	**(44,716)**	**(16,349)**	**(483,486)**
Employee expenses	3,412	6,062	23,143	131,460	20,374	3,958	188,409
Other operating Expenses	603	(71,215)	129,002	284,866	54,303	12,418	409,977
Support Service Recharges	0	296	361	3,064	383	178	4,282
Total	**4,015**	**(64,857)**	**152,506**	**419,390**	**75,060**	**16,554**	**602,668**
Net Cost of Services 2014/15	**3,869**	**(73,407)**	**30,972**	**127,199**	**30,344**	**205**	**119,182**

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

Reconciliation to Net cost of services in Comprehensive Income and Expenditure Statement	£000
Net Cost of Services in Service Analysis as shown in the table above	119,182
Add Adjustments and Amounts not reported in Management accounts (including Tamar Bridge & Torpoint Ferry Joint Committee)	99,005
Add Net Expenditure of Services not included in the main analysis (Trading)	(8)
Remove amounts reported to management not included in Comprehensive Income and Expenditure	49,615
Net Cost of Services in Comprehensive Income and Expenditure Statement	**267,794**

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the comprehensive income and expenditure statement.

2014/15	Service Analysis	Adjustments & Amounts not in Management accounts	Services not in main analysis	Not incl in I&E	Net cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(73,596)	7,586	(10,254)	10,361	(65,903)	(18,900)	(84,803)
Government grants & contributions	(408,612)	111,090	0	10,749	(286,773)	(228,082)	(514,855)
Interest and Investment income	(1,278)	0	0	1,278	0	(5,714)	(5,714)
Total Income	**(483,486)**	**118,676**	**(10,254)**	**22,388**	**(352,676)**	**(252,696)**	**(605,372)**
Depreciation, amortisation and impairment	(85,697)	65,452	0	85,697	65,452	936	66,388
Employee expenses	188,409	(3,452)	1,986	(23,168)	163,775	22,099	185,874
Gain or Loss on disposal of Non-Current Assets	0	0	0	0	0	3,826	3,826
Interest Payments	3,347	0	0	(3,347)	0	19,850	19,850
Other service Expenses	492,276	(112,592)	7,344	(30,986)	356,042	906	356,948
Payments to Housing Capital Receipts Pool	0	0	0	0	0	3	3
Precepts and levies	51	0	0	(51)	0	51	51
Support service recharges	4,282	30,921	916	(918)	35,201	1,959	37,160
Total Operating Expenses	**602,668**	**(19,671)**	**10,246**	**27,227**	**620,470**	**49,630**	**670,100**
Net Cost of Services 2014/15	**119,182**	**99,005**	**(8)**	**49,615**	**267,794**	**(203,066)**	**64,728**

20. Agency Services

The Council has a number of arrangements in place where it is acting as an agent for a third party. The accounts exclude all but the administration fee that the Authority receives for providing these services. During 2015/16, the significant agency services that the Authority undertook were as follows:-

Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG)

The Council carries out certain work on an agency basis on behalf of the NEW Devon CCG, the main service relating to the procurement of health care. The Council pays the Care Providers for nursing care and then collects it from the NEW Devon CCG.

Collection of Local Taxation

The Council, as a billing authority for Council Tax, acts as an agent on behalf of the Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire and Rescue Services. As a billing authority for Non Domestic Rates the Council acts as an agent on behalf of Central Government and the Devon and Somerset Fire and Rescue Service.

The Council includes a debtor or creditor in its Balance Sheet for deficits/surpluses on the Collection Fund attributable to these bodies at the year end.

The expenditure incurred and income received in relation to these services is shown within the Collection Fund Statement and associated notes on page 97.

Business Improvement District (BID)

The Council acts as an agent for the city's two BID companies, Plymouth City Centre Company and Plymouth Waterfront Partnership Ltd, billing and collecting the BID Levy (the contribution from businesses within the respective Business Improvement District areas for improvement initiatives) on behalf of the two companies.

Devon Business Rates Pool

In accordance with paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 the Secretary of State designated the Local Authorities of Devon as a pool of authorities for the purpose of the scheme for local retention of non-domestic rates.

Plymouth City Council is the lead authority of the pool and undertakes the following functions:

- Makes and receives, on behalf of the pool members, payments in respect of any top-ups and tariffs, levy and safety net and safety net on account payments from DCLG.
- Makes and receives payments between members of the pool as determined by the governance agreement.
- Administers the pool in accordance with the governing arrangements.

Other Agency Arrangements

The Authority also provides a number of other, less significant agency services for which it is reimbursed, including Payroll Services and School Catering Services.

21. Pooled Budgets – Integrated Fund

On 1 April 2015 the Council entered into a pooled budget arrangement with Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG), under Section 75 of the NHS Act 2006, to enable an integrated approach to commissioning a range of health, public health and social care services to meet the needs of people living in the Plymouth area. The Integrated Fund is hosted by NEW Devon CCG on behalf of the two partners to the agreement.

Pooled Budget - Integrated Fund	2014/15	2015/16
	£000	£000
PCC contribution to the pooled budget:		
Pooled	0	168,141
Aligned	0	(34,678)
Total	**0**	**133,463**
Total Combined Integrated Fund (incl. CCG)	**0**	**482,815**

22. Members' Allowances

The Council made payments totalling £0.983m (2014/15: £0.937m) to its Members in the year made up as follows:

Analysis of Members Allowance	2014/15	2015/16
	£000	£000
Basic Allowance	581	591
Special Responsibility Allowance	354	390
Travel, subsistence and other expenses	2	2
Total	**937**	**983**

Travel and subsistence and other expenses covers claims submitted direct by Councillors. Expenses such as rail or air fares may be raised through the Council's internal procurement system. These are charged to the Members support budget where these relate direct to a Member's corporate responsibility, or, if incurred in relation to a specific service issue, direct to the service concerned.

The Council is required to publish details of payments made to its Members and these can be found on the Council's website or you can obtain a copy, in writing, from the Democratic Support Officer, Directorate for Corporate Services, Ballard House, Plymouth PL1 3BJ.

23. Officers' Remuneration

23.1 Senior Employees

Senior employees earning £50,000 or more per annum who have responsibility for the management of the Council or power to directly control the major activities of the Council are required to be listed by way of job title within the accounts. Where an employee's remuneration exceeds £150,000 there is an additional requirement that they be identified by name. Plymouth defines relevant senior staff as members of the Corporate Management Team (Directors) and Departmental Management Teams (Assistant Directors). In line with majority of the public sector, a pay freeze was implemented for the Council's senior management in 2015/16.

Senior Management Post	Financial Year	Salaries	Fees & Allowances	Redundancy Payments	Pension Contributions	Total Remuneration	Notes
Salary over £150,000		£	£	£	£	£	
Tracey Lee - Chief Executive (Head of Paid Service)	2015/16	150,000	10,712	0	20,550	181,262	2014/15 and 2015/16 figures include payments for election duties.
	2014/15	150,000	9,653	0	20,550	180,203	
Salary over £50,000 but less than £150,000							
Strategic Director for People (Director of Children's Services and Director of Adult Social Services)	2015/16	129,699	307	0	17,769	147,775	
	2014/15	129,699	54	0	17,769	147,522	
Strategic Director for Place	2015/16	114,637	21	0	15,705	130,363	
	2014/15	114,637	54	0	15,705	130,396	
Strategic Director for Transformation and Change	2015/16	114,637	0	0	15,705	130,342	The position holder was appointed as Director of Transformation on 26/01/15.
	2014/15	20,955	0	0	2,871	23,826	
Director of Public Health	2015/16	109,057	21	0	15,595	124,673	
	2014/15	103,499	0	0	10,636	114,135	The position holder was appointed on 01/04/2014.
Assistant Chief Executive	2015/16	86,300	207	0	11,823	98,330	The position holder was appointed in the new position of Assistant Chief Executive on 01/06/2014.
	2014/15	70,929	54	0	10,225	81,208	

Senior Management Post	Financial Year	Salaries	Fees & Allowances	Redundancy Payments	Pension Contributions	Total Remuneration	Notes
Assistant Director and Head of Legal Services (Monitoring Officer)	2015/16	71,088	5,357	0	9,739	86,184	The Monitoring Officer position was taken over by The Head of Legal Services on 10/10/2014. The 2014/15 salary covers the period between 10/10/14 and 31/03/15.
	2014/15	35,196	48,167	0	4,822	88,185	
Assistant Director for Strategic Co-operative Commissioning	2015/16	86,300	0	0	11,823	98,123	
	2014/15	85,030	54	0	11,649	96,733	
Assistant Director for Economic Development	2015/16	86,300	21	0	11,823	98,144	
	2014/15	85,030	54	0	11,649	96,733	
Assistant Director for Learning and Communities	2015/16	99,694	0	0	13,658	113,352	
	2014/15	98,424	0	0	13,484	111,908	
Assistant Director for Children, Young People and Families	2015/16	91,697	21	0	12,563	104,281	
	2014/15	90,427	54	0	12,388	102,869	
Assistant Director for Strategic Planning and Infrastructure	2015/16	86,300	96	0	11,823	98,219	
	2014/15	85,030	0	0	11,649	96,679	
Assistant Director for Finance (Section 151 Officer)	2015/16	78,405	0	0	0	78,405	Position holder left on the 31/03/15. New position holder started 26/05/15.
	2014/15	85,030	0	0	11,649	96,679	
Assistant Director for HR and Organisational Development	2015/16	35,719	0	0	4,893	40,612	The post holder was appointed on 02/11/15.
	2014/15	0	0	0	0	0	
Assistant Director for Customer Services	2015/16	71,088	21	0	0	71,109	An acting AD was appointed for the period 01/11/13 to 06/07/14. The current post holder was appointed as the Assistant Director for Customer Services on 07/07/2014.
	2014/15	51,496	54	0	0	51,550	
	2014/15	18,548	0	0	2,541	21,089	
Head of Housing Services	2015/16	51,758	21	0	7,091	58,870	
	2014/15	0	0	0	0	0	
Head of Transformation Programme	2015/16	66,887	21	0	0	66,908	
	2014/15	0	0	0	0	0	

Senior Management Post	Financial Year	Salaries	Fees & Allowances	Redundancy Payments	Pension Contributions	Total Remuneration	Notes
Assistant Director for Homes and Communities	2015/16	0	0	0	0	0	Assistant Director for Homes and Communities left the Council on 31/01/2015. Salary for 2014/15 includes pay in lieu of leave. The post has been deleted.
	2014/15	89,284	0	34,443	12,155	135,882	
Assistant Director for Democracy and Governance	2015/16	0	0	0	0	0	The position holder was also the monitoring offcer and left the Council on 09/10/14. The post was deleted. The monitoring officer position was taken over by the Head of Legal Services from 10/10/2014.
	2014/15	38,902	0	5,241	6,074	50,217	

** Fees and allowances include expenses such as travel, subsistence and fees for election duties and in the case of the Assistant Director for Education, Learning and Family Support and the Assistant Director for Children's Social Care it includes relocation expenses.*

In addition to the remuneration paid to senior employees the Council also incurred the expenditure shown below in relation to interim appointments to key positions:

Senior Management Post	Financial Year	Total Expenditure	Notes
Director for Transformation (Interim)	2015/16	0	
	2014/15	111,244	David Trussler left 24/10/14.
Director of Public Health (Interim)	2015/16	0	
	2014/15	9,104	Stephen Horsley left 04/04/14.
Assistant Director for Street Services (Interim)	2015/16	150,878	
	2014/15	168,556	Simon Dale started 23/12/2013.
Assistant Director for HR & Organisational Development (Interim)	2015/16	78,771	
	2014/15	50,917	Chris Squire left 31/03/15. Marion Fanthorpe started 05/05/15 and left 05/11/15.
Head of Portfolio Office (Transformation)	2015/16	0	
	2014/15	101,108	Sue Thomas left 24/10/14.
Head of Business Technology Architecture (Transformation)	2015/16	0	
	2014/15	109,154	Hugh Van Wijk left 24/10/14.

23.2 Remuneration above £50,000

The Council is required by statute to disclose the number of employees whose remuneration for the year (excluding employer pension contributions) was £50,000 or more.

The numbers below do not include the senior management as disclosed in note 23.1.

Remuneration Bandings	2014/15		2015/16	
	Schools	Non schools	Schools	Non schools
£50,000 - £54,999	18	29	16	32
£55,000 - £59,999	18	14	18	12
£60,000 - £64,999	26	8	23	12
£65,000 - £69,999	10	3	13	2
£70,000 - £74,999	4	3	7	5
£75,000 - £79,999	2	3	3	1
£80,000 - £84,999	1	0	2	0
£85,000 - £89,999	1	1	0	0
£90,000 - £94,999	0	0	0	0
£95,000 - £99,999	1	1	2	0
Total	**81**	**62**	**84**	**64**

23.3 Employee exit packages

The authority incurred costs during 2015/16 relating to employee exit packages linked to compulsory and voluntary redundancies, a summary of which is shown below:

Banding	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
							£000	£000
£00,000 - £20,000	54	6	36	164	90	170	654	1,825
£20,001 - £40,000	8	3	0	22	8	25	205	590
£40,001 - £60,000	3	1	0	0	3	1	135	49
£60,001 - £80,000	1	0	0	0	1	0	60	0
£80,001 - £100,000	1	1	0	0	1	1	95	85
Total	**67**	**11**	**36**	**186**	**103**	**197**	**1,149**	**2,549**

The Authority terminated the contracts of a number of employees in 2015/16 including school based staff, incurring liabilities of £2.549m (2014/15 £1.149m). This includes a sum of £0.171m to the pension fund in respect of pension strain payments. The Council's expenditure on Schools is primarily funded by the Dedicated Schools Grant provided by the Department for Education.

Reasons for termination included early retirement, voluntary and compulsory redundancies. In the case of compulsory redundancies the council's Redundancy Avoidance Policy provides the possibility of redeployment to other jobs suited to the experience and ability of staff concerned in case of compulsory redundancies.

24. External audit costs

The Authority 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 Authority's external auditors:

Analysis of External Audit costs	2014/15	2015/16
Audit Area:	**£000**	**£000**
Fees payable to Grant Thornton & BDO with regard to external audit services carried out by the appointed auditor including Tamar Bridge and Torpoint Ferry Joint Committee	182	137
Fees payable to Grant Thornton & BDO for the certification of grant claims and returns	22	17
Fees payable in respect of other services provided by the appointed auditor.	9	0
Total	**213**	**154**

Note: PSAA Ltd appointed BDO LLP as external auditors for Plymouth City Council in 2015/16 (2014/15: Grant Thornton UK LLP).

25. Government grants

25.1 Grant Income - Credited to the Comprehensive Income and Expenditure Statement (CIES)

The Authority credited the following revenue grants to Service areas in 2015/16:

Government Grants Credited to Services	2014/15	2015/16
	£000	£000
Dedicated Schools Grant & Other Education Grants	(128,858)	(129,705)
Housing Benefit Subsidy	(101,920)	(101,437)
Public Health Grant	(12,276)	(13,932)
Learning and Skills Council	(4,227)	(3,738)
City Deal Grants	(3,668)	(1,974)
New Homes Bonus	(3,327)	(3,977)
Troubled Families Grant	(2,319)	(713)
Benefits Admin Grant	(2,138)	(1,517)
Plymouth Connect	(1,155)	(642)
Local Welfare Provision	(1,049)	(97)
Other Revenue Grants	(4,601)	(7,216)
Total Revenue Grants Received	**(265,538)**	**(264,948)**

The above revenue grants are in addition to the non-ring-fenced Government grants reported in note 8.

The Dedicated Schools Grant has been deployed in accordance with regulations made under section 45A, 45AA, 47, 48, 49 and 138(7) of, and paragraph 2B of section 14 to, the School Standards Framework Act 1998, and section 24(3) of the Education Act 2002.

Analysis of Dedicated Schools Grant		2014/15			2015/16		
		Central Expenditure	Individual Schools Budget	Total	Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000	£000	£000	£000
A	Final DSG before Academy recoupment			179,099			183,090
B	Academy figure recouped			69,843			71,541
C	**Total DSG after Academy recoupment**			**109,256**			**111,549**
D	Brought forward from previous year			4,691			4,804
E	Carry-forward agreed in advance			0			0
F	Agreed initial budgeted distribution	14,904	99,043	113,947	16,151	100,202	116,353
G	In year adjustments		32	32	0	194	194
H	**Final budgeted distribution**	**14,904**	**99,075**	**113,979**	**16,151**	**100,396**	**116,547**
I	Less actual central expenditure	10,301		10,301	9,738		9,738
J	Less actual ISB deployed to schools		99,352	99,352		102,866	102,866
K	Plus Local Authority contribution	0	780	780	0	200	200
L	**Carry-forward**	**4,603**	**503**	**5,106**	**6,413**	**(2,270)**	**4,143**

A. DSG figure as announced by the DfE in June 2015 (2014/15 July 2014)

B. Figure recouped from the Authority in 2015/16 (2014/15) by the DfE for the conversion of maintained schools into Academies.

C. Total figure after DfE Academy recoupment for 2015/16 (2014/15).

D. Figure brought forward from 2014/15 (2013/14) as agreed with the DfE

E. Amount which the Authority decided, after consultation with Schools Forum, to carry forward to 2016/17 rather than distribute in 2015/16 (2014/15).

F. Budgeted distribution of DSG, adjusted for carry forward, as agreed with the Schools Forum.

G. In-year adjustments for Individually Assigned Resources, exclusions and other contingency allocations to schools. Individual Schools Budget (ISB) also adjusted to reflect schools converting to academy status after1 April 2015 (2014/15 1April 2014).

H. Budgeted distribution of DSG as at the end of the financial year.

I. Actual amount of central expenditure items in 2015/16, adjusted to show provision unspent.

J. Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the Authority once it is deployed to schools budget shares).

K. Any contribution from the Local Authority in 2015/16 which has the effect of substituting for DSG in funding the Schools Budget.

L. Carry forward to 2016/17: For central expenditure – difference between final budgeted distribution of DSG and the actual expenditure. For ISB – difference between final budgeted distribution of DSG and the actual expenditure. Total – carry forward on central expenditure plus carry forward on ISB plus carry forward to 2016/17 agreed in advance.

In addition the following capital grants and contributions have been credited to the Comprehensive Income and Expenditure Statement:

Capital Grants and Contributions by Grant	2014/15	2015/16
	£000	£000
Big Lottery	(537)	(20)
Department for Transport	(12,718)	(4,407)
Department of Communities & Local Government	(937)	(4,000)
Department for Education and Skills	(7,935)	(11,588)
Department of Health	0	(715)
Homes & Communities Agency	0	(2,315)
Environment Agency	(1,178)	(103)
Other Grants and Contributions	(2,996)	(6,058)
Total Grants & Contributions Received	**(26,301)**	**(29,206)**

The above grants and contributions were credited to the CIES as follows:

Capital Grants and Contributions recognised in the CIES	2014/15	2015/16
	£000	£000
Children's and Education Services	(5,138)	(3,661)
Housing Services	(1,089)	(1,197)
Other Grants and Contributions	(1,494)	(3,082)
Total Recognised in the Surplus/Deficit on Continuing Operations	**(7,721)**	**(7,940)**
Financing and Investment Income and Expenditure	(91)	(120)
Total Recognised in the Surplus/Deficit on Continuing Operations	**(7,812)**	**(8,060)**
Taxation and Non-Specific Grant Income	(18,489)	(21,146)
Total Recognised in the (Surplus) or Deficit on Provision of Services	**(26,301)**	**(29,206)**

25.2 Grants held on the Balance Sheet

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The grants are carried on the Balance Sheet as a creditor in a Grants Receipts in Advance Account and are split between Revenue and Capital Grant Receipts in Advance as follows:

The Revenue Grant Receipts in Advance for the year ended 31 March 2016 are £2.329m (2014/15 £5.196m). The Capital Grants received in Advance for the year ended 31 March 2016 are £33.603m (2014/15 £34.967m).

26. Related Party Transactions and Partnerships

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

The table below outlines transactions between the Council and its subsidiaries, associates, jointly controlled and other assisted organisations where the influence is considered to be material, either to the Council or to the organisation.

Related Party Transactions	Details of Arrangement	2014/15			2015/16		
		Receipts	Payments	Outstanding Balances / Commitments	Receipts	Payments	Outstanding Balances / Commitments
Subsidiaries, Associates and Joint Arrangements		**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Subsidiaries							
CATER[ed] Ltd (formerly Education Catering)	CATER[ed] is a co-operative trading company which is jointly owned by 67 local schools and Plymouth City Council. Plymouth City Council is the majority shareholder with 51% of the shares.	0	0	0	(1,185)	4,396	109
Plymouth Investment Partnerships Ltd (PIP)	PIP invests in the promotion, assistance and establishment of business to improve the employment and economy of Plymouth and its surrounding area. Plymouth City Council has full ownership of PIP.	(7)	0	(60)	(7)	0	(60)
Associates							
The PLUSS Organisation Ltd	Pluss is an award-winning Social Enterprise that supports thousands of people with disabilities and other disadvantages move towards and into employment each year. Plymouth City Council has a quarter share but local authority controlled.	0	639	(30)	0	595	5
Joint Arrangements							
DELT Shared Services Ltd	DELT provide ICT and systems to partners. DELT is jointly and equally controlled and owned by Plymouth City Council and NEW Devon CCG.	(618)	2,208	0	(540)	7,703	5
Plymouth Science Park Ltd (formerly Tamar Science Park Ltd)	Plymouth Science Park is a science and technology park for businesses and provide provision of support, advisory and facilities management services. Plymouth Science Park is jointly and equally owned by Plymouth City Council and Plymouth University.	0	2	0	(50)	47	0
Totals		**(625)**	**2,849**	**(90)**	**(1,782)**	**12,741**	**59**

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (for example Housing Benefits). Details of transactions with Government Departments are set out in note 25.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies.

Members and Officers of the Council have returned 70 declarations of Related Party Transactions for 2015/16, a response rate of 91 per cent.

Other Interests in Companies

There are a number of companies which are also linked to the Council which fall under the definition of an assisted organisation. This includes the provision of financial assistance to voluntary organisations. However they are not considered material in financial terms.

Examples include Access Plymouth, Plymouth Citizens Advise Bureaux and the Shekinah Mission. Independent Futures, On Course South West (formally PACLS) and the Plymouth City Centre Company are examples of larger organisations supported by the Council.

In December 2015, the Council relinquished its shared ownership of PLUSS at nil consideration in order to enable the company to become a standalone company. At that point the Council's loan was repaid and its bank guarantee cancelled

- **Delt Shared Services Ltd**

  Delt was launched 1 October 2014 and is a publicly owned private limited company (09098450). It was set up to deliver ICT services and systems to its partners; Plymouth City Council and Northern, Eastern, Western (NEW) Devon Clinical Commissioning Group. 2015/16 was the second year in which Delt was operational.

  Delt is jointly and equally controlled by its partners with both partners carrying equal full voting rights. The collaborative arrangement is classed as a joint venture.

  For more information about Delt and its financial performance, please visit its website: Delt Shared Services Ltd

- **CATER^{ed}**

  CATER^{ed} is a co-operative trading company (09355912) which is jointly owned by Plymouth City Council and 67 local schools, providing all school meals in the city. CATER^{ed} is 49 per cent owned by schools and 51 per cent by the council and serves almost 2.5 million meals to Plymouth school children every year. 2015/16 was the first year in which CATER^{ed} was operational.

  Plymouth City Council is the majority shareholder of CATER^{ed} with 51% of shares and voting rights allocated one vote per share. The collaborative arrangement is classed as a subsidiary of the Council.

  For more information about CATER^{ed} and its financial performance, please visit its website: CATER^{ed}

Joint Committees

The Council is a member of a couple of joint committees where local authorities have joined together to provide a service. These are listed as follows:

- **Devon Audit Partnership**

From April 2009 Plymouth City Council set up a Joint Committee with Devon County Council and Torbay Council for the provision of a shared internal audit service. The service is also able to provide audit services to other organisations. This is a shared service arrangement and is constituted under section 20 of the Local Government Act 2000.

Devon County is the host Council for the Joint Committee with all staff now employed by Devon County Council. Assets and Liabilities of the Joint Committee are split on an agreed basis (number of FTE's on inception of the Committee); Plymouth's share equates to 27% and its contribution to the partnership for 2015/16 was £0.380m (2014/15 £0.338m).

- **South West Devon Waste Disposal Partnership**

  Plymouth City Council, Torbay Council and Devon County Council are now working together and have jointly contracted a PFI project for an Energy from Waste Plant (based in Plymouth) to dispose of residual waste collected by the three Councils. As part of the Joint Working Agreement between the three Councils the South West Devon Waste Partnership Joint Committee has been established to facilitate the procurement and subsequent operation and management of the facilities (by the selected contractor). The Plant became operational in April 2015.

  Plymouth is the Lead Authority with the expenditure associated with this project is being incurred and then allocated on an estimated tonnage share basis to Torbay and Devon County Councils. Plymouth's share of the expenditure is reflected within the cost of services on the comprehensive income and expenditure statement.

For more information about external bodies which Plymouth City Council have an interest in please visit our website PCC Outside Bodies

27. Leases

27.1 Authority as a lessee – finance leases

The buildings acquired under a finance lease are carried in the Balance Sheet as Investment Property and the other assets are carried as Property, Plant and Equipment at the following net amounts:

During 2015/16 depreciation of £0.168m (2014/15: £0.221m) was charged in relation to assets held under finance leases.

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

Finance lease liabilities (net present value of minimum lease payments):	31 March 15	31 March 16
	£000	£000
Current	45	39
Non-Current	1,682	1,643
Finance costs payable in future years	3,403	3,268
Minimum lease payments	**5,130**	**4,950**

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

Analysis of Leasing Obligations	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 15	31 March 16	31 March 15	31 March 16
	£000	£000	£000	£000
Not later than one year	181	171	45	39
Later than one year and not later than five years	677	674	169	178
Later than five years	4,272	4,105	1,514	1,465
Total	**5,130**	**4,950**	**1,728**	**1,682**

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

27.2 Authority as a lessee – operating leases

The Council leases vehicles, equipment and some buildings under operating lease for its operational purposes. The future minimum lease payments due in future years under non-cancellable leases are:

Operating leases - Authority as a lessee	31 March 15	31 March 16
	£000	£000
Not later than one year	877	863
Later than one year and not later than five years	2,950	2,666
Later than five years	5,542	5,139
Total	**9,369**	**8,668**

The minimum lease payment charged in the Comprehensive Income and Expenditure Statement during the year in relation to these assets was £0.745m (2014/15: £0.694m).

27.3 Authority as a lessor – operating leases/licenses

The Council is a lessor of a number of properties, including city centre shops and several retail and industrial units. The future minimum lease payments receivable under non-cancellable leases are:

Operating Leases - Authority as a Lessor	31 March 15	31 March 16
	£000	£000
Not later than one year	5,233	5,103
Later than one year and not later than five years	18,233	17,629
Later than five years	367,360	288,717
Total	**390,826**	**311,449**

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

The Council has also granted Delt Shared Services Ltd the right to operate and maintain the Council's ICT network using specific computer equipment under licence for processing the partnership's data and also to purchase any additional equipment as authorised by the Council to ensure business continuity in the delivery of the partnership's ICT services.

28. Private Finance Initiatives (PFI) and Similar Contracts

28.1 Schools PFI

The Council makes an agreed payment each year, part of which is subject to an annual inflation increase, and can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed. A total payment of £5.356m was made in 2015/16 (2014/15: £5.333m). Payments remaining to be made under the PFI contract at 31 March 2016, excluding any estimation of inflation and availability/performance deductions are as follows:

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total Payments to Operator in 2015/16	2,021	839	2,496	5,356
Payable in 2016/17	2,060	902	2,426	5,388
Payable within two to five years	9,298	3,983	8,877	22,158
Payable within six to ten years	13,624	6,732	8,887	29,243
Payable within eleven to fifteen years	15,863	9,610	5,542	31,015
Payable within sixteen to twenty years	8,220	6,548	965	15,733
Total	**49,065**	**27,775**	**26,697**	**103,537**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable, whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

Movement in PFI Liability	2014/15	2015/16
	£000	£000
Balance outstanding 1 April	29,440	28,614
Payments during the year	(826)	(839)
Balance Outstanding 31 March	**28,614**	**27,775**

The Council has secured PFI credits to the value of £53m, to which interest is added resulting in total Government support of £105.871m over the contract period, and this together with an annual contribution from the Council of approximately £0.650m and schools of £0.920m will be used to meet the running costs of the contract, including the loan repayments.

The PFI credits will be paid to the Council at a rate of £3.982m per annum. Spend to be incurred during the contract will vary from year to year as lifecycle works are undertaken. The Council transfers any surplus resources for the PFI scheme to a PFI reserve to match commitments that will be incurred in later years.

28.2 South West Devon (SWD) Energy from Waste (EfW) Partnership

2015/16 was the first year of operation of the EfW public/private service concession arrangement whereby the SWD local authority partnership granted the right to MVV Umwelt (MVVU) the operator to treat and render inert waste that otherwise would have been disposed of in landfill sites. The SWD partnership comprising Plymouth City Council, Devon County Council and Torbay Council appointed MVVU under a fixed price contract to finance, construct and design the 245,000 tonne capacity facility and to maintain it to a minimum acceptable condition over a 50 year term.

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total Payments to Operator in 2015/16	2,545	253	3,632	6,430
Payable in 2016/17	3,411	141	3,701	7,253
Payable within two to five years	14,950	719	14,628	30,297
Payable within six to ten years	21,386	2,416	17,645	41,447
Payable within eleven to fifteen years	25,660	5,126	15,826	46,612
Payable within sixteen to twenty years	29,684	11,165	11,503	52,352
Payable within twenty one to twenty five years	23,394	14,820	3,460	41,674
Total	**118,485**	**34,387**	**66,763**	**219,635**

The EfW facility is located on MOD land at Camel's Head, North Yard in Devonport Dockyard in Plymouth. The SWD partnership specifies the activities offered by the facility, the opening hours and the expected minimum standard of service to be provided by the operator. MVVU is required to receive all the residual waste from the defined area of the local authority partnership for which the councils are obliged to pay a fixed gate fee based on a guaranteed minimum tonnage of waste, with an additional charge for any extra waste delivered by the councils over and above the contractual waste.

Movement in PFI Liability	2014/15	2015/16 Plymouth Share	2015/16 Deferred Income
	£000	£000	£000
Balance outstanding 1 April	0	0	0
Additions in year	0	34,640	58,036
Payments during the year	0	(253)	(2,267)
Balance Outstanding 31 March	**0**	**34,387**	**55,769**

Under a separate 25 year agreement between the operator and the MOD, MVVU processes the waste to provide environmentally sustainable heat and electricity to HM Naval Base Devonport. Power is sold at a capped, index linked, guaranteed base price, with any surplus electricity being exported to the National Grid based on a long term Power Purchase Agreement (PPA) to a company within the MVV group.

The SWD partnership receives 50% of the income earned by EVVU from any excess waste it processes or any excess energy it supplies to third parties. EMVU 3rd party revenues are unrestricted and the SWD partnership is obliged to compensate the operator for any loss of third party income should the councils exceed their contractual maximum tonnage.

Income and expenditure, assets and liabilities are recorded in each of Plymouth City Council, Devon County Council and Torbay Council's Statements of Accounts respectively in the ratio 48:35:17: Plymouth City Council's share of the total construction costs of £195.324m is carried at depreciated replacement cost in its balance sheet as detailed in Note 9 (Property, Plant and Equipment) together with a corresponding liability.

29. Pensions

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

29.1 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Authority are members of the Teachers' Pension scheme administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the authority contributes towards the cost by making contributions based on a percentage of member's pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2015/16, Plymouth City Council paid £6.036m to Teachers' Pensions in respect of teachers' retirement benefits, representing 12.13 per cent of pensionable pay. The figures for 2014/15 were £5.456m and 11.11 per cent. There were no contributions remaining payable at the year-end. In 2015/16 the minimum contribution was 7.4 per cent of salary, the maximum was 11.7 per cent.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 29.2.

29.2 Defined Benefit Pension Schemes

Participation in pension schemes

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

Local Government Pension Scheme (LGPS)

Plymouth City Council and Tamar Bridge and Torpoint Ferry Joint Committee participate in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme based on final pensionable salary.

The Joint Committee Scheme is administered by Cornwall Council and so separate notes have been included to represent Plymouth City Council's 50 per cent interest.

Pension Information for Plymouth City Council Scheme (PCC)

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the surplus/deficit on continuing services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

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

Comprehensive Income and Expenditure Statement	2014/15	2015/16
	£000	£000
Cost of Services		
Service cost comprising:		
Current Service Cost	20,658	23,399
Past Service Cost	337	264
(Gain)/loss from settlements	(6,793)	(8,621)
Financing and Investment Income and Expenditure		
Net interest expense	16,117	15,970
Other Operating Expenditure		
Administration expenses	303	236
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**30,622**	**31,248**
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(30,009)	16,111
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	146,505	(76,993)
Experience gain/(loss) on defined benefit obligation	313	(808)
Other (if applicable)	0	0
Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	**147,431**	**(30,442)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus of Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(30,622)	(31,248)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to scheme	19,618	17,859
Retirement benefits payable to pensioners	3,408	3,460
Adjustment re: net increase/(decrease) pre LGR pension Liability	(401)	1,455

29.3 Assets and liabilities in relation to post-employment benefits (PCC)

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Reconciliation of present value of the scheme liabilities (defined benefit obligation)	2014/15	2015/16
	£000	£000
Opening balance at 1st April	**(913,012)**	**(1,083,069)**
Current service cost	(20,658)	(23,399)
Interest cost	(40,101)	(34,649)
Change in financial assumptions	(146,505)	76,993
Change in demographic assumptions	0	0
Experience loss/(gain) on defined benefit obligation	(313)	808
Liabilities assumed / (extinguished) on settlements	13,159	20,493
Estimated benefits paid net of transfers in	28,088	28,183
Past service costs, including curtailments	(337)	(264)
Contributions by scheme participants	(5,484)	(4,991)
Unfunded pension payments	2,094	2,176
Closing present value of liabilities	**(1,083,069)**	**(1,017,719)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2014/15	2015/16
	£000	£000
Opening fair value of scheme assets	**539,882**	**582,125**
Interest income	23,983	18,679
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	30,009	(16,111)
Other actuarial gains/(losses)	0	0
Administration Expenses	(303)	(236)
Contributions from employer	19,618	17,859
Contributions from employees into the scheme	5,484	4,991
Benefits paid	(30,182)	(30,359)
Settlement prices received / (paid)	(6,366)	(11,871)
Closing present value of Assets	**582,125**	**565,077**
Closing balance at 31 March	**(500,944)**	**(452,642)**

29.4 Scheme history (PCC)

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £452.642m is shown as a negative balance and therefore has an impact on the net worth of the authority as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2017 is £16.932m.

29.5 Basis for Estimating Assets and Liabilities (PCC)

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 dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2013.

Basis for Estimating Assets and Liabilities	2014/15	2015/16
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.8	22.9
Women	26.1	26.2
Longevity at 65 for future pensioners:		
Men	25.1	25.2
Women	28.4	28.6
Rate of inflation (CPI)	2.4%	2.4%
Rate of increase in salaries	4.2%	4.2%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	3.3%	3.7%

Impact on the Defined Benefit Obligation in the Scheme	Decrease in assumption	No Change	Increase in assumption
	£000	£000	£000
Longevity (increase or decrease in 1 year)	(987,213)	1,017,719	1,049,199
Rate of increase in salaries (increase or decrease by 1%)	(1,015,757)	1,017,719	1,019,694
Rate of increase in pensions (increase or decrease by 1%)	(1,000,605)	1,017,719	1,035,165
Rate for discounting scheme liabilities (increase or decrease by 1%)	(1,036,913)	1,017,719	998,898

29.6 Total assets (PCC)

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

Categories by proportion of the total assets held	31 Mar 2015	31 Mar 2016
	%	%
Equities	74	71
Gilts	6	3
Property	13	15
Cash	2	2
Other investments	5	9
Total	**100**	**100**

29.7 Pension 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:

Pensions Assets and Liabilities Recognised in the Balance Sheet	2014/15	2015/16
	£000	**£000**
Present value of the defined benefit	1,041,968	980,075
Fair value of plan assets	(582,125)	(565,077)
Net liability	**459,843**	**414,998**
Other movements in the liability	41,101	37,644
Net liability arising from defined benefit obligation	**500,944**	**452,642**

Pension information for Tamar Bridge and Torpoint Ferry Joint Committee (TB&TFJC)

29.8 Transactions in the Comprehensive Income and Expenditure Statement and Movement in Reserve Statement (TB and TFJC)

Comprehensive Income & Expenditure Statement	2014/15	2015/16
	£'000	**£'000**
Cost of Services:		
Service cost	337	430
Financing & Investment Income & Expenditure:		
Net interest expense	116	126
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**453**	**556**
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(401)	(52)
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Actuarial gains and losses arising on changes in financial assumptions	1,482	(1,040)
Experience gain/(loss) on defined benefit obligation	(32)	(83)
Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	**1,502**	**(619)**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus of Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(453)	(556)
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contribution payable to scheme	283	306

29.9 Assets and liabilities in relation to post-employment benefits (TB and TFJC)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2014/15	2015/16
	£000	**£000**
Opening balance at 1st April	**(9,280)**	**(11,317)**
Current service cost	(337)	(430)
Interest cost	(402)	(366)
Contributions from scheme participants	(89)	(92)
Re-measurement (gains) and losses:		
Actuarial gains/losses arising from changes in demographic assumptions	(1,482)	0
Actuarial gains/losses arising from changes in financial assumptions	0	1,040
Experience loss/(gain)on defined benefit obligation	32	83
Benefits paid	241	293
Closing present value of liabilities	**(11,317)**	**(10,789)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2014/15	2015/16
	£000	£000
Opening fair value of scheme assets	**6,618**	**7,438**
Interest income	287	240
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	401	52
Contributions from employer	283	306
Contributions from employees into the scheme	88	92
Benefits paid	(239)	(293)
Closing fair value of scheme assets	**7,438**	**7,835**
Closing balance at 31 March	**(3,879)**	**(2,954)**

The liabilities show the underlying commitments that the Joint Committee has to pay in the long run to pay post-employment (retirement) benefits. The total liability of £2.954m has an impact on the net worth of the authority as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme via the Joint Committee in the year to 31 March 2017 is £0.318m.

29.10 Scheme History (TB&TFJC)

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 dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. The Cornwall Council pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2013.

30. Contingent Assets and Liabilities

30.1 Contingent Assets

The Council has the following contingent assets to report:

Plymouth Airport

Plymouth City Airport is let on 150 year lease from 2004. The Council's Lessee served notice of its intention to close the airport in December 2010 because of continuing trading losses. On 23 August 2011 the Council's Cabinet accepted the notice of non-viability from the Lessee following receipt of three independent reviews of the airport business and options for its financial viability. The Airport closed for business in December 2011. The Council's freehold and the Lessee's leasehold interest are due to be merged and the former Lessee will then be responsible for obtaining planning permission and marketing the site. Any eventual net land disposals proceeds will be divided between the Council and the former Lessee 75%/25%. However the timing and amount of any such receipts is uncertain and is subject to a review of strategic planning policies applicable to the site.

30.2 Contingent liabilities

The Council has the following contingent liabilities to report.

Plymouth Community Homes

As part of the stock transfer negotiations the Council was required to provide a number of warranties to the funders of Plymouth Community Homes. These include:

- an environmental warranty whereby the Council has agreed to warrant that no dangerous substance is present in the property that has transferred or that no part of the property has been or could lawfully be designated as contaminated land; the Council is currently exploring options around mitigating this liability through an insurance policy.
- an asbestos warranty where the Council has agreed to reimburse Plymouth Community Homes the costs of asbestos containment or removal should the cost of such works exceed £10m in the first 12.5 years.

In addition the Council has provided a Pension guarantee whereby the Council has agreed to protect the Pensions Administering Authority against the insolvency, winding up or liquidation of Plymouth Community Homes Ltd.

Chelson Meadow

Environmental engineering capital works at Chelson Meadow were let under a 'target price' contract with a pain gain share arrangement and undertaken between Sept 2009 and June 2012. However towards the end of 2011 the contractor significantly increased their estimate of the contract out-turn cost above the agreed certified 'target price' without substantiation. In line with the contract the contractor was able to claim costs in advance of completion for work done albeit these costs were in excess of the certified and agreed 'target price' - this has resulted in an overpayment above the certified Target.

Since works completion in June 2012, the contractor has refused to repay the Council the overpayment and have retrospectively stated that they believe they are entitled to a further significant payment. The Council have contested this position, and several adjudications have been under taken to help to determine a final account and monies due to both parties. Final costs have yet to be determined and will depend upon the final application of the adjudications decisions, any litigation, and the settlement of the final account.

On Course South West CIC (formerly Plymouth Adult Community Learning Service)

The Council transferred its Plymouth Adult Community Learning Service to On Course South West CIC (a joint venture between Shekinah Mission and Plymouth YMCA) on 1 April 2015. This involved the TUPE transfer of 47 employees. As part of the transfer the Council has indemnified On Course South West CIC (OCSW) for all redundancy payments (limited to statutory and contractual only) arising out of the dismissal of any OCSW's employee by reason of redundancy where such dismissal takes effect in the period of five years immediately following the Transfer Date. The indemnity will over 5 years reduce on a sliding scale (e.g. 100% in year 1, 80% in year 2, 60% in year 3 etc).

The Council has also agreed to act as guarantor to OCSW under the Admissions Agreement under the LGPS and TPS. In respect of the TPS, the guarantee is limited to 3 years only and for the sum of £4,129.81 only. In respect of the LGPS it is intended that this guarantee is in place for a period of three years so as to enable OCSW build enough to reserves so that they are able to procure a bond instead. The Transfer Agreement states that OCSW and the Council shall use their best endeavours to terminate the LGPS guarantee on 31 March 2018.

Plymouth Community Healthcare CIC

On 1 April 2015 the Council transferred its Adult Social Care service to Plymouth Community Healthcare CIC (PCH). This involved the TUPE transfer of 171 employees. As part of the transfer, the Council agreed to act as guarantor under the Admission Agreement and enter into a risk share arrangement in relation to the pension liabilities.

In terms of pension risk share arrangements, the Council will be liable to PCH in respect of service deficit attributable to service up to the transfer date. Any exit debt (i.e. that which needs to be paid on termination of the Admission Agreement) that is attributable to service accrued after the transfer date would be the responsibility of PCH.

The Council is providing a guarantee and if PCH was to fail during the life of the contract and the pension fund cannot recover any or all of the exit debt from PCH, then the bill will fall back on the Council (as letting body) irrespective of whether it relates to service accrued before or after the transfer date.

RIF Loan Agreement

In June 2010 Plymouth City Council (PCC) entered into a Funding Agreement with the South-West of England Regional Development Agency (SWRDA) for £7 million from the Regional Infrastructure Fund (RIF) towards the East End Transport Scheme (EETS). RIF is a recyclable fund that provides gap financing for key local infrastructure projects, to be refunded by developer contributions at a later stage.

There is no end date for paying off the full amount of the loan, but the agreement includes the right to review the repayment contributions if less than £2.4 million has been repaid by March 2016.

The Council has not made sufficient repayments, and HCA are now considering exercising their rights to increase the rate of Capital Contribution payments by the council. The Council are seeking to negotiate with HCA in respect of the repayments.

COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2016

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2014/15				Note	2015/16		
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£000	£000	£000	**Income**		£000	£000	£000
0	(105,314)	(105,314)	Council tax receivable	1	0	(109,418)	(109,418)
(90,594)	0	(90,594)	Business rates receivable	2	(88,416)	0	(88,416)
(90,594)	**(105,314)**	**(195,908)**			**(88,416)**	**(109,418)**	**(197,834)**
			Expenditure				
			Apportionment of previous year's surplus/(deficit)				
146	0	146	Central Government		(539)	0	(539)
143	1,518	1,661	Plymouth City Council		(528)	661	133
0	195	195	Devon & Cornwall Police & Crime Commissioner		0	53	53
3	90	93	Devon & Somerset Fire & Rescue Service		(11)	25	14
292	**1,803**	**2,095**			**(1,078)**	**739**	**(339)**
			Precepts, demands and shares	3.1 & 3.2			
43,953	0	43,953	Central Government		45,390	0	45,390
43,074	86,838	129,912	Plymouth City Council		44,483	90,407	134,890
0	11,144	11,144	Devon & Cornwall Police & Crime Commissioner		0	11,602	11,602
879	5,157	6,036	Devon & Somerset Fire & Rescue Service		908	5,369	6,277
87,906	**103,139**	**191,045**			**90,781**	**107,378**	**198,159**
			Charges to the Collection Fund				
0	0	0	Renewable Energy Disregard		102	0	102
414	562	976	Write offs of uncollectable amounts		711	966	1,677
253	891	1,144	Increase/(Decrease) in Bad Debt Provision	4.1 & 4.2	(229)	539	310
(40)	0	(40)	Increase/(Decrease) in Provision for Appeals	5	777	0	777
309	0	309	Cost of collection allowance		312	0	312
0	0	0	Interest on refunds		34	0	34
936	**1,453**	**2,389**			**1,707**	**1,505**	**3,212**
(1,460)	**1,081**	**(379)**	**(Surplus)/Deficit for the year**		**2,994**	**204**	**3,198**
			Collection Fund Balance				
550	(2,087)	(1,537)	Balance as at 1st April		(910)	(1,006)	(1,916)
(1,460)	1,081	(379)	(Surplus)/Deficit for the year (as above)		2,994	204	3,198
(910)	**(1,006)**	**(1,916)**	**Balance as at 31st March**		**2,084**	**(802)**	**1,282**
			Allocated to:	6			
(455)	0	(455)	Central Government		1,042	0	1,042
(446)	(885)	(1,331)	Plymouth City Council		1,021	(679)	342
0	(83)	(83)	Devon & Cornwall Police & Crime Commissioner		0	(87)	(87)
(9)	(38)	(47)	Devon & Somerset Fire & Rescue Service		21	(40)	(19)
(910)	**(1,006)**	**(1,916)**	**Total allocated**		**2,084**	**(806)**	**1,278**

NOTES TO THE COLLECTION FUND

1. Council Tax Income

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based on an estimated 1 April 1991 value for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority and the City Council for the forthcoming year and dividing this by the Council Tax base. The tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated collection rates: 68,460 in 2015/16 (67,066 in 2014/15).

The basic amount of Council Tax for a Band D property (£1,568.46 for 2015/16) is multiplied by the proportion specified for the particular band to give an individual amount due. The calculation of the Council Tax Base is shown in the following table:

Band	No of Properties Before Discounts	No of Properties After Discounts	Band D Equivalents	Estimated Collection Rates	Adjusted Band D Equivalents
A	43,977	27,274	18,175	98.5%	17,903
B	29,715	23,420	18,216	98.5%	17,943
C	20,915	18,351	16,312	98.5%	16,067
D	8,556	7,788	7,788	98.5%	7,671
E	4,466	4,182	5,111	98.5%	5,034
F	1,611	1,509	2,179	98.5%	2,146
G	519	487	812	98.5%	800
H	28	21	41	98.5%	40
	109,787	**83,032**	**68,634**		**67,604**
Adjustment for MOD Properties					856
Tax Base Totals			**68,634**		**68,460**

The Council Tax Base was calculated at the time the 2015/16 budget was set, based on the estimated number of properties and value of discounts applicable to each band at that time. The estimated income, allowing for non-collection, was £107.377m (68,460 x £1,568.46). In practice, however, the average number of properties and values of discounts vary from the estimates, and the actual income increased to £109.418m (2014/15: £105.314m) made up of £109.495m from Council Tax payers with a reduction of £0.077m due to previous years' adjustments relating to the Council Tax Benefit scheme.

2. Income from Business Ratepayers

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government, which was 49.3p in 2015/16 (48.2p in 2014/15).

The administration of NDR is governed by the Business Rates Retention Scheme which was introduced in 2013/14. This aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility of the NDR tax base and non-collection of rates due. In the case of Plymouth, the retained proportion of NDR income is 49 per cent. The remainder is distributed to preceptors: 1 per cent to the Devon and Somerset Fire and Rescue Authority (DSFRA) and 50 per cent to Central Government.

The business rates shares payable for 2015/16 were estimated before the start of the financial year as £44.851m to Central Government, £0.897m to DSFRA and £44.315m to Plymouth City Council. These sums have been paid during 2015/16 and charged to the Collection Fund in year and include the previous year's surplus.

When the scheme was introduced the Government set a baseline funding level (based on local demand for services) for each authority and applied the system of tariffs and top-ups to ensure all authorities receive their baseline amount. In 2015/16 Plymouth had a baseline amount of £52.946m and received a top-up of £9.162 which was credited to the General Fund and included in Note 7.

In addition to the top-up and tariffs, a safety net figure is calculated by Central Government. This mechanism is designed to protect local authorities from large fluctuation in their business rates income. The safety net threshold for Plymouth is £48.975m. As our adjusted retained income is above this level no safety net payment was due to Plymouth for 2015/16.

Under the rate retention scheme local authorities became liable for their share of the liability arising from the in-year and backdated impact of successful business rate appeals. Based on the analyses of previous year trends and the list of outstanding appeals provided by the VOA as at 31 March 2016 the Council included a provision of £2.117m.

For 2015/16, the total non-domestic rateable value at the end of the year was £227.821m (£225.198m in 2014/15).

The total income from ratepayers in 2015/16 was £88.416m (£90.594m in 2014/15).

This sum included £0.178m of transitional protection payments from ratepayers, which under regulations should have a neutral impact on the Business Rates Retention Scheme and will be repaid to Central Government.

3. Precepts and Demands

3.1 Council Tax

The budgets of the City Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority are partly financed from the Council Tax. The sums required from Council Tax by the Council, Fire Authority and Police Commissioner are determined by each body as part of the budget process and are called demands (Council) and precepts (Fire and Police). The income from Council Tax payers is paid into the Collection Fund and payments are made by the Collection Fund for the demands and precepts due to the Council, Fire Authority and Police Commissioner.

3.2 Non-Domestic Rates

As described in Section 2 above, the administration of NDR is governed by the Retained Business Rate Scheme.

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

4. Provisions for Non Payment

4.1 Council tax

Contributions are made from the Collection Fund Income and Expenditure Account to an Allowance for Non-Collectability of Debt (Bad Debt Provision) Account. During 2015/16, £1.505m (2014/15: £1.453m) was contributed to the Account and £0.966m (2014/15: £0.562m) of irrecoverable debt was written off. The bad debts provision for this year is £3.118m (2014/15: £2.579m) and the movement in the provision is shown below:

Movement in Council Tax Allowance for Non-Collectability of Debt Account	2014/15	2015/16
	£000	£000
Balance brought forward 1 April	1,688	2,579
Write Offs	(562)	(966)
Contributions in year	1,453	1,505
Net change in provision	891	539
Balance at 31 March	**2,579**	**3,118**

The Bad Debt Provision is required to be apportioned between the 3 authorities in proportion to their precept/demand on the Collection Fund. The Police Commissioner's and Fire Authority's proportion of the allowance for non-collectability for debt is £0.493m leaving a balance of £2.625m to cover Plymouth City Council's proportion of Council Tax arrears. The Police and Fire elements are shown in the Council's Balance Sheet as a debtor.

4.2 Non-Domestic Rates

The Collection Fund account provides for bad debts on arrears on the bases of prior year experience and current year collection rates.

Movement in NDR Allowance for Non-Collectability of Debt Account	2014/15	2015/16
	£000	£000
Balance brought forward 1 April	717	970
Write Offs	(414)	(711)
Contributions in year	667	482
Net change in provision	253	(229)
Balance at 31 March	**970**	**741**

The Council's proportionate share of these write offs and increase in provision are shown below, the proportionate share of the preceptors are shown on the Balance Sheet as Debtors.

Movement in NDR Allowance for Non-Collectability of Debt Account (Plymouth share)	2014/15	2015/16
	£000	£000
Balance brought forward 1 April	351	475
Write Offs	(203)	(348)
Contributions to provision	327	236
Net change in provision	124	(112)
Closing balance at 31 March	**475**	**363**

5. Provision for appeals

The Collection Fund account also provides for provision for appeals against the rateable value set by the VOA not settled as at 31 March 2016.

Movement in NDR Allowance for Appeals	2014/15	2015/16
	£000	£000
Balance brought forward 1 April	1,380	1,340
Provision used in year	(742)	(805)
Contributions to provision	702	1,582
Net change in provision	(40)	777
Closing balance at 31 March	**1,340**	**2,117**

The Council's proportionate share of the provision for appeals for this year is £1.037m (2014/15: £0.657m), the proportionate share of the preceptors are shown on the Balance Sheet as Debtors.

Movement in NDR Allowance for Appeals (Plymouth share)	2014/15	2015/16
	£000	£000
Balance brought forward 1 April	676	656
Provision used in year	(364)	(394)
Contributions to provision in relation to prior years	344	775
Net change in provision	(20)	381
Closing balance at 31 March	**656**	**1,037**

6. Distribution of Collection Fund Surpluses and Deficits

The net accumulated surplus on the Collection Fund at 31 March 2016 amounts to £1.278m (2014/15: 1.916m) with £0.803m surplus relating to Council Tax collection, £0.003m surplus relating to Community Charge and £2.084m deficit relating to NDR.

The net surplus relating to Council Tax and Community Charge will be repaid to the City Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority in 2016/17 and 2017/18 in proportion to each authority's demand/precept on the Collection Fund. The Council's share of the surplus will be reviewed as part of the budget setting process for 2017/18.

The £0.803m surplus is apportioned as follows: Plymouth City Council £0.676m, Devon and Cornwall Police and Crime Commissioner £0.087m and Devon and Somerset Fire and Rescue Authority £0.040m.

The surplus relating to the NDR will be apportioned between Plymouth City Council, Devon and Somerset Fire and Rescue Authority and the Government based on their proportionate shares in 2017/18.

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