West Lindsey District Council

Statement of Accounts and Annual Governance Statement 2015/2016

WEST LINDSEY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2015/16

WEST LINDSEY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2015/16

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THE NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS 2015/16

1. INTRODUCTION

Message from the Director of Resources – Ian Knowles

As the Council's Chief Finance Officer I am pleased to present the 2015/16 Statement of Accounts. West Lindsey District Council continues its Entrepreneurial approach towards achieving, quality services, supporting communities and financial sustainability. This Narrative Report provides more detail about the purpose of each financial statement; summarises the material items within them and gives a financial overview of the year.

The accounts are produced for the Council as a going concern, single entity.

EXECUTIVE SUMMARY

1. NATIONAL AND LOCAL FUNDING INCLUDING ECONOMIC OUTLOOK

The government has made commitments to reduce the UK's budget deficit over the life of the parliament and has made clear plans to do this through a significant reduction in the funding available for Public Services. Protection of key services such as Education, Health and Defence means that Local Government will take the largest proportionate reduction.

The general election held in May 2015 returned a majority Conservative Government. The period of austerity for public services, which had already been extended by two years to 2018 is now expected to continue to 2020 after further public sector cuts were announced in the March 2016 budget statement.

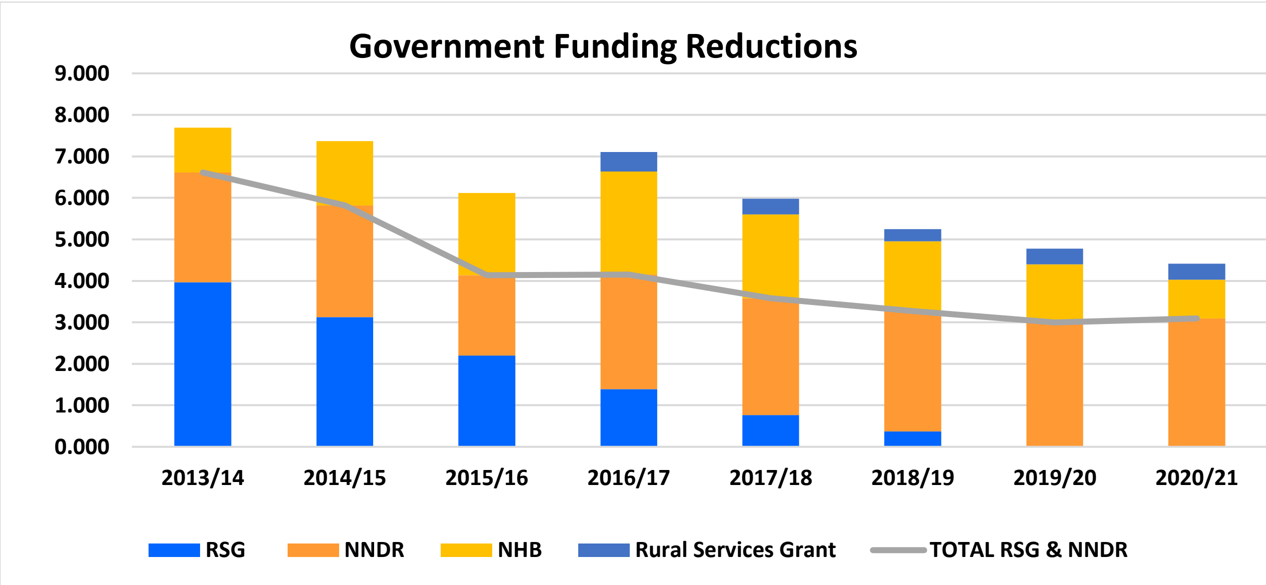
The financial settlement announced in December 2015 introduced a new methodology for the distribution of resources which has led to the Shire Counties (and districts) receiving a greater reduction than other categories of local authorities. Figures produced by the SPARSE lobby group suggest the Shire Counties have seen a reduction of 34% whilst the Metropolitan Boroughs have seen a reduction of 19%. Significant lobbying by ourselves, our local MP, Sir Edward Leigh and the SPARSE network led to changes in the final settlement announced in February 2016.

Following a deep and sustained recession the UK economy is now experiencing a period of growth. Although the medium term outlook remains relatively positive for the private sector a consequence of low growth is that, public sector receipts remain significantly below public sector expenditure, and this together with protections for significant elements of public sector service means that resources will continue to be restricted for Local Authorities, with £2.6bn of savings to be found from Councils budgets nationally in 2015/16 and further reductions required in future years.

Specific announcements have been made that reduced West Lindsey's funding for 2015/16 by almost £0.637m; this is combined with historic reductions of circa 25% and anticipated reductions in grant for future years that are estimated to being similar to those already faced.

West Lindsey District Council Main Annual Government Grant Reductions

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Formula Grant	6,514	5,688	5,513	4,482	4,586
Other Grants Rolled In	0	0	1,145	1,097	356
Grant Reduction Year on Year	1,710	826	175	1,079	637
Percentage Change Year on Year	20.70%	12.67%	3.00%	16.20%	12.00%



Note: **RSG** is Revenue Support Grant, **NNDR** is National Non Domestic Rates **NHB** is New Homes Bonus Grant

Further reductions of around 8% per annum are anticipated in future years. Our strategy, therefore, is to be non-reliant on RSG by 2020/21

These changes relate to changes in the formula grant (RSG), and the introduction of the Business Rates Retention Scheme in 2013/14, where the estimated income from Business Rates is shared between the Billing Authority (WLDC 40%), the Precepting Authority (Lincolnshire CC 10%) and the Government 50%. Whilst growth in Business Rates can result in increased funding parties share any reduction in Business Rate yield therefore, such gains and losses are subject to special arrangements to reduce potential volatility, effectively limiting the potential gain or loss in any one year.

The New Homes Bonus and NNDR localisation also provides incentives for growth which, if they can be exploited, provide opportunities to increase revenue streams and deliver improved outcomes for the district.

2. CORPORATE PLAN 2016-2020

Since the election, the administration have developed a Corporate Plan to cover the period to the next local elections in 2020.

The Medium Term Financial Strategy (MTFS) for 2016/2017 to 2019/20 aligned resources to the six Corporate Plan themes detailed below;

- Open for Business
- People First
- Asset Management
- Partnership/Devolution
- Central Lincolnshire Local Plan
- Excellent Value for Money Services

3. FINANCIAL STRATEGY (15/16 and forward looking)

The financial year to which the attached financial statements relate was the first full year of the new management team. The new team has a clear emphasis on delivering increased efficiency whilst achieving ambitious commercial income targets. The financial strategy 2016/17 has been developed to ensure the Council delivers against the six themes above

Delivering these priorities in an environment where the Revenue Support Grant (RSG) will be reduced to nil within this parliament and Local Authorities will need to develop plans to live within the reduced financial position. For West Lindsey this means a reduction in grant income of £2.5m. To ensure that services are protected and the above priorities are delivered the following activities will be undertaken:

1 – Increased organisational efficiency – to reduce the overall running cost of the Authority

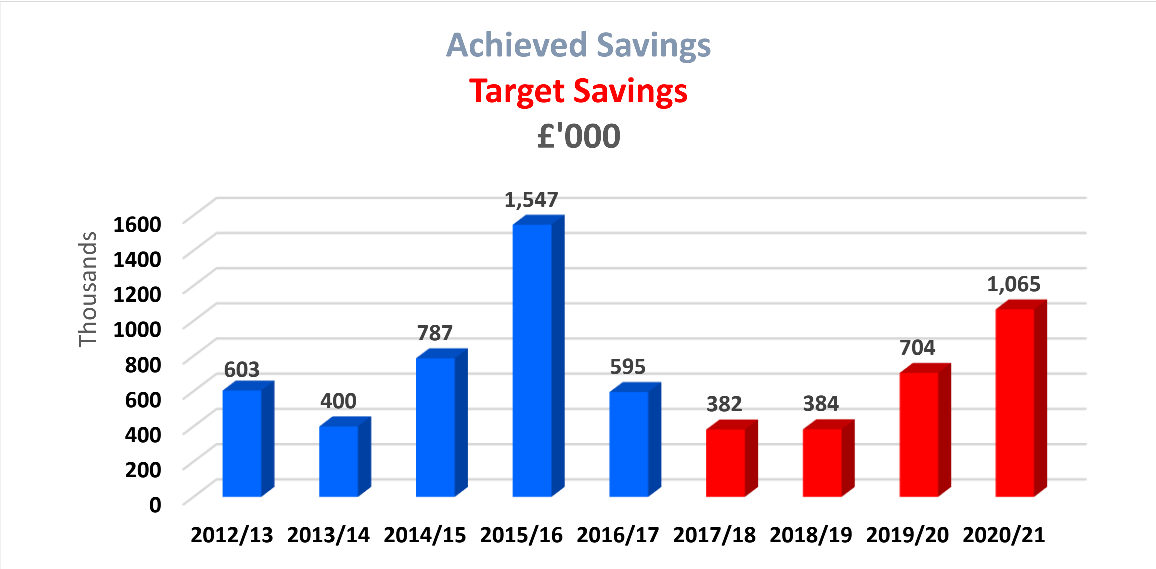
2 – Customer Focus – to ensure continued levels of customer service

3 – Commercial Income – to develop our own income streams to support the provision of services

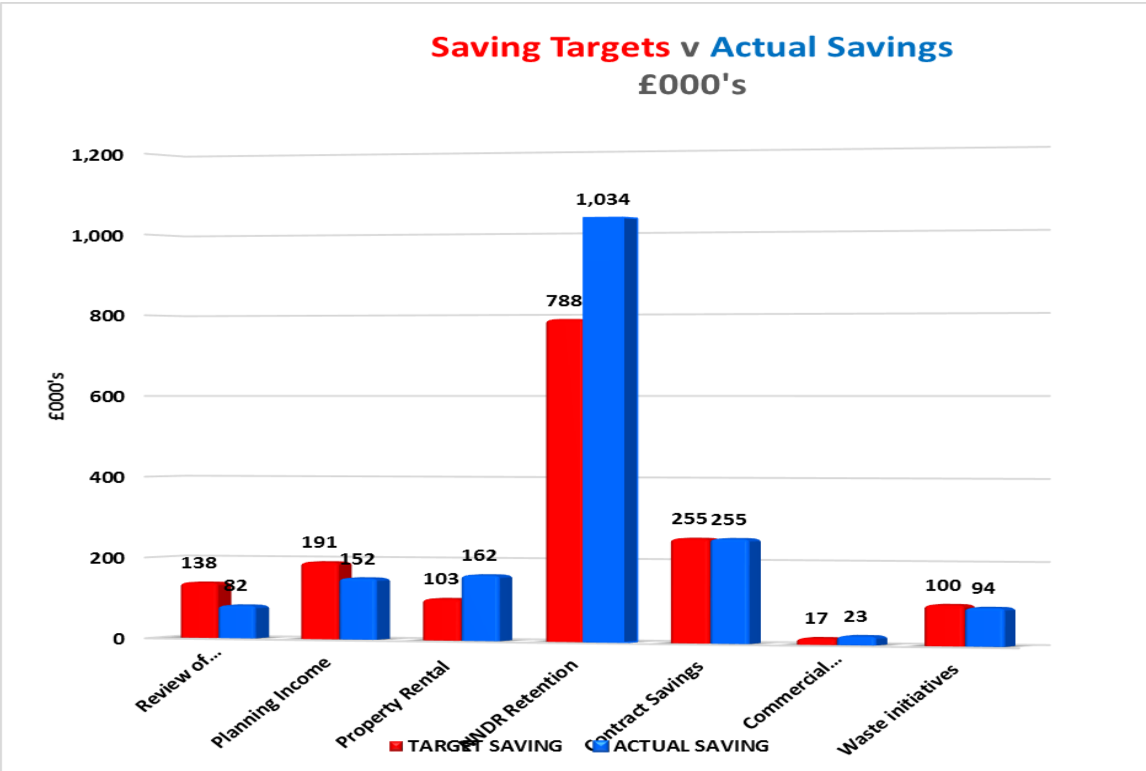
4 – Housing led Economic Growth – to develop the district of West Lindsey, improve the economy and hence the income to the Local Authority from Council Tax and Business Rates.

4. DID 2015-16 ACTUAL SAVINGS MEET THE BUDGETED TARGET?

Within this context the priorities within the MTFS were to maximise available resources through efficient and effective delivery of services; identify and drive innovative approaches to service delivery and resourcing. Significant savings have already been realised or are anticipated to be achieved, however a further £1.065m is required by 2020 if the Council is to be non RSG reliant in future. The Commercial Strategy and Vision 2020 project plan will identify opportunities which will contribute towards this savings target.



Members approved a balanced budget for 2015/16 and the Medium Term Financial Plan to 2020 recognises the on-going need to deliver further significant savings to address the planned reduction in government funding and to invest in priorities. Net savings of £1.547m included the following targets which were exceeded during the year.



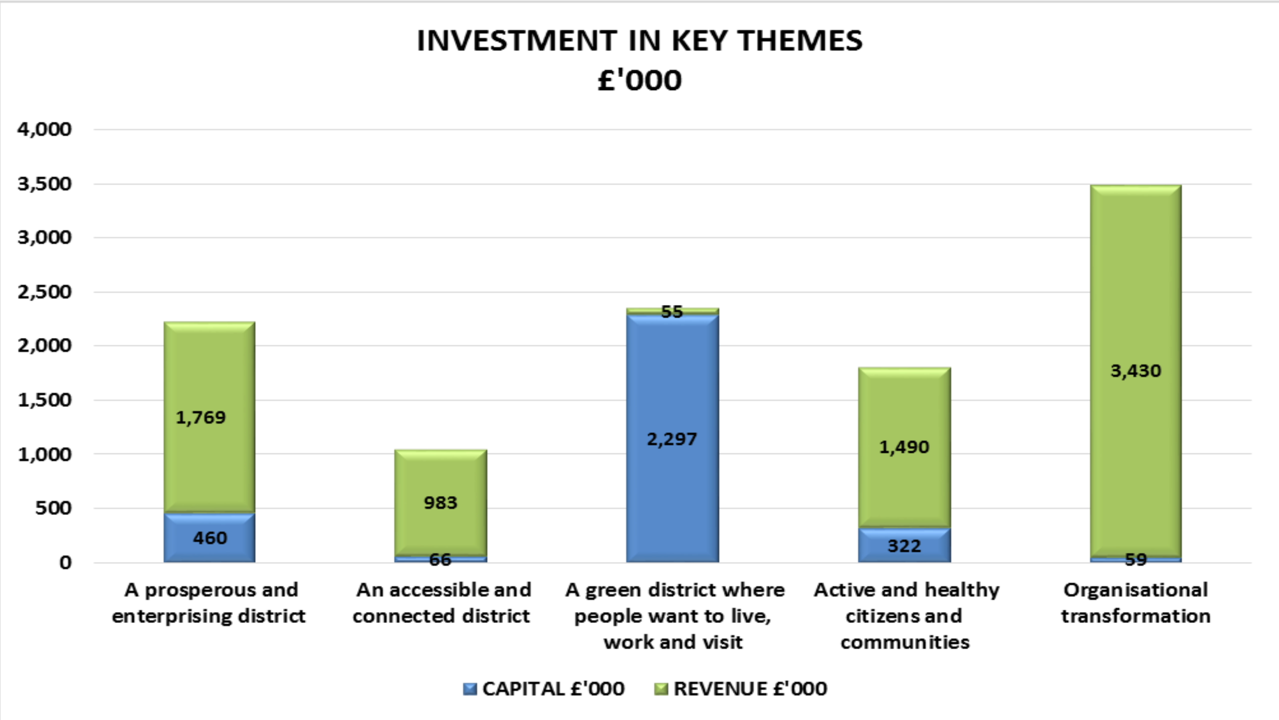
5. CORPORATE PRIORITIES 2015/16

The Corporate Plan is our key strategic document which sets our objectives over the medium term. It is designed to meet the varied needs of the district.

However, the key themes for 2015/16 were;

1. A prosperous and enterprising district;
2. An accessible and connected district;
3. A green district where people want to live, work and visit;
4. Active and healthy citizens and communities;
5. Organisational transformation

The Corporate Policy & Resources Committee monitors each of these themes on a quarterly basis as part of its performance monitoring processes. The following chart shows the revenue and capital investment for 2015/16 into each of the above theme areas.



In 2015/16 there have been a number of successes for West Lindsey which are worthy of note alongside the financial statements;

- **Supporting Communities**

We have been extremely active in working with our communities to secure external funding to support community based initiatives. This has resulted in over £2.6m being made available across the District to enable communities to develop and thrive and 165 individual projects developed. In addition the Council has awarded almost 400 individual grants totalling over £750,000 to support community based schemes, which in turn have levered external match funding in excess of £850,000. Furthermore, the Localism Team has worked to encourage volunteering across the District, resulting in almost 49,000 volunteer hours undertaken. This equates to over £500,000 of social value invested across our District.

- **Leisure and Wellbeing**

We have continued to invest effort into the promotion of The Trinity Arts Centre, which has born real dividends. A few years ago the venue faced the real risk of closure, but through the efforts of the Council, voluntary groups and patrons, the Centre is now thriving and the annual subsidy the Council provides for its operation has greatly reduced. Average attendance numbers have risen by 75% and the availability of select-a-seat on-line booking facilities has been a welcome development.

Over the lifetime of our previous Corporate Plan we have also witnessed a 45% increase in users of our leisure facilities with almost 268,000 visits in 2015/16. Our on-going commitment to the promotion of healthy lifestyles is a key aspect of our future priorities.

- **Public Services Hub**

During the last 18 months we have incorporated Job Centre Plus and The Citizen's Advice Bureau into our offices at The Guildhall to join our existing tenants from Lincolnshire County Council. The creation of a Public Services Hub was designed to provide joined-up complementary services to our customers. This intention has been fulfilled and has also provided closer working opportunities across the respective organisations to further support our customers. This model of joint working has been recognised nationally and is now intended to be rolled out across the country.

Within the Hub, we have installed 11 public access terminals to enable digitally excluded customers to access services and information on-line. These have proved to be extremely popular and form part of our 'assisted serve' customer access work to support our customers in becoming more familiar and confident in accessing on-line services.

- **Property and Assets**

The Council has been active in purchasing properties (both commercial and residential). This has increased the Council's asset base and returns on investment and has also provided stimulus to the market. We have renovated and offered for re-let the properties we have purchased to help to improve the condition of the housing stock across the District, particularly in the South West Ward of Gainsborough.

To support and direct our activity in this regard we have also compiled and published the Council's Asset Management Strategy 2015-2020. This key document has been welcomed by our Members and other stakeholders.

- **Revenue Collection**

Despite the prevailing financial environment, our Council Tax and Business Rate teams have worked diligently to ensure the traditional high collection rates for both have been maintained. This has resulted in collection rates for 2015/16 of 98.34% and 99.44% respectively. These are amongst the highest collection rates in the country.

High collection rates maintain the integrity of the system and also ensure that financial resources are available to fund vital public services.

- **Economic Development and Housing Regeneration**

Significant work has been completed to progress the Central Lincolnshire Local Plan with the draft version having completed two rounds of public consultation. The Plan provides a settled evidence base to support substantial economic growth and housing targets. The final version is due for publication in April 2016 followed by public enquiry in September 2016, with full adoption anticipated by the end of 2016.

In relation to the agri-food sector, significant support has been provided in the form of linking activity across Central, North East and South Lincolnshire, to create a regional hub. Work has also progressed to form a proposal for the creation of a Food Enterprise Zone (FEZ) based on 26ha of land allocated for large scale food processing at Hemswell Cliff and five acres of land allocated for Research & Development at the Lincolnshire Showground.

The Gainsborough Growth Fund has witnessed strong take-up to support the existing engineering base and to expand and modernise it. Skills issues amongst NEETS have also been addressed via the development of bespoke skills programmes based on mentoring/apprenticeship schemes. Further work is planned to bring enhanced engineering and construction skills to the Gainsborough College Campus.

In respect of regeneration, we have developed a blended programme for housing zone projects combining physical and social regeneration. This is supported by a detailed capital programme for delivery. A masterplan for housing through a Local Development Order process is in place to effectively grant planning permission for up to 450 high quality homes and a linear Riverside Park. Gainsborough Town centre has developed a heritage plan and early works have commended to improve Trinity Street in Gainsborough. Further work is planned for the South West Ward of Gainsborough to improve the public realm and social environment.

Over the last four years, the number of empty homes across the District has reduced with over 320 properties brought back into use. The Council has taken a pro-active stance to achieve this position by working effectively with landlords and also by taking direct action; including Compulsory Purchase Orders. By working to improve the physical fabric of our District we have taken a lead in the regeneration of our communities and also increased the supply of affordable housing available for our residents.

- **Value For Money Services**

To achieve the strategic capacity and capability the Council requires to deliver excellence, Strategic Leads have been appointed to oversee new groupings of service area clusters. The new structure provides the ability to assess the medium term outlook and the potential opportunities and challenges the Council may face in respect of key strategic themes.

To help to improve our services, in addition to conducting internal reviews, we have commissioned a series of external peer reviews. These have been undertaken by colleagues across the local government sector and have provided the opportunity to discuss best practice and to also obtain objective analysis of aspects of service delivery such as performance, costs, processes, workloads and importantly customer satisfaction. The findings of the reviews have been used to form time-framed action plans for improvement; the delivery of which are overseen by senior management and Members.

6. PERFORMANCE OF THE COUNCIL

In order to monitor the performance of the Council, new performance measures for 2016/17 have recently been set relating to our customers, finance, process and quality. Each service within the Council has its own specific measures set and there is an overriding scorecard that shows corporate health. The table below shows those corporate health measures where 2015/16 performance data is available. Data for the remaining indicators will now be collected in order to build a sound baseline for moving forward.

CORPORATE HEALTH PERFORMANCE	
Perspective: Customer	**2015/16**
• Volume of received complaints	144
• Volume of received compliments	168
• Employee satisfaction	69%
Perspective: Quality	
• Service and system availability	99.90%
• Percentage of calls answered	90%
• Staff absenteeism	0.51

- **Measuring performance in year**

Commercial Performance

The Council identified a commercial opportunity to acquire a company for the provision of temporary workers. Much of the work was carried out during 2015/16 although the final acquisition date was 1 June 2016.

Performance for the commercial strategy is detailed below:

COMMERCIAL PERFORMANCE		
Perspective: Income Generation	**2014/15**	**2015/16**
• Total amount of external income generated	£1,342,066	£1,440,187
• Income as a % of total expenditure budget	8.71%	9.47%
• External funding secured for communities	£482,805	£577,873

Service Performance

Measure Category	Above target	On target	Below target
Corporate Health measures	3	0	2
Service measures	23	-	21
TOTAL	**26**	**0**	**23**

Key indicators:

Council Tax

The council tax collection rate for 2015/16 is 98.34%. This is an increase of 0.11% from the previous years' total which in monetary terms equates to an increase of £23,000.

An additional 425 council tax properties were brought into the valuation list by the Valuation Officer during 2015/16. Over 75% of council tax payers pay by direct debit.

National non domestic rate collection for 2015/16 also improved from 2014/15 by 0.27% to 99.44%,

Land Charges

The Local Land Charges service has improved over the last six months, improving search times from an average of 45 days to 6-8 days. This will continue to improve in 2016-17 through the implementation of a new IT system.

Environmental Protection

The service completed 100% of all nuisance complaints within the agreed timescales.

Waste

The service has achieved national recognition through APSE benchmarking and continues to be high performing. It achieved a satisfaction rate in excess of 90% and successfully reduced missed bin collections by 16%. This year the recycling rate has dropped by 2% to 52%, this is consistent with national trends, however local factors have also contributed such as a poor growing year for garden waste and the introduction of a new sampling procedure at our Materials Recycling Facility which has identified increased contamination. Commercially, 2015/16 has seen the first year of the roll out of a full Commercial Waste service which has achieved the targets set out in the business plan and continues to flourish. All this has been achieved without a rise in cost of service.

7. SUMMARY OF FINANCIAL PERFORMANCE 2015/16

The Council approved a revenue budget, including Council Tax charges, for 2015/16. There was no requirement to utilise the General Fund Balance to provide a balanced budget.

Compared to the revised budget for 2015/16 a surplus of £0.798m has been realised. This has been transferred to the General Fund Balance.

The following table reports the revenue figures for 2015/16 before any adjustments required by accounting standards that are subsequently reversed under statute.

Revenue Out-Turn 2015/16

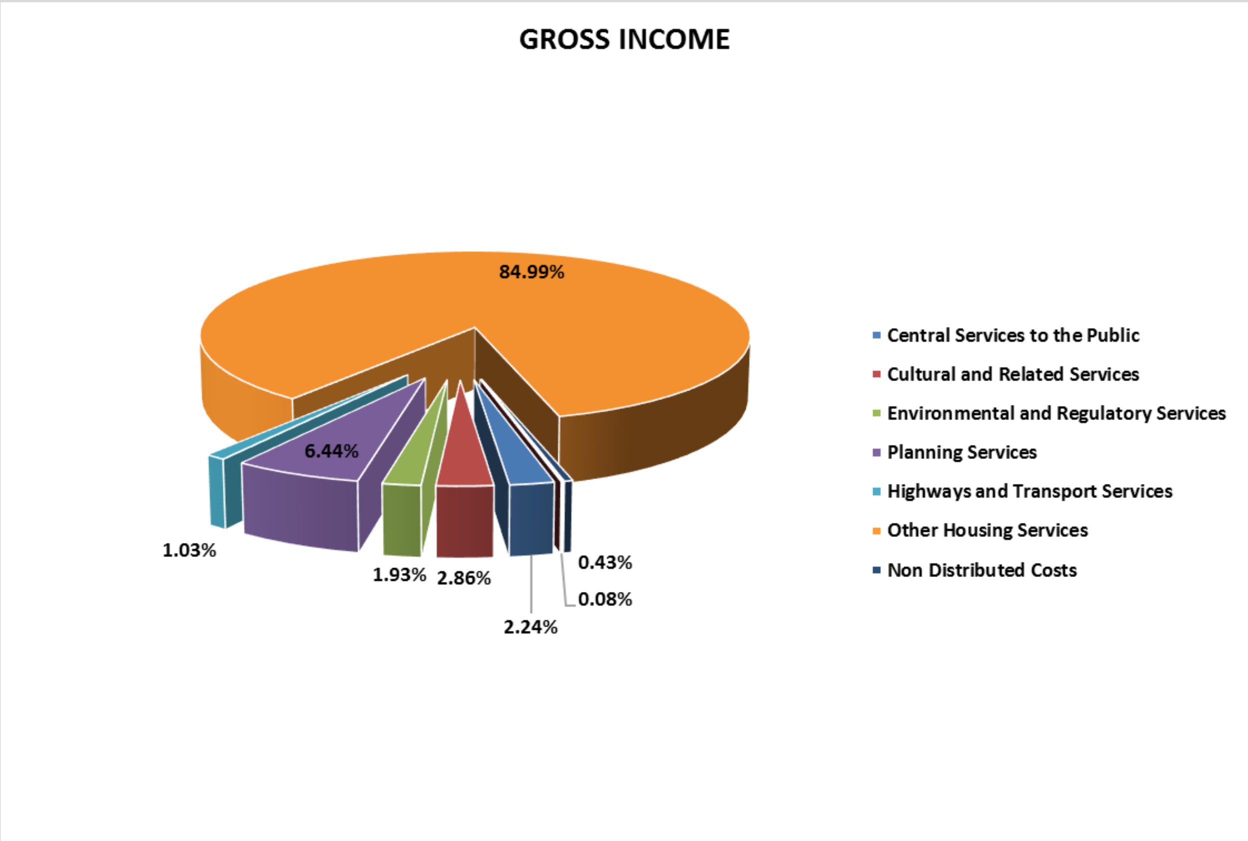
The accounts follow the prescribed Chartered Institute of Public Finance & Accountancy (CIPFA) format. As a result, the Comprehensive Income and Expenditure Statement and the Statement of Movement on the General Fund cannot easily be related to the Council's operational management structure, and the management accounts used for in-year budgetary control. This management information in the format of segmental reporting can be found at Note 20.

Revenue spending is generally on items that are consumed within a year, and is financed from government grants, Council Tax and other income (largely charges to service users). The Comprehensive Income and Expenditure Statement sets out how much was spent during 2015/16 and where the money came from.

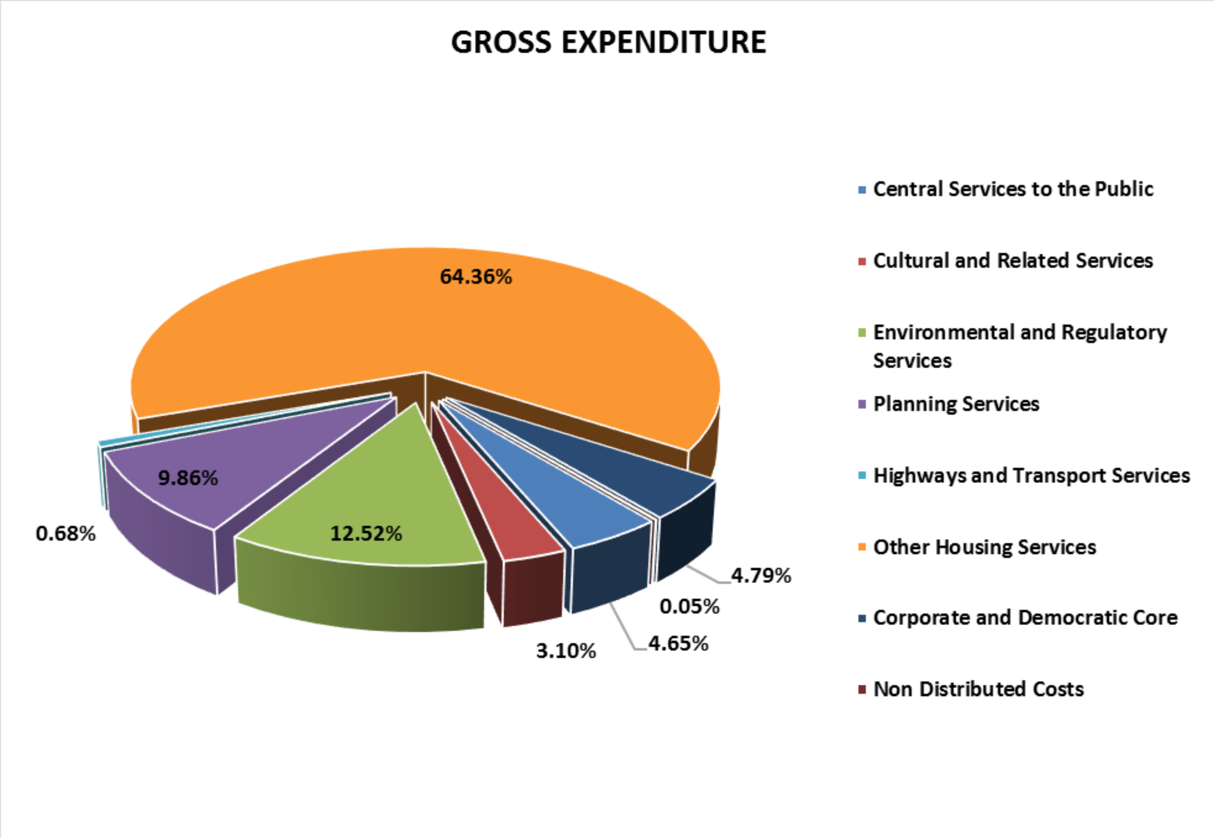
		2015/16 Original Budget £	2015/16 Revised Budget £	2015/16 Actual To 31 March £	2015/16 Variance to Budget £
INCOME					
	Government Grants		0	0	0
	Service Specific Government Grants	(23,735,000)	(23,969,700)	(24,375,552)	(405,852)
	Other Grants and Contributions	(7,000)	(7,000)	(164,304)	(157,304)
	Customer and Client Receipts	(2,483,600)	(2,971,270)	(3,429,885)	(458,615)
Total Income		**(26,225,600)**	**(26,947,970)**	**(27,969,741)**	**(1,021,771)**
EXPENDITURE					
	Employees	9,202,400	9,565,770	9,501,540	(64,230)
	Premises	803,000	876,100	793,427	(82,673)
	Transport	917,100	902,500	849,405	(53,095)
	Supplies and Services	1,812,900	2,280,250	2,275,839	(4,411)
	Third Party Payments	1,810,200	2,006,820	1,641,578	(365,242)
	Transfer Payments	22,843,100	23,049,600	23,396,311	346,711
Total Expenditure		**37,388,700**	**38,681,040**	**38,458,101**	**(222,939)**
BUSINESS UNITS TOTAL (Surplus)/Deficit		**11,163,100**	**11,733,070**	**10,488,360**	**(1,244,710)**
CORPORATE ACCOUNTING					
	Interest and Investment Income	(210,600)	(210,600)	(387,140)	(176,540)
	Interest Payable	37,400	41,100	47,187	6,087
	Parish Precepts	1,551,200	1,551,200	1,551,438	238
	Drainage Board Precept	331,700	331,700	334,736	3,036
STATUTORY ACCOUNTING					
	Capital Expenditure Charged to General Fund	2,947,300	4,933,130	46,389	(4,886,741)
	Support Services	5,292,600	5,423,700	125,496	(5,298,204)
	Recharges	(5,292,600)	(5,423,300)	(125,496)	5,297,804
MOVEMENT IN RESERVES					
	Transfer To / (From) General Fund	712,900	(2,834,900)	171,219	3,006,119
	Transfer To / (From) Specific Reserves	(1,518,800)	(337,900)	1,704,000	2,041,900
NET REVENUE EXPENDITURE		**15,014,200**	**15,207,200**	**13,956,189**	**(1,251,011)**

FUNDED BY					
	Revenue Support Grant	(2,198,100)	(2,198,100)	(2,198,141)	(41)
	Capital Grants and Contributions	(62,000)	(178,800)	(98,213)	80,587
	Other Government Grants	(178,600)	(254,800)	(301,324)	(46,524)
	Business Rate Retention Scheme	(3,460,600)	(3,460,600)	(3,460,600)	0
	New Homes Bonus	(1,986,000)	(1,986,000)	(1,995,298)	(9,298)
	Council Tax	(5,400,400)	(5,400,400)	(5,400,401)	(1)
	Parish Council Tax Requirement	(1,551,200)	(1,551,200)	(1,551,228)	(28)
	Council Tax Freeze Grant	(61,600)	(61,600)	(60,875)	725
	Collection Fund Surplus-Council Tax	(115,700)	(115,700)	(115,726)	(26)
TOTAL FUNDED BY		**(15,014,200)**	**(15,207,200)**	**(15,181,806)**	**25,395**
					0
(SURPLUS) / DEFICIT FOR THE YEAR		**0**	**0**	**(1,225,617)**	**(1,225,617)**
	Carry forwards approved by GCLT				287,800
	Less grants not fully expended in year				139,854
	CIES Outturn position				**(797,963)**
	New Earmarked Reserves: Members Grants,				108,000
	Carry Forward approved by Governance and Corporate Leadership team				176,300
	Movement to/from reserves				176,463
	Returned to General Fund Balance				337,200
					0

Gross income totalled £28.815m (28.342m 2014/15), and is analysed by service below:



Gross revenue spending on services in the year was £39.656m (£40.217m in 2014/15). The following chart shows the services on which the money was spent.



The outturn surplus was a combination of quite a number of small variances over many services. However, the significant variances contributing to the surplus position included; 0.0£93m on the Invest to Earn Budget and £0.082m on the Business Improvement and Transformation Budget both of which are for business case development which will be carried forward to 2016/17, £0.08m after a review of the base budget based on 2014/15 actual outturn savings, £0.043m on salaries, £0.063m on training, £0.059m on software support, £0.090m additional New Burdens grant income and £0.086m unexpected dividend from an investment. Budget pressures were very few and minimal which is very pleasing and reflects the Councils robust monitoring processes.

Considering the extension of existing austerity measures and the predicted future issues, a sustainable and well managed budget is essential as the next five years will see radical reforms to the national benefits system, local government funding and infrastructure financing. An analytical review of surpluses will be undertaken to establish if these are recurring and therefore can contribute to future savings targets.

Material Items of Income and Expense and Unusual charge or credit in the accounts

During 2012/13 the Council implemented an investment scheme, funded by the Community Assets Fund that was designed to support a range of development or refurbishment of assets projects by way of loans, grants and other assistance to local community groups.

A three year contract to deliver this investment was entered into with a third party with this contract ending on 31 March 2015. Of the original £1,050m available to spend, an amount of £0.679m was returned to the Council together with a loans portfolio amounting to £0.095m

The Council contributed £0.573m to reduce the deficit on the Pension Fund, further information is included at note 28.

Debt and Investments

The Council had no long term debt during the year and did not borrow temporarily to meet cash flow requirements.

At the end of the year the Council held £9.512m (£7.038m 2014/15) in short term investments, £2.186m (£2.064m 2014/15) in long term investments and £8.985m (£10.060m 2014/15) in cash and cash equivalents.

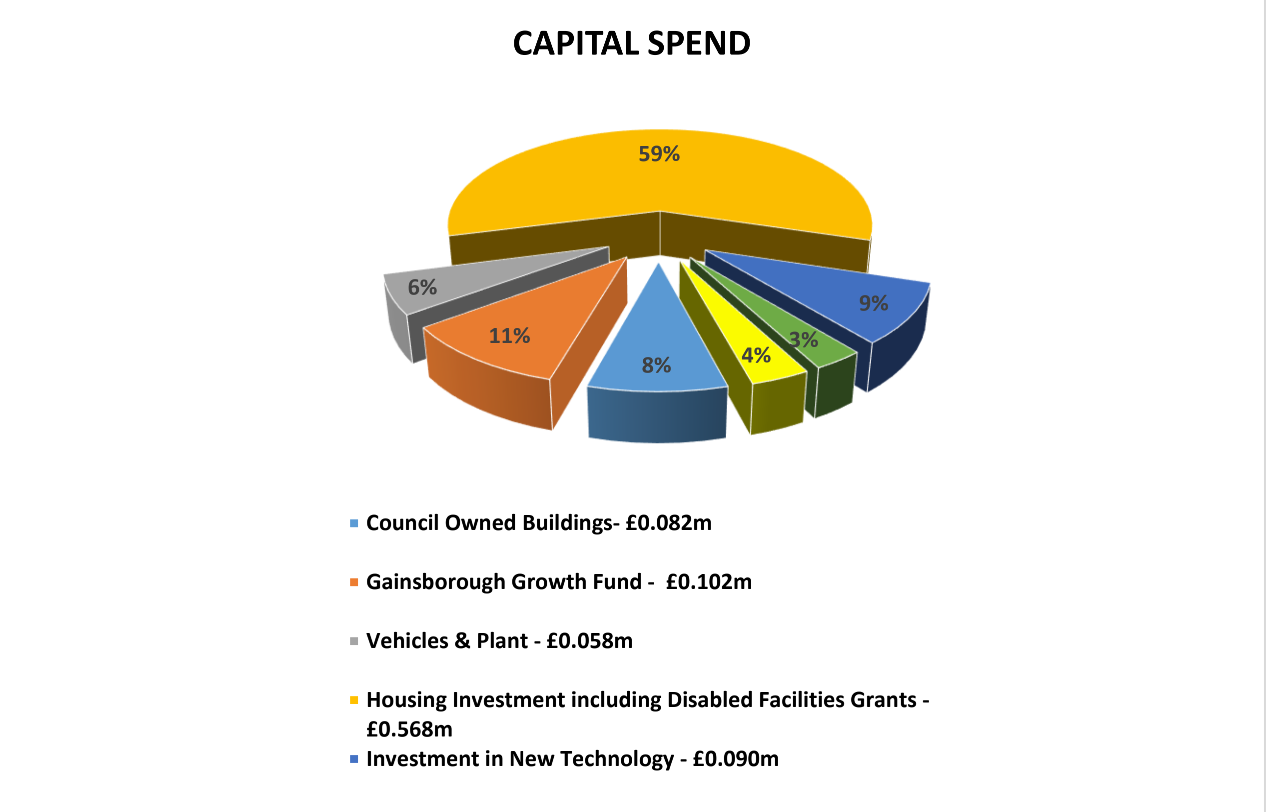
Whilst the Council has no external borrowing it does acquire vehicles, plant and equipment under finance leases which are classified as credit arrangements. At 31 March 2016, outstanding obligations in respect of finance leases amounted to £0.346m (£0.570m 2014/15).

The Capital Programme

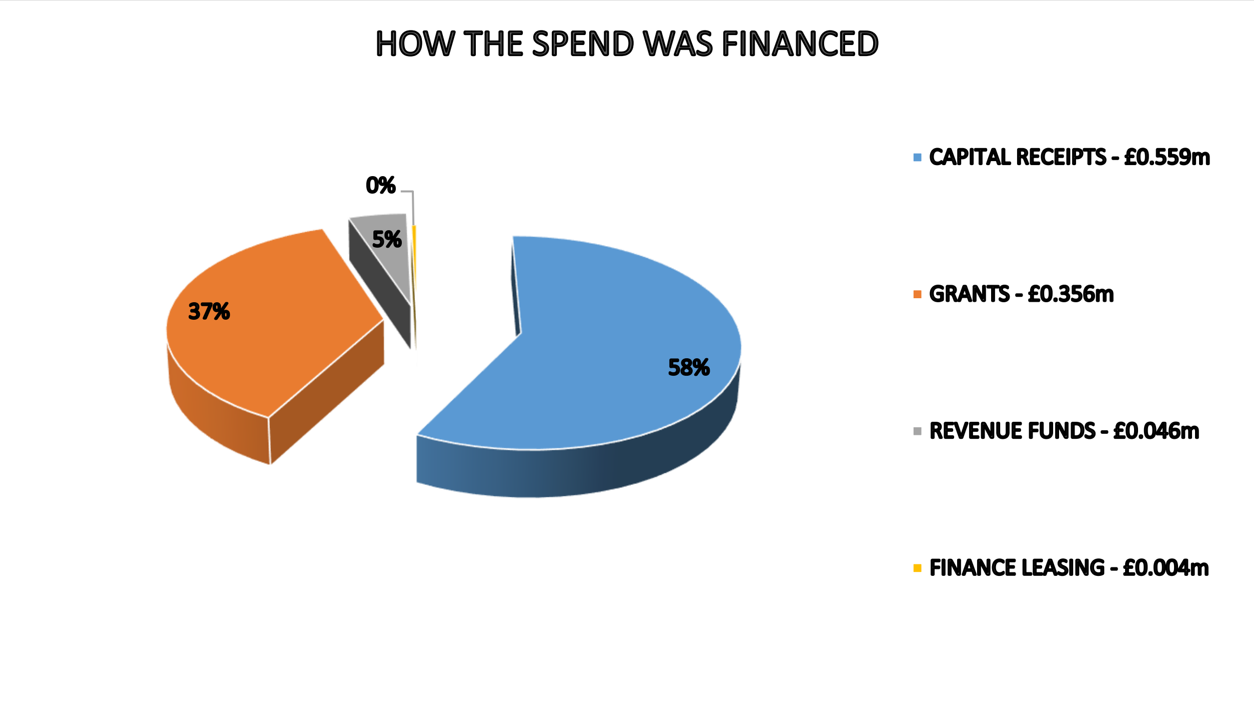
Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings and vehicles. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a longer period of time, usually over a number of years. In the year the Council spent £0.965m on capital expenditure.

The Capital Programme 2015/16 was budgeted to spend £9.689m, approved adjustments during the year of minus £7.255m resulted in a revised Capital Programme of £2.433m. Actual expenditure incurred was £0.965m, and schemes which are not yet complete, totalling £1.468m, will be carried forward and added to the 2016/17 Capital Programme.

No material assets were acquired during the year. However, capital expenditure was incurred on the following projects/areas:



The in-year capital expenditure was funded mainly from Government grants and contributions of £0.356m, direct revenue contributions of £0.046m and £0.559m of capital receipts.



The Council recognises the revenue impact of capital investment and monitors this closely as part of corporate monitoring processes. Business cases supporting the capital investment proposal includes all revenue impacts and these are assessed as part of the budget setting process to ensure that they are affordable.

Sources of funds - to meet future capital expenditure plans and other financial commitments

The capital programme is funded mainly from capital receipts, grants and contributions from revenue. Additional funding is provided by finance leases. However, in order to secure much needed investment in the district the Council has recognised that it will now need to borrow. The Council has approved the following capital programme funding plans for the period 1 April 2016 to 31 March 2021.

Funding	£'m
Grants & Contributions	7.776
Revenue Financing	12.876
Useable Capital Receipts	1.317
Prudential Borrowing	39.11
Total	**61.079**

As part of the budget setting process the Council considers a number of financial indicators and ratios in the form of Spider Diagrams. The following table shows how each has moved over the 2015/16 financial year with green upward arrows representing an improvement.

Movement over 2015/16	Budget 2015/16	Budget 2016/17	Direction of travel
Working capital Measures the difficulty in liquidating assets in event of cash flow crisis	102.37	115.99	↑
Equity/Net Revenue Expenditure Ratio Measures property assets against long term liabilities (pension liability, provisions etc)	0.42	0.30	↓
Un-ringfenced Reserves Measures how long a Council can continue to operate without grant or tax income utlising reserves	105.76	93.78	↓
Net change in reserves Measures the movement on reserves	40.52	51.95	↑
Funding level 19/20 - Future Funding Outlook The purpose of this indicator is to measure the medium-term prospects for Councils relative to each other based on a forecast of spending against a forecast of funding.	95.93	91.00	↓
Welfare reform This indicator assumes that Councils where a higher number of benefit claimants live will see higher financial pressures in delivery of services such as homelessness, than those with fewer claimants	13.50	9.50	↑
Business Rates buoyancy This measures how much the area’s business rates tax base has grown in the last ten years	36.96	38.71	↑
Council Tax buoyancy The principle behind this measure is similar to the business rates buoyancy measure and the logic is the same. Councils with Council Tax growth will receive a boost from increase in the Council Tax base and also from New Homes Bonus.	2.26	6.32	↑

As a Council we compare favourably with regards to most financial measures due to our high level of reserves, however the reduction in future available resources will reduce our position in this respect. For those indicators that have not improved:

- The Equity/Net Revenue Expenditure Ratio represents property assets as a proportion of long term liabilities. The downward movement shows property assets are lower than long term liabilities (pension liability, provisions etc.). The value of property assets has over recent years fallen but values are now starting to increase as this will reflect in future years. However, as property assets are also being sold to generate funds for further capital investment it may be that any increase in the value of the property portfolio will be offset by a reduction due to property sales. The Council is also making additional contributions to reduce the pension’s liability and this will have a favourable effect on the ration.

- The un-ringfenced reserves as a percentage of net revenue spend measures the period over which a Council could continue to operate without grant or tax income by utilising reserves. The downward movement on this indicator results from the Councils financial investment both in capital and revenue projects.

- The purpose of the Funding level 19/20 - Future Funding Outlook is to measure the medium-term prospects for the Council relative to other Councils based on a forecast of spending against a forecast of funding.

Material Liabilities Incurred

The majority of the employees of the Council are members of the Local Government Pension Scheme (LGPS). The liability for both statutory and discretionary pension benefits, measured on an IAS19 basis has increased over the year. At 31st March 2016 the Council's net liability reported by the Actuary to the LGPS was £28.876m (£34.716m in 14/15), a decrease of £5.840m (16.8%). Fair value of LGPS assets was £42.106m (£42.167m in 14/15), a decrease of £0.061m and the value of obligations to pay pension liabilities decreased by 7.68% from £76.883m to £70.982m.

The increase in the net liability at 31 March 2015 is due to falling real bond yields.

The revenue account does not include the full provision for pension costs of employees. The net liability to the Lincolnshire LGPS of £28.876m represents an estimate at a point in time and there is no direct link to funding or employers' contribution rates. The net liability is matched by the Pension Reserve, also shown in the Balance Sheet. The full triennial valuation of the Lincolnshire LGPS was carried out by the Actuary at 31 March 2013, this exercise determines the future contribution rates for employers, and uses different assumptions to those required under IAS19.

The previous triennial valuation, as at 31 March 2013, certified a funding level of 69% for the Council and resulted in stabilised employer contributions of 14.1% of pensionable pay to apply from 1 April 2013 to 31 March 2016. In addition the Council paid a fixed monetary amount towards the funding deficit of £0.532m in 2013/14. The comparative figures for 2015/16 are 16.1% and £0.744m contribution to reduce the deficit.

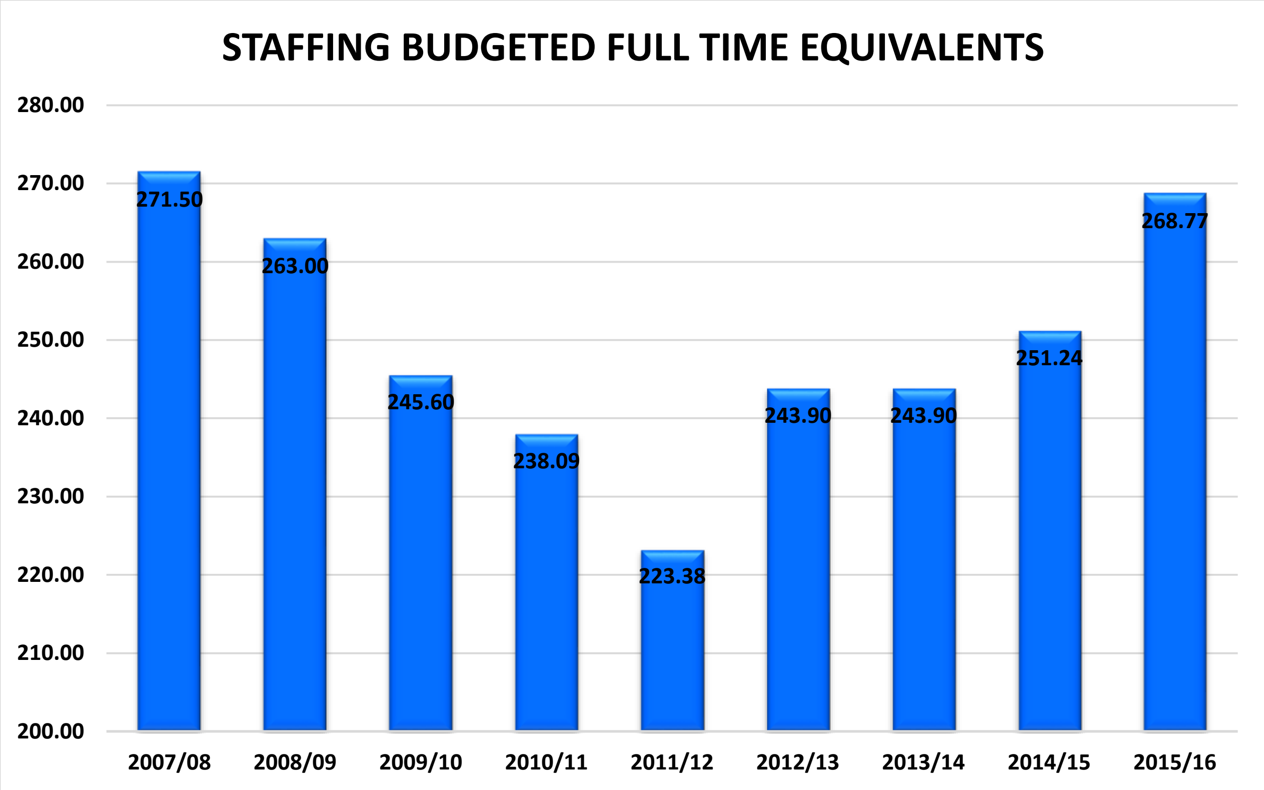
More details of the IAS19 valuation are set out in Note 28 to the Financial Statements.

Significant provisions, contingencies and material write-offs

No significant contingencies or material write offs were recognised in 2015/16. However the Council has set aside provisions amounts to £1.012m mainly in respect of appeals against NNDR rating assessments, possible outstanding legal cases and insurance.

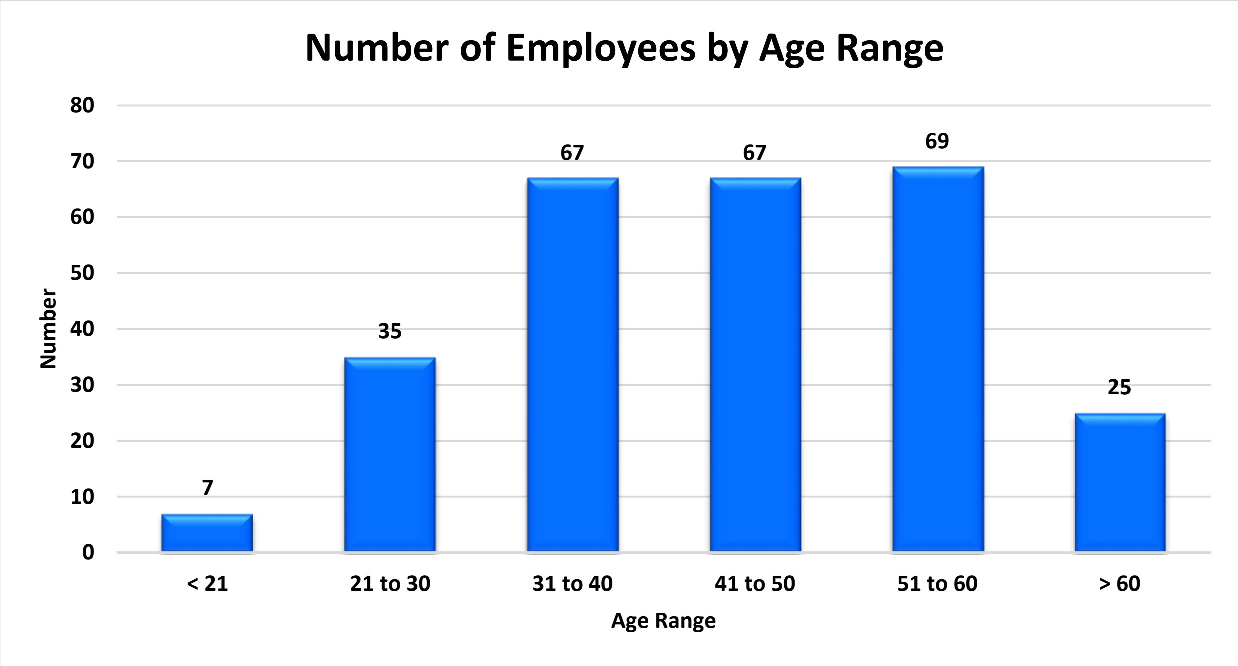
Staffing Trends

The Council has put considerable effort into its drive to become more efficient by reducing staffing numbers yet maintaining quality award winning services. This has been achieved by introducing a range of measures such as more flexible working, restructuring management and streamlining back office activities by the use of new technology.

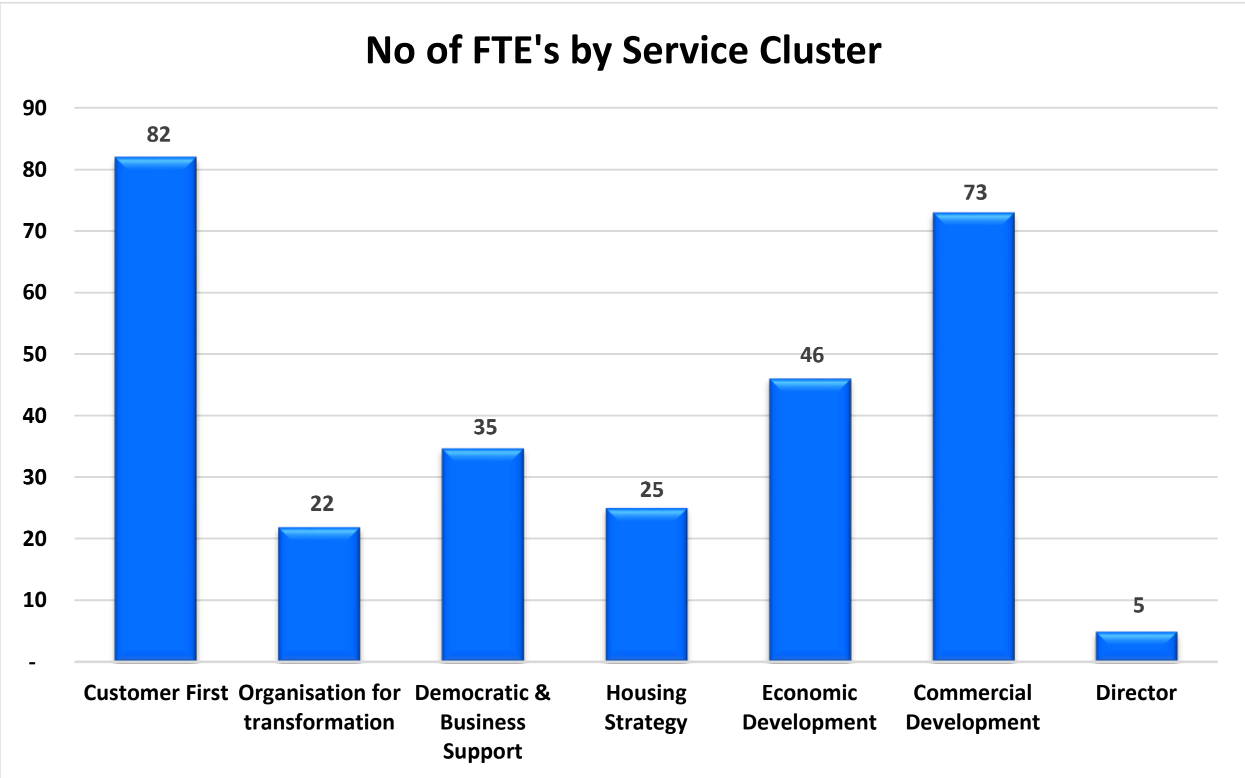


The results show that budgeted full time equivalents have fallen from 271.5 in 2008/09 to 223.38 in 2012/13, an overall reduction of almost 18%, delivered through reorganisations and without the need for whole scale redundancies. Since 2012/13 staffing numbers have increased, however, these increases result mainly from recruitment of officers on fixed term contracts to deliver specific projects. The funding of these projects is from securing external grant or utilising Invest to Earn/Invest to Save reserves and therefore does not impact on Council Tax levels or other service delivery.

The Council is conscious of the demographic of its employees and is keen to ensure business continuity by establishing a workforce development and training plan that will explore and support the organisational need for succession planning.

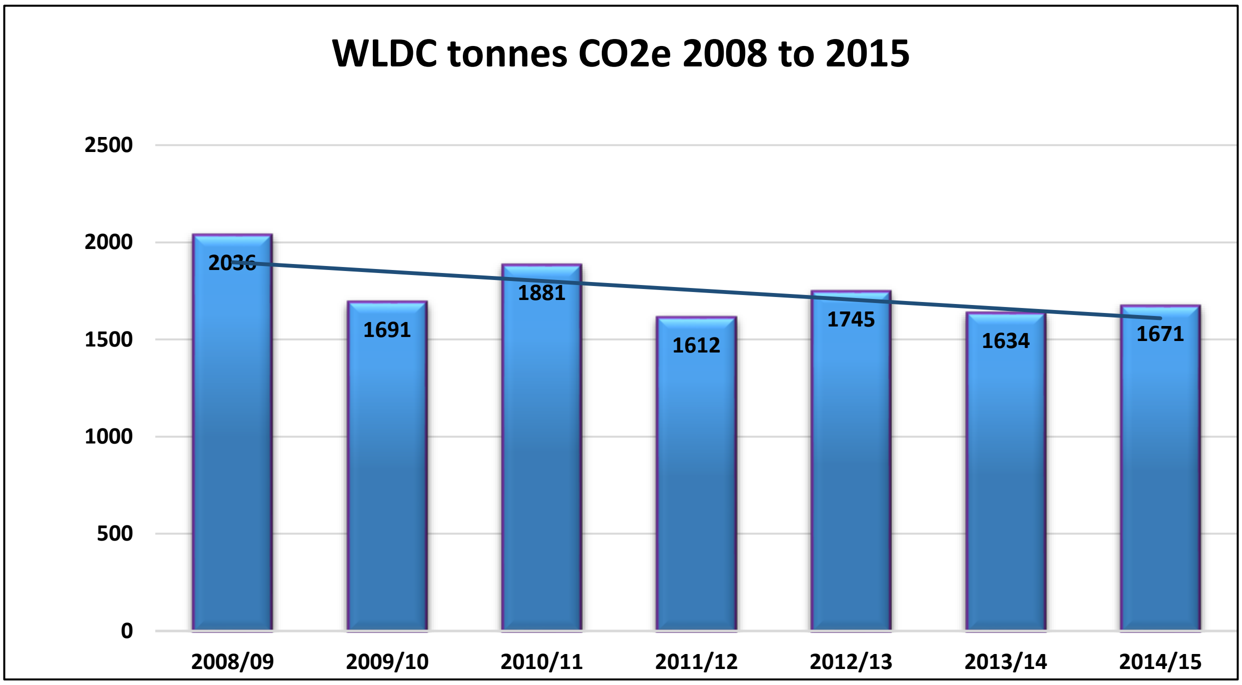


Of the total number of employees 43% are male and 57% are female.



Carbon Management Plan

The Council is committed to reducing energy usage and carbon emissions and has in place within its Carbon Management Plan carbon reducing projects and action plans to deliver this objective. Since 2008/09 CO2 emissions have been reduced by almost 18%. The plan aims to build on this success in order to achieve a target reduction of 35% which is an ambitious target.



An amount of £130,000 is included in the Carbon Management Plan 2016/17 for projects to be delivered over the next 5 year period which will generate ongoing savings.

Projects will include such works as roof insulation, replacement double glazing, replacing and upgrading to energy efficient lighting, including to street lighting and measures to reduce vehicle fuel usage.

8. RISK MANAGEMENT

The Council manages all risks via a formal Approved Code of Practice. As part of the process a comprehensive strategic risk register is maintained and processes are in place for risks identification and review. In addition to risk identification, mitigating actions are agreed to either terminate the risk or reduce its potential impact.

Financial risks are specifically identified and considered within the MTFP report part of the budget setting process. These risks are then monitored by a number of methods depending upon the type of risk. For example, the risk of income targets not being achieved is monitored through monthly income monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis and future demand estimations.

Within the MTFP there are assumptions on savings targets in order to meet the budget shortfall expected over the term of the MTFP to 2020/21. Additional or unexpected income could result in a reduced focus on making savings elsewhere in the budget. The Council needs to monitor unexpected income to minimise any risk of additional unexpected item and the potential to impact on organisational focus to deliver the planned financial targets.

It is also very important that schemes to achieve savings are monitored in order to highlight any schemes that are not achieving savings expected and that failing schemes are addressed at an early date. This is done through the close monitoring of service budgets by team mangers with support from their Business Partners. Those activities that are sufficiently significant to merit their own project environment will be managed through the Programme Boards.

Transformation, Commercial and Growth Boards have been established to ensure that the project management framework is in place to deliver on both the budget savings and the vision of the Council being an entrepreneurial council.

9. FUTURE OUTLOOK AND SIGNIFICANT SERVICES CHANGES

With regard to planned future developments, exciting times are ahead for the Council. The Commercial Strategy and Transformation Plan will drive initiatives for increasing and generating new income streams, achieving efficiencies, and reducing costs. This may result in changes in the way we provide future services. The following are the key major developments on the near horizon:

- **Greater Lincolnshire Combined Authority Devolution**

The terms of a proposed agreement between government and the leaders of Greater Lincolnshire to devolve a range of powers and responsibilities to the Greater Lincolnshire Combined Authority and a new directly elected combined authority mayor have recently been agreed. Building on the Growth Deals, agreed in July 2014 and January 2015, this Devolution Deal marks the next step in the transfer of resources and powers from central government to Greater Lincolnshire.

This agreement will enable Greater Lincolnshire to accelerate the delivery of its Strategic Economic Plan, which aims to increase the value of the Greater Lincolnshire economy by over £8 billion, creating more than 29,000 new jobs, and delivering at least 100,000 new homes.

This is an exciting opportunity for the Council. It will enable the Council to:

- Focus spending on local priorities and have more of a say over local taxation
- Work together across services and use local knowledge to get better value for money
- Be more self-sufficient and have more responsibility for the future of the local area
- Allow for decisions to be taken by locally elected politicians who better understand local issues and can be held to account more easily

The agreement is still subject to ratification from the Greater Lincolnshire local authorities and to parliamentary approval of the secondary legislation. There will also be a consultation process with the residents in the district.

- **Company Purchase**

On 1 June 2016 the Council purchased a company. It is anticipated that the company will start trading commercially by August 2016.

The purchase accords with the Councils aim to become an entrepreneurial Council and operate services on a commercial basis.

- **Universal Credit**

Universal Credit is one of the key benefit changes introduced by the Welfare Reform Act 2012, this has seen the introduction of a single benefit to replace six benefits paid by the Department of Works and Pensions (DWP), Her Majesty's Revenue and Customs (HMRC) and local authorities. The roll out of Universal Credit will have a significant impact on the residents of the district as they need to adjust to receiving a single monthly benefit payment which will include an element to cover their housing costs. They need to manage their finances on a monthly basis, pay their rent to their landlord and apply and manage their benefit claim online.

Universal Credit was introduced to new single working-age West Lindsey claimants on 30 November 2015 and is having a minor effect on Housing Benefit caseload but quite an impact already for Council Tax Support applicants and claim procedure as CTS is not included in the claimants Universal Credit claim. West Lindsey does not have a date for the current Housing Benefit caseload to be transferred to Universal Credit or for UC to be rolled out to other client groups in addition to single claimants. The Council continues to give support to residents to apply and manage their online claims and their finances.

- **Reduction in the Benefit Cap**

The amount of welfare benefits a household is allowed to receive will be reduced later this year (couples and families from £500 per week to £385 per week and single people £350 to £257 per week). It is expected that up to 199 West Lindsey households will be affected by this change and the reduction in their benefits is managed by removing their Housing Benefit. This will mean that budgeting support, Discretionary Housing Payments and extra communications will have to be managed by the Benefit Team. This may also affect the Home Choices Team where households will be looking to reduce the size of their accommodation or find more affordable housing.

- **Economic Development and Housing Regeneration**

The local plan has made outstanding progress over the last two years and is now in its final round of consultation. It is essential that the Council has the capacity to deliver through the development management service and the growing neighbourhood plan programme.

As part of the Council's commitment to support and deliver strong economic growth in the district, we are changing the way we provide our development management and economic development services. We recognise that a robust and progressive planning service is an essential part of ensuring that our growth ambitions are realised.

The Council has committed to a £15 million programme of regeneration for Gainsborough to rejuvenate the town centre and riverside areas. We need to attract inward investment and joining the services areas together is key and helps the council make savings.

It is now important that both services are aligned to make sure that the development industry recognises the serious potential that West Lindsey has to offer. In order to achieve this, the development management function will be merged with the spatial planning (local planning) and economic development. This will add significant capacity to these work areas and assist the Council in terms of economic growth and regeneration.

Neighbourhood planning is an area that is growing quickly in the district. The work has already seen the adoption of the first two neighbourhood plans. Demand in the area is set to grow as more than 25 further neighbourhood plans are now underway.

The success we have had in the neighbourhood plan area could produce another £0.350m in grants from the Government. Joint working with our neighbouring central Lincolnshire councils has also resulted in significant savings in this area. The changes also represent good value for money as two team manager posts have been merged into one.

10. SIGNIFICANT CHANGES IN ACCOUNTING POLICY

The following changes of accounting policies have been made since the production of the 2014/15 financial statements:

- The introduction of accounting standard IFRS13 Fair Value Measurement requires the Council to measure surplus assets, previously measured at existing use valuation, based on their use as an operational asset, to be measured at fair value in accordance with IFRS13. Accordingly this revision has been made to accounting policy xviii (Measurement) and a new policy on Fair Value Measurement xxiii has been included.

- The introduction of accounting standard IFRS13 also changed the measurement of investment properties from existing use value to fair value, policy xiv Investment Policy.

- The range of Asset Useful Economic Lives Assumed (within policy xviii (Depreciation)) have been revised to reflect the 31 March 2015 revaluations and the revised estimated remaining lives of those assets as provided by the Councils external valuer.

11. THE FINANCIAL STATEMENTS

The financial statements within this document help to demonstrate that, in a period of considerable uncertainty, the Council's finances are sound and sustainable. This position should support the Council in delivering the aims of the new Corporate Plan for 2016/17 and onwards, responding to the on-going public sector reforms and reductions in Central Government funding and other income streams.

The code requires that the accounts contain the following statements listed below.

- **Comprehensive Income and Expenditure Statement (CIES)**

This Statement records the day-to-day expenditure incurred in providing services and includes salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. This statement also shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, but such "accounting costs" do not form part of the amount required to be raised through council tax. The surplus on the Provision of Services totalled £0.798m (surplus of £0.108m 2014/15).

- **Movement in Reserves Statement (MIRS)**

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund

Balance for council tax setting. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The Council's useable reserves total £21.022m (£17.711m 2014/15).

- **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of what the Councils owns (it's assets) and what the Councils owes (it's liabilities) and the funds or reserves that support them.

Balance Sheet as at 31st March 2016	
	£'000
Non-Current Assets (e.g. Property, Plant & Equipment)	22,677
Current Assets (e.g. short term debtors)	12,720
Cash and cash equivalents (net)	8,985
Current Liabilities (e.g. short term creditors, short term borrowing)	-4,131
Long Term Liabilities (e.g. long term finance lease liability, pension deficit)	-29,640
Total Net Assets/(Liabilities)	**10,611**
Financed by:	
Usable Reserves	-21,022
Unusable Reserves	10,411
Net Worth	**-10,611**

Valuation of Long Term property assets

The Balance Sheet Non-Current Assets relates to property, plant and equipment and includes acquisitions and enhancements, changes in valuations, and disposals. These events have resulted in an overall carrying value of £19.862m, an increase of £3.121m from 2014/15. Further details are contained within Note12 to the Statement of Accounts.

The valuation as at 31 March 2016 of all assets resulted in net downward revaluations of £0.050m recognised in the Cost of Services and upward revaluations of £3.669m recognised within Other Comprehensive Income.

Liabilities

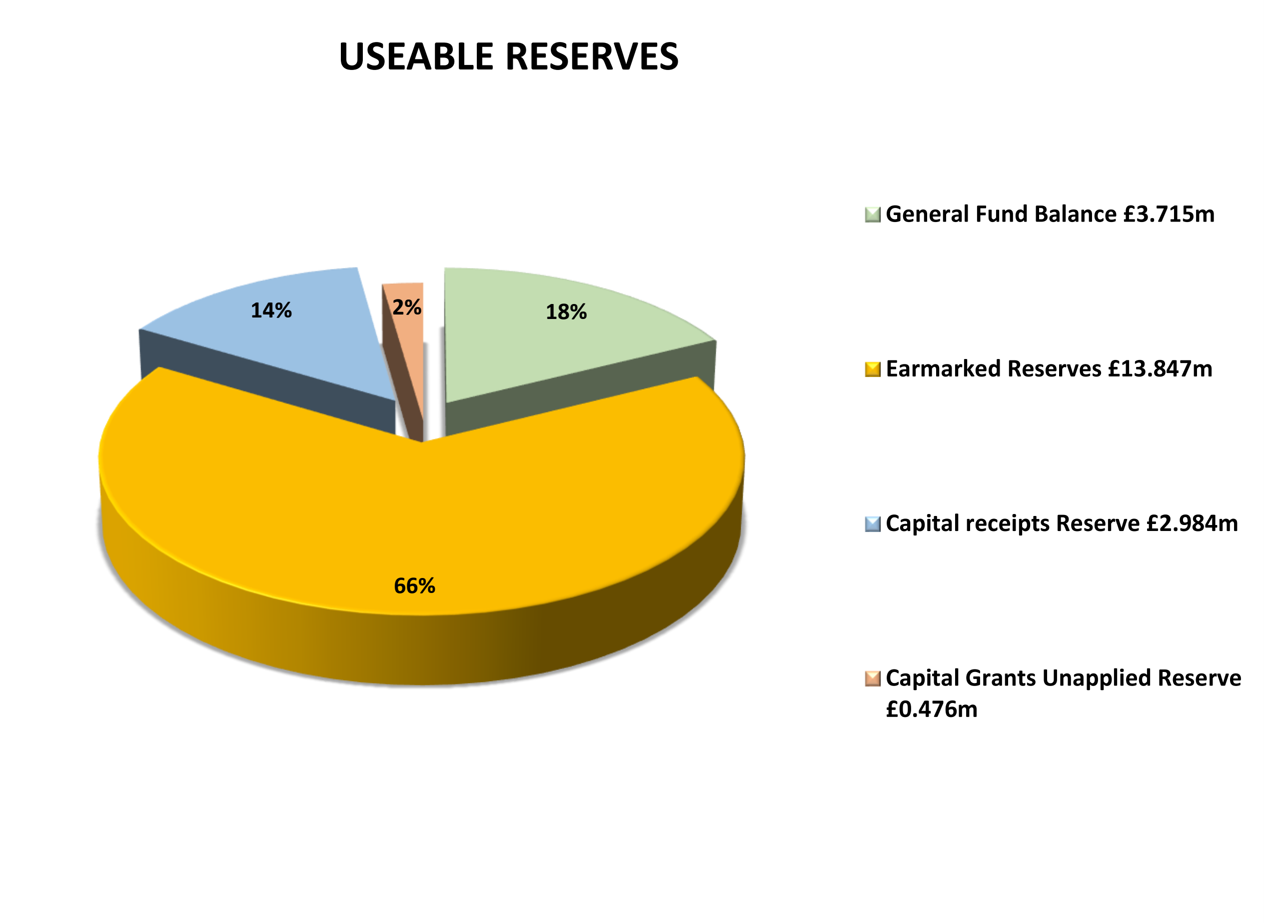
A major liability included within long term liabilities relates the deficit on the pension fund which amounts to £28.876 as at 31 March 2016 (£34.716m). Further information on the pension's position is contained within Note 28 to the Statement of Accounts.

Reserves

Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves.

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have fallen by £8.303m to £10.411m mainly reflecting the change in the Pensions Reserve.

Usable reserves have increased by £3.311m to £21.022m.



The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events. The need for adequate reserves becomes even more important in view of the financial challenges faced by Councils.

Useable reserves are made up of the following categories:

General Fund Balance

The General Fund Revenue Account balances stood at £3.715m as at 31 March 2016 (£4.160m 31 March 2015) a decrease of £0.445m being the amount of the underspend for the year £0.798m, adjustments between accounting and funding basis of £1.946m less transfers to earmarked reserves of £3.198 for future planned investment. The balance as at 31 March 2016 represents 24.74% of net cost of services.

The Council has a strategy of maintaining the General Fund balance at a level of at least 5% of net operating expenditure. The balance represents funds available to mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates. Such risks may also include changes in Government policy, further funding reductions and market factors.

Earmarked Reserves

Earmarked reserves are reviewed annually to ensure their investment in both revenue and capital initiatives align to Corporate Plan priorities.

The 2015/16 MTFP approved new Earmarked Reserves and contributed to existing reserves as follows;

1. **The creation of a strategic Invest to Earn Fund- £1.0m**
   To fund projects that meet commercial aspirations and generate a return on investment i.e. traded services, attracting external funding, new commercial ventures to generate income to support future sustainability.

2. **To increase the Business Rates Volatility Reserve - £0.250m**
   Whilst it is anticipated that the Council will benefit from additional annual revenue income of circa £0.236m per annum, inclusion in the Lincolnshire Business Rates Pool does come with a higher risk of volatility, therefore it is proposed to increase this reserve.

3. **To increase the Land and Property Reserve- £1.5m**
   The reserve supports capital and revenue investment to deliver the Council's priority of asset acquisition and management, by investing in economic and housing regeneration schemes, to also deliver commercial returns in support of a sustainable budget position.

4. **To increase the Big Society Reserve - £0.150m**
   This reserve was created to support local communities by the provision of loans to Parishes which will generate a favourable return to the Council in terms of interest.

5. **To increase the Finance Reserve - £0.270m**
   The reserve is provided to meet any volatility and risks within the Revenue Budget.

Upon out-turn £2.547m of Earmarked Reserves were applied during the year to fund both capital and revenue investment to match actual expenditure incurred.

With contributions to Earmarked Reserves of £5.737m at the 31 March 2016, the overall net contribution to Earmarked Reserves totals £3.190m. The balance of Earmarked Reserves as at 31 March 2016 therefore totals £13.848m (£10.658m 2015/16).

Capital Receipts Reserve

Capital receipts reserve increases as a result of receipts from asset disposals and reduces as capital receipts are used to finance further capital investment. The reserve increased from £2.407m to £2.984m.

New receipts during the year totalled £1.136 received from our share of Right to Buy receipts, in accordance with our housing transfer agreement, loan and capital grant repayments. An amount of £0.559 was used to finance capital expenditure, the balance of £2.984m is available for future financing.

Capital Grants Unapplied Reserve

As part of securing capital investment into the district, services will work to secure grant funding towards funding a capital scheme. The majority of grants have been received for specific purposes and are therefore ring-fenced and are not available for funding the Councils general revenue operating expenditure.

This reserve increases as a result of receipts from grants received in year that have not yet been used (£0.092m) and reduces as the grants are used to finance further capital investment (£0.102m). The reserve reduced from £0.486m to £0.476m

- **Cash Flow Statement**

The Cash Flow Statement represents the Council's movement in cash (and cash equivalents) during the year.

Cash flows from operating activities are cash generated from the Council's core business activities

Investing activities are those activities which include capital expenditure and acquisitions which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities such as the issue and repayment of debt are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

The movement in overall cash is a decrease of £1.075m (increase of £1.867m 2014/15).

Cash Flow Statement	
	£'000
Cash and cash equivalents 1st April 2015	**10,060**
PLUS Net Cash Flows from Operating Activities	366
less Net Cash Flows from Investing Activities	202
plus Net Cash Flows from Financing Activities	-1,643
Cash and cash equivalents 31st March 2016 (see Balance Sheet)	**8,985**

Based on the Council's current cash flow estimates, the programme of capital investments and borrowings, a working capital balance of circa £8m is required for funding business as usual.

The Council has agreed an ambitious capital investment programme totalling some £61m over the next five years. The major parts of funding this investment will fall to be met from borrowing (£39m) and earmarked reserves (£12.9m). The use of earmarked reserves will inevitably deplete existing levels of reserves. Although the Council has included within its Medium Term Financial Plan some revenue resources provision to top up these reserves, it is estimated that earmarked reserves will fall from £13.848m on 31 March 2016 to £8.1m by 31 March 2021.

Borrowing will be managed as part of the Councils treasury management activities, ensuring that the terms of the loans achieved are as favourable as possible. The key assumptions within the MTFP are that the Council will borrow for commercial capital investments and generate income greater than the cost of borrowing including the minimum revenue provision (MRP), a regulatory requirement on Local Authorities.

In addition, the Council intends to generate significant revenue from new income streams by selling its services.

- **Supplementary financial statements**

The Collection Fund represents the council taxes and business rates collected by West Lindsey District Council on behalf of those authorities responsible for services within the district, and Central Government, and the way in which these monies have been distributed among the authorities and Central Government to finance their expenditure.

12. EVENTS AFTER THE REPORTING PERIOD

The code requires disclosure of the date the financial statements were authorised for issue and therefore the date after which events will not have been recognised in the Statement of Accounts, this date was the 15 September 2016.

There are no events which have taken place before this date where conditions existed at 31 March 2016. However, as already mentioned above, on 1 June 2016 the Council acquired a company. The Council is the sole shareholder and therefore to company is a wholly owned subsidiary. The financial effects of the purchase and trading activities will be disclosed in the 2016/17 financial statements.

Ian Knowles (S151 Officer)

Director of Resources

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1 COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

2 CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the CODE).

In preparing this Statement of Accounts, the Chief Finance Officer has:

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

CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts for 2015/16 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Signed:
Ian Knowles, Director of Resources (S151)
West Lindsey District Council **Date: 15 September 2016**

Approval of the Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Audit Committee on xxth September 2016

Signed:
Chairman of Governance and Audit Committee **Date: 15 September 2016**
West Lindsey District Council

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2015/16

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2015 carried forward	**(4,160)**	**(10,658)**	**(2,407)**	**(486)**	**(17,711)**	**18,714**	**1,003**
(Surplus) or deficit on the provision of Services	(798)	0	0	0	**(798)**	0	**(798)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	(10,816)	**(10,816)**
Total Comprehensive Income and Expenditure	**(798)**	**0**	**0**	**0**	**(798)**	**(10,816)**	**(11,614)**
Adjustment between accounting basis & funding basis under regulations (Note 7)	(1,946)	0	(577)	10	**(2,513)**	2,513	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(2,744)**	**0**	**(577)**	**10**	**(3,311)**	**(8,303)**	**(11,614)**
Transfers to/(from) Earmarked Reserves (Note 8)	3,189	(3,189)			**0**		**0**
(Increase)/Decrease in 2015/16	**445**	**(3,189)**	**(577)**	**10**	**(3,311)**	**(8,303)**	**(11,614)**
Balance at 31 March 2016 carried forward	**(3,715)**	**(13,847)**	**(2,984)**	**(476)**	**(21,022)**	**10,411**	**(10,611)**

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves during 2014/15

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2014 carried forward	**(2,160)**	**(12,231)**	**(2,393)**	**(511)**	**(17,295)**	**13,175**	**(4,120)**
(Surplus) or deficit on the provision of Services	(108)	0	0	0	**(108)**	0	**(108)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	5,231	**5,231**
Total Comprehensive Income and Expenditure	**(108)**	**0**	**0**	**0**	**(108)**	**5,231**	**5,123**
Adjustment between accounting basis & funding basis under regulations (Note 7)	(319)	0	(14)	25	**(308)**	308	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves	**(427)**	**0**	**(14)**	**25**	**(416)**	**5,539**	**5,123**
Transfers to/(from) Earmarked Reserves (Note 8)	(1,573)	1,573	0	0	**0**	0	**0**
(Increase)/Decrease in 2013/14	**(2,000)**	**1,573**	**(14)**	**25**	**(416)**	**5,539**	**5,123**
Balance at 31 March 2015 carried forward	**(4,160)**	**(10,658)**	**(2,407)**	**(486)**	**(17,711)**	**18,714**	**1,003**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2014/15					2015/16		
Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000		Note	Gross Expend-iture £'000	Gross Income £'000	Net Expend-iture £'000
1,700	(670)	1,030	Central Services to the Public		1,843	(645)	1,198
1,215	(134)	1,081	Cultural and Related Services		1,228	(823)	405
5,348	(583)	4,765	Environmental and Regulatory Services		4,964	(557)	4,407
3,000	(1,812)	1,188	Planning Services		3,910	(1,856)	2,054
556	(252)	304	Highways and Transport Services		270	(297)	(27)
26,426	(24,859)	1,567	Other Housing Services		25,523	(24,489)	1,034
1,986	(32)	1,954	Corporate and Democratic Core		1,901	(23)	1,878
(14)	0	(14)	Non Distributed Costs		17	(125)	(108)
40,217	**(28,342)**	**11,875**	**Cost of Services**		**39,656**	**(28,815)**	**10,841**
		2,026	Other Operating Expenditure	9			2,073
		1,082	Financing and Investment Income and Expenditure	10			739
		(15,091)	Taxation and Non-Specific Grant Income And Expenditure	11			(14,451)
		(108)	**(Surplus) or Deficit on Provision of Services**				**(798)**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(615)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	12			(3,669)
		5,871	Remeasurement of the net defined benefit liability/(asset)	19			(7,026)
		5,256					**(10,695)**
			Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(25)	(Surplus) or deficit on revaluation of available for sale financial assets				(121)
		5,231	**Other Comprehensive Income and Expenditure**				**(10,816)**
		5,123	**Total Comprehensive Income and Expenditure**				**(11,614)**

BALANCE SHEET

31 March 2015 £'000		Notes	31 March 2016 £'000
16,741	Property, Plant & Equipment	12	19,862
127	Investment Properties		164
157	Intangible Assets		156
2,064	Long Term Investments	13	2,175
0	Long Term Investments -Other	13	10
345	Long Term Debtors	13	310
19,434	**TOTAL LONG TERM ASSETS**		**22,677**
7,038	Short Term Investments	13	9,512
34	Assets Held For Sale		35
31	Inventories		79
2,212	Short Term Debtors	14	3,094
10,060	Cash and Cash Equivalents	15	8,985
19,375	**TOTAL CURRENT ASSETS**		**21,705**
(4,032)	Short Term Creditors	16	(2,918)
(354)	Short Term Provisions	17	(995)
(228)	Short Term Finance Lease Liability	27	(218)
0	Grants Receipts in Advance - Revenue	24	0
(4,614)	**TOTAL CURRENT LIABILITIES**		**(4,131)**
(25)	Long Term Provisions	17	(17)
(342)	Long Term Finance Lease Liability	27	(128)
(34,716)	Net Pensions Liability	28	(28,876)
(115)	Grants Receipts in Advance - Capital	24	(619)
(35,198)	**TOTAL LONG TERM LIABILITIES**		**(29,640)**
(1,003)	**TOTAL NET ASSETS/(LIABILITIES)**		**10,611**
(17,711)	Usable Reserves	18	(21,022)
18,714	Unusable Reserves	19	10,411
1,003	**TOTAL RESERVES**		**(10,611)**

CASH FLOW STATEMENT

Restated 2014/15 £'000		2015/16 £'000
108	**Net Surplus or (Deficit) on the Provision of Services**	**798**
863	Depreciation of Property, Plant and Equipment	744
385	Impairment and downward valuations	85
46	Amortisation of Intangible Assets	49
108	(Increase)/Decrease in Creditors	(164)
(354)	Increase/(Decrease) in Debtors	(234)
10	Increase/(Decrease) in Inventories (Stock)	(47)
933	Movement in Pension Liability	1,186
76	Carrying amount of non-current assets and non-current Assets Held For Sale, sold or derecognised	6
(70)	Other non cash items charged to the net surplus or deficit on the Provision of Services	511
1,997	**Adjustments to net surplus or deficit on the Provision of Services for non-cash movements**	**2,136**
(688)	**Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities**	**(2,568)**
1,417	**Net Cash Flows from Operating Activities**	**366**
(656)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	842
(12,010)	Purchase of short-term (not considered to be cash equivalents) and long-term Investments	(14,000)
(395)	Other payments for investing activities	(237)
258	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	0
11,675	Proceeds from short-term (not considered to be cash equivalents) and long-term Investments	11,510
393	Other receipts from investing activities	2,087
(735)	**Net cash flows from investing activities**	**202**
	Other receipts from financing activities	(5)
1,368	Other payments from financing activities	(1,410)
(183)	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	(228)
1,185	**Net cash flows from financing activities**	**(1,643)**
1,867	**Net increase or (decrease) in cash and cash equivalents**	**(1,075)**
8,193	**Cash and cash equivalents at the beginning of the reporting period**	**10,060**
10,060	**Cash and cash equivalents at the end of the reporting period Note 15**	**8,985**

Note: The Council has discovered that the model used for determining the 2014/15 cash flow figures was incorrect. The main variances related to an amount of £1.117m NNDR preceptors creditor being included in operating activities when it should have been included in financing activities together with a loan amount of £395k that had been included in operating activities that should have been included in investing activities. The 2014/15 figures have therefore been restated to reflect the true position.

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016 The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require them 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 2015/16 (The Code) and the *Service Reporting Code of Practice 2015/16* , supported by the International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received, (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. Expenses incurred, which relate to employees, are not accrued for as they are considered to be relatively stable year on year and omitting them would not result in a material error
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Acquired Operations

All operations acquired in year will be treated in line with the Council's accounting policies and if material disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

iv Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

v 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.

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

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

vi Charges to Revenues for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

The Council has assessed the Minimum Revenue Provision (MRP) in accordance with the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. Any charge in 2015/16 is for either new borrowing under the prudential system, based on the asset life method, or relates to the Council's current credit arrangements for Finance Leases for which the outstanding liabilities are repaid over the term of the agreement.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

vii Employee Benefits

The Council accounts for employment and post-employment benefits when employees earn them and the Council is committed to providing them, even if the actual provision might be many years into the future. Employee benefits are accounted for in the following four categories:

a) ***Benefits Payable During Employment***

Short-term employee benefits are payable within twelve months of the Balance Sheet date and include, wages, salaries, social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits, and similar payments and are recognised as an expense for services in the year in which employees render service to the Council.

Short term compensated absences are periods during which an employee does not provide services to the Council, but employee benefits continue to be paid. Typical employee benefits include annual leave, sick leave, maternity leave, jury service and military service.

An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

b) ***Termination Benefits***

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

c) ***Post – Employment Benefits***

Employees of the Council are eligible to be members of the Local Government Pension Scheme (LGPS) Lincolnshire Pension Fund, administered by West Yorkshire Pension Fund. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

d) ***The Local Government Pension Scheme***

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

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

- Liabilities are discounted to their value at current prices, using a discount rate of 4.3% (determined by reference to market yields at the end of the reporting period on high quality corporate bonds (iBoxx AA over 15 year index).

- The assets of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet at fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value

The assessment process takes the most recent triennial actuarial valuation and updates it to reflect current conditions.

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

Service cost comprising:

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

Past Service Costs – the increase in liabilities as a result of a scheme amendment or a decision whose effect relates to years of service earned in earlier years (curtailment) – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

Net Interest – on the net defined benefit liability/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

Remeasurement comprising:

Return on scheme assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial gains and losses - changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Lincolnshire Pension Fund

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

The Council 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 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.

Further information can be found in the Lincolnshire Local Government Pension Fund Annual Report. Which is available from:

The Resources Directorate
Lincolnshire County Council,
County Offices
Newland,
Lincoln, LN1 1YG

viii Events after the Reporting Period

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix 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 and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The Council has no borrowing.

Financial liabilities are classified into two types:

- amortised cost – liabilities that are not held for trading, such as operational creditors and borrowings; and

- fair value through profit or loss – liabilities held for trading.

The Council currently only has liabilities carried at amortised cost relating to Finance Leases, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the lease agreement.

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; and

- Available-for-sale assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and receivables

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

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

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

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.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs - unobservable inputs for the asset.

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

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

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

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

x Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xi Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council 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 conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that 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 specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants or 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 or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii Intangible Assets

Expenditure on non-monetary assets without physical substance that are controlled by the Council as a result of past events, and future economic benefits or service potential is expected to flow to the Council. The most common item posted to this line will be software, but might also cover such things as rights to use land. All such expenditure is accounted for on an accruals basis and capitalised as a non-current asset.

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii Inventories and long-term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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.

xiv Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, being the 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.

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

xv Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and the resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

xvi 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 Council as Lessee

Finance Leases

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

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).

Property Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

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).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debt) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xvii Overheads and Support Services

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

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

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

xviii 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 possible that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Assets valued at less than £10,000 are not normally recognised in the Balance Sheet.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- infrastructure assets, community assets and assets under construction – depreciated historical cost
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

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

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.

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives commencing in the first full year that the asset is included in the Council's accounts. An exception is made for assets without a determinable useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer with the exception of a number of leased shops, where the remaining term of the lease has been used

- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer

- Infrastructure – straight line allocation.

Asset Useful Economic Lives assumed

Assets	Useful Life Range (years)
Offices/Leisure Centre	20 to 60
Depots & Stores	50
Shops	50
Public Conveniences	41
CCTV Systems/IT Equipment/Wheeled Bins/Office Equipment	1 to 15
Vehicles/Bin Lifters	1 to 6
Infrastructure Assets	22 to 33
Dwellings	44 to 46

Where an item PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and a materiality level of £0.5m for major components has been applied.

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance the Council may be involved in the making of a settlement or the payment of compensation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities

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

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 only by the occurrence or otherwise of uncertain future events, not wholly within the control of the Council.

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.

xx *Reserves*

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingences. 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.

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

xxi Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset 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.

xxii Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiii Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

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

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

When measuring fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value heirarchy, as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical asstes or liabilities that the Council can access at the measurment date

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

Level 3 - unobservable inputs for the asset or liability

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The following Accounting Standards and amendments have been issued but will not be adopted until the 2016/17 financial year.

a) *Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)*
The standard relates to the accounting treatment of employee contributions. The accounting treatment of employee contributions is already consistent with this standard.

b) *Annual Improvements to IFRSs 2010 – 2012 Cycle*
This change relates to the definition of a related party specifically in relation to key management personnel.

c) *Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)*
The amendment adds new guidance as to how to account for the acquisition of an interest of a joint operation that constitutes a business.

d) *Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*
This amendment requires that local authority accounting policies include relevant detail in relation to the valuation techniques used in measuring property, plant and equipment under current value.

e) *Annual Improvements to IFRSs 2012 – 2014 Cycle*
Amendments relate to specific guidance on reclassification of assets held for sale, clarification on financial instruments disclosure relating to servicing contracts

f) *Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)*
IAS 1 specifies the information to be included in the financial statements but does not prescribe a format.

g) *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 under f) and g) are as a result of a result of the Telling the Story review of the presentation of Councils financial statement and incorporate the requirements of IAS 1 and are presentational only.

These changes are not expected to have a material impact on the accounts

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Future Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision, nor that there is a risk to the Council being a going concern.

Leases

The Council has examined the leases and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a financial lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate the interest and principal repayments.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items in the Council's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2015/16 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to March 2016. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2016.

Property Plant and Equipment.

Property assets are included on the basis of a review based valuation and assessed useful lives undertaken on 31 March 2016. Where possible the valuer has avoided applying indices to calculate the 31 March valuation.

The assessment of useful lives is subject to revision and the valuation would therefore be expected to change accordingly. The carrying value of these long term assets at the end of the reporting period was £19.862m (£16.741m 2014/15).

The impact of a change in valuation or useful life as at 31 March 2016 would affect the carrying value of the asset in the balance sheet and the subsequent charge for depreciation or impairment in the CIES.

Surplus Assets have been valued in accordance with IFRS13, at Fair Value, based on an estimate of the price at which a market transaction would take place between market participants for best use of the asset.

In valuing assets at fair value critical judgements have to be made including considerations such as uncertainty and risk. However, any significant changes in the assumptions could affect the fair value of surplus and investment asset carrying values on the balance sheet.

With regard to fair value estimates, where Level 1 inputs are not available, the Council employs RICS qualified valuers (Wilks, Head & Eve) to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.

Pensions Liability

The estimation of the net liability to pay pensions depends on a number of judgements relating to the discounts 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 by Lincolnshire County Council, the administering authority for the Local Government Pension Scheme, to provide expert advice about the assumptions to be applied. During 2015/16 the Council's Actuaries advised that the net pension liability had decreased by £5.84m. The table below illustrates the potential financial impact of changes in the specific assumptions applied by the Actuary in future years:

Pensions Liability Sensitivity to changes in assumptions

Sensitivity Analysis Change in Assumptions at 31 March 2016	Approx. % increase to Employer Liability	Approx. monetary amount (£000)
0.5% decrease in Real Discount Rate	10%	7,169
1 year increase in member life expectancy	3%	2,129
0.5% increase in Salary Increase Rate	3%	2,018
0.5% in the Pension Increase Rate	7%	5,057

The next full valuation of the Pension Scheme will be undertaken during 2016/17.

Arrears

At 31st March 2016 the Council had arrears of £6.329m outstanding mainly in respect of sundry debtors, NNDR and housing benefit overpayments debtors. A review of balances outstanding and recovery performance suggested an impairment allowance of £1.394m would be appropriate. However, if collection rates were to deteriorate additional allowance would be required.

5 MATERIAL ITEMS OF INCOME AND EXPENDITURE

The Council received a sum of £679k during 2015/16. This relates to a part repayment of a capital grant of £1,050m, funded by the Community Assets Fund, that was given in 2012/13 to support a range of capital projects by way of loans, grants or other assistance to local community groups. A three year contract to deliver this investment was entered into with a third party which ended in March 2015. The amount received represents the unspent sum which has been treated as a capital receipt in the accounts and is therefore available for funding future capital investment.

6 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Resources (S151 Officer) on 15 September 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as 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.

On 23 June 2016 the European Union (EU) referendum took place and the people of the UK voted to leave the EU. Until exit negotiations are concluded, the UK remains a full member of the EU and all rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in the future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Useable Reserves			
2015/16 Adjustment between accounting basis & funding basis under regulations	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied Account £'000**	**Movement in Unusable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(744)	0	0	**744**
Revaluation losses on Property, Plant and Equipment charged to CIES	(85)	0	0	**85**
Movements in the market value of Investment Properties	39	0	0	**(39)**
Amortisation of intangible assets	(49)	0	0	**49**
Capital grants and contributions applied	254	0	0	**(254)**
Revenue expenditure funded from capital under statute	(502)	0	0	**502**
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	(6)	0	0	**6**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	228	0	0	**(228)**
Capital expenditure charged against the General Fund Balance	46	0	0	**(46)**
Adjustments primarily involving the Capital Grant Unapplied Accounts:				
Capital grants and contributions unapplied credited to the CIES	92	0	(92)	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	102	**(102)**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	1,077	(1,077)	0	**0**
Repayment of Loan Principal	0	(59)	0	**59**
Use of Capital Receipts Reserve to finance new capital expenditure	0	559	0	**(559)**
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 28)	(2,725)	0	0	**2,725**
Employers pension contributions and direct payments to pensioners payable in the year	1,539	0	0	**(1,539)**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,054)	0	0	**1,054**
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	(56)	0	0	**56**
Total Adjustments	**(1,946)**	**(577)**	**10**	**2,513**

2014/15 Adjustment between accounting basis & funding basis under regulations	Useable Reserves: General Fund Balance £'000	Useable Reserves: Capital Receipts Reserve £'000	Useable Reserves: Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(863)	0	0	**863**
Revaluation losses on Property, Plant and Equipment charged to CIES	(385)	0	0	**385**
Movements in the market value of Investment Properties	0	0	0	**0**
Amortisation of intangible assets	(46)	0	0	**46**
Capital grants and contributions applied	440	0	0	**(440)**
Revenue expenditure funded from capital under statute	(628)	0	0	**628**
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	(76)	0	0	**76**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	183	0	0	**(183)**
Capital expenditure charged against the General Fund balance	932	0	0	**(932)**
Adjustments primarily involving the Capital Grant Unapplied Accounts:				
Capital grants and contributions unapplied credited to the CIES	0	0	0	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	25	**(25)**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	258	(258)	0	**0**
Use of Capital Receipts Reserve to finance new capital expenditure	0	244	0	**(244)**
Adjustments primarily involving the Pension Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (Note 28)	(2,453)	0	0	**2,453**
Employers pension contributions and direct payments to pensioners payable in the year	1,520	0	0	**(1,520)**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax incomeand NNDR income are credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	787	0	0	**(787)**
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	12	0	0	**(12)**
Total Adjustments	**(319)**	**(14)**	**25**	**308**

8 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2015/16.

	Balance at 31 March 2014 £'000	Transfer out 2014/15 £'000	Transfer in 2014/15 £'000	Balance at 31 March 2015 £'000	Transfer out 2015/16 £'000	Transfer in 2015/16 £'000	Balance at 31 March 2015 £'000
Business Improvement & Transformation	**222**	(26)	0	**196**	(16)	350	**530**
Budget Smoothing	**1,152**	(772)	92	**472**	(88)	806	**1,190**
Capital Programme Financing	**1,560**	(345)	0	**1,215**	(26)	0	**1,189**
Community Grant/Support Schemes	**438**	(138)	250	**550**	(361)	494	**683**
Contingencies Fund	**725**	(170)	4	**559**	(148)	318	**729**
Investment for Growth Fund	**192**	(37)	300	**455**	(73)	46	**428**
Invest to Earn	**0**	0	0	**0**	(8)	1,000	**992**
Invest to Save	**492**	(37)	19	**474**	(40)	168	**602**
Maintenance of Facilities	**847**	(314)	57	**590**	(82)	304	**812**
Members Initiative Fund	**0**	0	0	**0**	0	108	**108**
New Homes Bonus	**1,083**	0	0	**1,083**	(1,083)	0	**0**
Property Asset Fund	**1,121**	(170)		**951**	(158)	61	**854**
Regeneration Support Fund	**1,990**	(405)		**1,585**	(106)	1,749	**3,228**
Revenue Grants Unapplied	**137**	(6)	306	**437**	(220)	204	**421**
Service Investment	**511**	(252)	82	**341**	(73)	79	**347**
Waste Management Fund	**1,761**	(49)	38	**1,750**	(66)	50	**1,734**
Total	**12,231**	**(2,721)**	**1,148**	**10,658**	**(2,548)**	**5,737**	**13,847**

Business Improvement & Transformation
To assist with costs associated with Business Case Development for transformational change

Budget Smoothing
To effectively manage cyclical budget issues i.e. Elections, Local Development Framework etc.

Capital Programme Financing
Grants and contributions received in advance for financing revenue expenditure funded by capital

Community Grant/Support Schemes
To support area management and community engagement and help leveraging funding.
Provision of support to vulnerable communities

Contingencies Fund
To support areas of volatility i.e. insurance, flooding etc.

Investment for Growth Fund
To support regeneration schemes

Invest to Earn Reserve
To support the council's commercial activity

Invest to Save Reserve
To support efficiency projects to provide a positive net payback over the Medium Term Financial Strategy

Maintenance of Facilities
To meet future property maintenance requirements

New Homes Bonus
Created as part of the MTFP to fund housing regeneration initiatives

Property Assets Fund
To support strategic property/housing policies

Regeneration Support Fund
To support local business growth and housing regeneration

Revenue Grants Unapplied
Revenue grants which have yet to be expended

Service Improvement
To support service development initiatives, including IT upgrades

Waste Management Fund
To support strategic service development and replacement vehicle programme.

9 OTHER OPERATING EXPENDITURE

2014/15 £'000		2015/16 £'000
1,454	Parish Council Precepts	1,551
178	Additional support to Parish Councils	181
328	Levies	335
66	(Gains)/Losses on the disposal of non-current assets	6
2,026	**Total**	**2,073**

10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15 £'000		2015/16 £'000
64	Interest payable and similar charges	48
1,193	Net interest on the net defined benefit liability (asset)	1,112
(228)	Interest receivable and similar income	(307)
(1)	Income and Expenditure in relation to investment properties and changes in their fair value	(34)
54	Other Investment Income	(80)
1,082	**Total**	**739**

11 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2014/15 £'000	2014/15 £'000		2015/16 £'000	2015/16 £'000
(6,967)		Council tax income		(7,168)
	(6,457)	Retained NNDR	(6,531)	
	(426)	S31 Grant re Small business rates relief	(558)	
	3,398	Tariff payable to Pool (Gov 2014/15)	3,463	
	257	Levy/(-)Safety Net	(123)	
	122	Other amounts	60	
	102	In Year NNDR (Surplus)/Deficit	1,154	
(3,004)		Total Non-Domestic Rates income and expenditure		(2,535)
(5,006)		Non ring-fenced Government grants		(4,740)
(114)		Capital grants and contributions		(8)
(15,091)		**Total**		**(14,451)**

12 PROPERTY PLANT AND EQUIPMENT

Movements in 2015/16	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation							
At April 2015	12,894	5,067	354	139	1,697	171	**20,322**
Additions	110	101	4	0	0	71	**286**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,629	0	22	0	1,858	0	**3,509**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(246)	0	0	0	82	0	**(164)**
Derecognition - Disposals	0	(10)	(4)	0	0	0	**(14)**
Derecognition - Other	0	(18)	0	0	0	0	**(18)**
Assets reclassified (to)/from Held for Sale	0	0	0	(35)	34	0	**(1)**
Other movements in cost or valuation	89	0	0	0	82	(171)	**0**
At 31 March 2016	**14,476**	**5,140**	**376**	**104**	**3,753**	**71**	**23,920**
Accumulated Depreciation & Impairment							
At April 2015	0	(3,501)	(80)	0	0	0	**(3,581)**
Depreciation charge	(229)	(494)	(9)	0	(9)	0	**(741)**
Depreciation written out to the Revaluation Reserve	156	0	0	0	3	0	**159**
Depreciation written out to the Surplus/Deficit on the Provision of Services	72	0	0	0	7	0	**79**
Derecognition - Disposals	0	8	0	0	0	0	**8**
Derecognition - Other	0	18	0	0	0	0	**18**
At 31 March 2016	**(1)**	**(3,969)**	**(89)**	**0**	**1**	**0**	**(4,058)**
Net Book Value							
at 31 March 2016	**14,475**	**1,171**	**287**	**104**	**3,754**	**71**	**19,862**
at 31 March 2015	**12,894**	**1,566**	**274**	**139**	**1,697**	**171**	**16,741**

Comparative Movements in 2014/15:	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation							
At April 2014	12,464	5,346	354	139	1,696	149	**20,148**
Additions	294	99	0	0	0	271	**664**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	458	0	0	0	5	0	**463**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(536)	0	0	0	68	0	**(468)**
Derecognition - Disposals	0	0	0	0	(72)	0	**(72)**
Derecognition - Other	0	(378)	0	0	0	(1)	**(379)**
Assets reclassified (to)/from Held for Sale	(34)	0	0	0	0	0	**(34)**
Other movements in cost or valuation	248	0	0	0	0	(248)	**0**
At 31 March 2015	**12,894**	**5,067**	**354**	**139**	**1,697**	**171**	**20,322**
Accumulated Depreciation & Impairment							
At April 2014	0	(3,259)	(71)	0	0	0	**(3,330)**
Depreciation charge	(226)	(620)	(9)	0	(9)	0	**(864)**
Depreciation written out to the Revaluation Reserve	147	0	0	0	4	0	**151**
Depreciation written out to the Surplus/Deficit on the Provision of Services	79	0	0	0	5	0	**84**
Derecognition - Disposals	0	0	0	0	0	0	**0**
Derecognition - Other	0	378	0	0	0	0	**378**
At 31 March 2015	**0**	**(3,501)**	**(80)**	**0**	**0**	**0**	**(3,581)**
Net Book Value							
at 31 March 2015	**12,894**	**1,566**	**274**	**139**	**1,697**	**171**	**16,741**
at 31 March 2014	**12,464**	**2,087**	**283**	**139**	**1,696**	**149**	**16,818**

Depreciation

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

• Other Land and Buildings - 20-60 years
• Vehicles, Plant, Furniture and Equipment - 1-15 years
• Infrastructure - 22-33 years
• Surplus - 38-41 years

Capital Commitments

At 31 March 2016 the Council had no outstanding commitments for capital schemes.

Effects of Changes in Estimates

There have been no major changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2015/16 that would have a material effect.

Revaluations

The Council carries out a full revaluation of its property portfolio every five years. The last full revaluation was carried out on 31 March 2014. In the intervening years a valuation review is carried out. Valuations were carried out as at 31 March 2016 by appointed valuers, Wilks, Head and Eve LLP in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated replacement cost with an annual impairment review.

	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical cost	0	1,171	0	462	**1,633**
Valued at Current Value as at:					
31 March 2016	14,475	0	3,754	0	**18,229**
Total Cost or Valuation	**14,475**	**1,171**	**3,754**	**462**	**19,862**

The significant assumptions applied in estimating the current values are:
a. no allowance has been made for liability of taxation upon disposal;
b. the instant build approach has been used for Depreciated Replacement Cost valuations;
c. valuations have been provided at gross cost and do not include an allowance for purchasers cost;
d. that good title can be shown and all valid planning permissions and statutory approvals are in place;
e. that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
f. that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
g. that the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
h. that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

<u>Assets Valued at Fair Value</u>

With regard to assets valued at fair value, no assets within the potfolio are classed at Level 1 in the fair value heirarchy i.e. unadjusted prices in active markets for identical assets.

For the remaining assets the majority are classed at Level 2 i.e quoted prices that are observable for the asset with adjustments being made based on perhaps location and condition.

There are remaining 4 assets that are assessed at Level 3 i.e where unobservable inputs have been used to measure fair value:

Pavillion at Sandsfield Lane, Gainsborough (Balance Sheet value £25,000) has been valued based on a comparable approach either by estimated market rental values or subsidised passing rents. The valuer has drawn on his own assumptions plus utilised third party resources to value this asset.

The remaining assets, two oil well sites plus an aggregate site (total Balance Sheet value £227,150) have been valued based on known and estimated cash flows from the properties.

13 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000
Financial Assets Classified as Loans and Receivables:				
Investments	0	0	7,038	9,512
Short-term deposits with Money Market Funds	0	0	9,619	8,741
Operational Debtors	0	0	7	116
Loans and Receivables	345	310	50	158
Available for Sale Financial Assets	2,064	2,185	0	0
Cash at bank	0	0	440	242
Total Financial Assets Classified as Loans and Receivables	**2,409**	**2,495**	**17,154**	**18,769**
Financial Liabilities Classified at Amortised Cost:				
Finance Lease Liabilities	342	128	228	218
Operational Creditors	0	0	472	506
Provisions	25	17	354	995
Total Financial Liabilities Classified at Amortised Cost	**367**	**145**	**1,054**	**1,719**

Material Soft Loans Made by the Council

The Council has not made any soft loans, employee car loans or reclassifications during the financial year.

Income, Expense, Gains and Losses

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

2014/15 £'000	2014/15 £'000	2014/15 £'000		2015/16 £'000	2015/16 £'000	2015/16 £'000
Financial Liabilities Measured at Amortised Cost	**Financial Assets: Loans & Receivables**	**Total**		**Financial Liabilities Measured at Amortised Cost**	**Financial Assets: Loans & Receivables**	**Total**
64	0	64	Interest Expense	48	0	48
0	54	54	Impairment loss/dividend	0	(80)	(80)
64	**54**	**118**	**Total Expense in Surplus or Deficit on the Provision of Services**	**48**	**(80)**	**(32)**
0	(228)	(228)	Interest Income	0	(307)	(307)
0	**(228)**	**(228)**	**Total income in Surplus or Deficit on the Provision of Services**	**0**	**(307)**	**(307)**
64	**(174)**	**(110)**	**Net gain/(loss) for the year**	**48**	**(387)**	**(339)**

Fair Values of Assets and Liabilities

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

- for loans receivable prevailing benchmark market rates,
- no early repayment or impairment is recognised,
- where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount,
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Available for Sale Financial Assets were valued under input level 1 in the fair value hierarchy. There have been no changes in the Fair Value Hierarchy in 2015/16

The fair values calculated as at 31 March are as follows:

2014/15 £'000	2014/15 £'000		2015/16 £'000	2015/16 £'000
Carrying Amount	**Fair Value**		**Carrying Amount**	**Fair Value**
7,038	7,038	Investments	9,512	9,512
2,064	2,064	Available for Sale Financial Assets	2,185	2,157
395	387	Loans and Receivables	468	437
(570)	(628)	Finance Lease Liabilities	(345)	(365)
(472)	(472)	Short Term Creditors	(506)	(506)

14 DEBTORS

2014/15 £'000		2015/16 £'000
439	Central Government Bodies	571
541	Other Local Authorities	516
0	NHS Bodies	(0)
899	Other Entities and Individuals	1,754
333	Prepayments	253
2,212	**Total**	**3,094**

15 CASH AND CASH EQUIVALENTS

2014/15 £'000		2015/16 £'000
1	Cash held by the Council	1
440	Bank current accounts	243
9,619	Short-term deposits	8,741
10,060	**Total Cash and Cash Equivalents**	**8,985**

16 CREDITORS

2014/15 £'000		2015/16 £'000
911	Central Government Bodies	310
1,238	Other Local Authorities	481
0	NHS Bodies	0
1,883	Other Entities and Individuals	2,127
4,032	**Total**	**2,918**

17 PROVISIONS

	Outstanding Legal Cases £'000	Injury and Damage Compensation Claims £'000	NNDR £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2015	**(32)**	**(25)**	**(228)**	**(94)**	**(379)**
Additional provisions made in year	(53)	0	(609)	(58)	(720)
Unused amounts reversed in year	0	8	0	18	26
Amounts used in year	0	0	61	0	61
Balance at 31 March 2016	**(85)**	**(17)**	**(776)**	**(134)**	**(1,012)**

Long term provisions total £0.017m and relate to injury compensation claims. A settlement date for these claims is unknown at this stage. Short term provisions total £0.995m and relate to outstanding legal cases, the cost of employee's accrued leave and NNDR rating appeals. All of these provisions should be settled within the next financial year.

18 USEABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and also in Note 7.

19 UNUSABLE RESERVES

2014/15 £'000	SUMMARY	2015/16 £'000
(4,921)	Revaluation Reserve	(8,528)
(10,913)	Capital Adjustment Account	(10,759)
34,716	Pensions Reserve	28,876
(219)	Collection Fund Adjustment Account	835
(25)	Available For Sale Financial Instruments Reserve	(146)
76	Accumulated Absences Account	133
18,714	**Total Unusable Reserves**	**10,411**

Revaluation Reserve

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

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2014/15 £'000	Revaluation Reserve	2015/16 £'000
(4,407)	**Balance at 1 April**	**(4,921)**
(1,209)	Upward revaluations of assets	(3,781)
594	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	112
(615)	**(Surplus) or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(3,669)**
49	Difference between fair value depreciation and historical cost depreciation	62
52	Accumulated gains on assets sold or scrapped	0
101	**Amount written off to the Capital Adjustment Account**	**62**
(4,921)	**Balance at 31 March**	**(8,528)**

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 historical cost basis).The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The account also contains accumulated gains and lossess on Investment Properties.

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

Note 7 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2014/15 £'000	Capital Adjustment Account	2015/16 £'000
(10,986)	**Balance at 1 April**	**(10,913)**
	Reversal of items relating to capital expenditure debited or credited to the CIES	
863	Charges for depreciation and impairment of non-current assets	744
385	Revaluation losses on Property, Plant and Equipment	85
0	Movement in fair value of Investment Properties	(39)
46	Amortisation of intangible assets	49
628	Revenue expenditure funded from capital under statute	502
0	Loan Principal Repaid	58
76	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	6
(101)	Adjusting amounts written out of the Revaluation Reserve	(62)
(9,089)	**Net written out amount of the cost of non-current assets consumed in the year**	**(9,570)**
	Capital financing applied in the year:	
(244)	Use of Capital Receipts Reserve to finance new capital expenditure	(559)
(440)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(254)
(25)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(102)
(183)	Statutory provision for the financing of capital investment charged against the General Fund balance	(228)
(932)	Capital expenditure charged against the General Fund balance	(46)
(1,824)		**(1,189)**
(10,913)	**Balance at 31 March**	**(10,759)**

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 Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £'000	Pensions Reserve	2015/16 £'000
27,912	**Balance at 1 April**	**34,716**
5,871	Premeasurement of the net defined benefit liability/(asset)	(7,026)
2,453	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	2,725
(1,520)	Employers pensions contributions and direct payments to pensioners payable in the year	(1,539)
34,716	**Balance at 31 March**	**28,876**

Collection Fund Adjustment Account

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

2014/15 £'000	Collection Fund Adjustment Account	2015/16 £'000
568	**Balance at 1 April**	**(219)**
(787)	Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	1,054
(219)	**Balance at 31 March**	**835**

Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

2014/15 £'000	Available For Sale Financial Instruments	2015/16 £'000
0	**Balance at 1 April**	**(25)**
(25)	Upward revaluation of Instruments	(121)
(25)	**Balance at 31 March**	**(146)**

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

2014/15 £'000	Accumulated Absences Account	2015/16 £'000
88	**Balance at 1 April**	**76**
(88)	Settlement or cancellation of accrual made at the end of the preceding year	(76)
76	Amounts accrued at end of current year	133
(12)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	57
76	**Balance at 31 March**	**133**

20 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- Expenditure on support services is budgeted for centrally and not reflected in Service monitoring reports
- Rentals in respect of finance leases are reported as revenue items in year for budget monitoring purposes

The income and expenditure of the Council's Corporate Policy and Resources Committee recorded in the budget reports for the year is set out in the tables below:

2014/15 £'000	Committee Income and Expenditure	2015/16 £'000
(3,609)	Fees, Charges and Other Service Income	(3,430)
(228)	Interest & Investment Income	(387)
(6,886)	Income from Council Tax	(7,067)
(24,522)	Government Grants	(24,540)
0	General Funding from Government Grants	(8,115)
(35,245)	**Total Income**	**(43,539)**
9,326	Employee Expenses	9,502
29,840	Other Service Expenses	28,957
0	Support Service Expenses	0
55	Interest Payable and Similar Charges	47
1960	Precepts and Levies	1,886
0	Statutory Accounting	46
0	Movement In Reserves	2,303
41,181	**Total Expenditure**	**42,741**
5,936	**Net Expenditure**	**(798)**

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

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

2014/15 £'000		2015/16 £'000
5,936	Net Expenditure in the Committee Analysis	(798)
0	Net Expenditure of Services and Support services	100
1,256	Amounts in the CIES not Reported to Management in the Analysis	433
4,683	Amounts included in the Analysis not included in the CIES	11,106
0	Allocation of Recharges	0
11,875	**Total Income**	**10,841**

Reconcilation to Subjective Analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement. The reporting format changed between financial years hence the inclusion of other elements in 2015/16

2015/16	Committee Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(3,430)	0	(1,077)	0	110	**(4,397)**		**(4,397)**
Interest & Investment Income	(387)	0	0	387	0	**0**	(341)	**(341)**
Income from Council Tax	(7,067)	0		7,067		**0**	(7,168)	**(7,168)**
Government Grants and Contributions	(24,540)	89	0	0	32	**(24,419)**	(7,282)	**(31,701)**
Funded by Government Grants	(8,115)			8,115		**0**		**0**
Total Income	**(43,539)**	**89**	**(1,077)**	**15,569**	**142**	**(28,816)**	**(14,791)**	**(43,607)**
Employee expenses	9,502	0	132	0	0	**9,634**	0	**9,634**
Other service expenses	28,957	(168)	502	0	(142)	**29,149**	0	**29,148**
Depreciation, amortisation and impairment	0	(2)	876	0	0	**874**	0	**874**
Interest Payments	47	0	0	(47)		**0**	1,080	**1,080**
Precepts & Levies	1,886	181	0	(2,067)		**0**	2,067	**2,067**
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	**0**	6	**6**
Statutory Accounting	46	0		(46)	0	**0**		**0**
Movement in Reserves	2,303	0		(2,303)	0	**0**		**0**
Total Expenditure	**42,741**	**11**	**1,510**	**(4,463)**	**(142)**	**39,657**	**3,153**	**42,809**
(Surplus) or Deficit on the Provision of Services	**(798)**	**100**	**433**	**11,106**	**0**	**10,841**	**(11,638)**	**(798)**

2014/15	Committee Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(3,609)	0	(261)	0	158	**(3,712)**	0	**(3,712)**
Interest & Investment Income	(228)	0	0	228	0	**0**	(229)	**(229)**
Income from Council Tax	(6,886)	0	0	6,886	0	**0**	(6,967)	**(6,967)**
Government Grants and Contributions	(24,522)	0	(120)	0	12	**(24,630)**	(8,124)	**(32,754)**
Total Income	**(35,245)**	**0**	**(381)**	**7,114**	**170**	**(28,342)**	**(15,320)**	**(43,662)**
Employee expenses	9,326	0	(272)	0	0	**9,054**	0	**9,054**
Other service expenses	29,840	0	547	(361)	(157)	**29,869**	0	**29,869**
Depreciation, amortisation and impairment	0	0	1,294	0	0	**1,294**	0	**1,294**
Interest Payments	55	0	65	(120)	0	**0**	1,311	**1,311**
Precepts & Levies	1,960	0	0	(1,960)	0	**0**	1,960	**1,960**
Gain or Loss on Disposal of Fixed Assets	0	0	(10)	10	0	**0**	66	**66**
Total Expenditure	**41,181**	**0**	**1,624**	**(2,431)**	**(157)**	**40,217**	**3,337**	**43,554**
(Surplus) or Deficit on the Provision of Services	**5,936**	**0**	**1,243**	**4,683**	**13**	**11,875**	**(11,983)**	**(108)**

21 MEMBERS' ALLOWANCES

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

2014/15 £'000		2015/16 £'000
185	Basic Allowance	188
53	Special Responsibility	56
32	Expenses	26
270	**Total**	**270**

22 OFFICERS' REMUNERATION

The remuneration paid to the Council's senior employees is as follows:

Post title		Salary (including fees & allowances) £	Pension contributions £	TOTAL £
Chief Executive	**2015/16**	105,000	26,999	**131,999**
	2014/15	105,000	27,837	**132,837**
Chief Operating Officer	**2015/16**	81,600	20,982	**102,582**
	2014/15	80,400	20,100	**100,500**
Director of Resources (S151)	**2015/16**	81,600	20,982	**102,582**
	2014/15	71,368	17,842	**89,210**
Commercial Director Commenced 30/06/14	**2015/16**	81,600	20,982	**102,582**
	2014/15	60,622	15,156	**75,778**
Strategic Lead Democratic & Business Support (Monitoring Officer) Commenced 01/01/15	**2015/16**	65,000	16,225	**81,225**
	2014/15	57,188	13,496	**70,684**

There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2014/15 or 2015/16.

The number of Council's employees (including senior officers) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions but including redundancy payments for loss of office) were paid the following amounts:

Number of Employees 2014/15	Remuneration Band	Number of Employees 2015/16
0	£50,000 to £54,999	1
2	£55,000 to £59,999	1
1	£60,000 to £64,999	2
1	£65,000 to £69,999	1
1	£70,000 to £74,999	1
0	£75,000 to £79,999	0
1	£80,000 to £84,999	3
2	£85,000 to £89,999	0
0	£90,000 to £94,999	0
0	£95,000 to £99,999	0
0	£100,000 to £104.999	0
1	£105,000 to £109,999	1
9	**Total**	**10**

The number of exit packages with total cost per band and total cost of other compulsory and other redundancies for the Council in 2015/16 are set out in the table below:

Exit Package Cost Band (including special payments)	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
							£	£
£0 - £20,000	2	2	0	0	2	2	21,250	17,143
£20,000 - £40,000	1	0	0	1	1	1	27,254	36,571
£40,000 - £60,000	2	0	0	0	2	0	93,270	0
Total	**5**	**2**	**0**	**1**	**5**	**3**	**141,774**	**53,714**

23 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and for non-audit services provided by the Council's external auditors:

2014/15 £'000		2015/16 £'000
58	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year	43
7	Fees payable to the External Audit for the certification of grant claims and returns for the year	4
0	Fees payable in respect of other services provided by the External Audit during the year	14
65	**Total**	**61**

24 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2014/15 £'000		2015/16 £'000
	Credited to Taxation and Non Specific Grant Income:	
3,066	Department of Communities & Local Government - Revenue Support Grant	2,198
3,004	NNDR Retention Scheme	2,535
1,558	Department of Communities & Local Government -New Homes Bonus	1,995
114	Capital Grants & Contributions	8
382	Other Grants & Contributions	547
8,124	**Total Non Specific Grant Income**	**7,283**
	Credited to Services, Revenue Related:	
23,080	Department of Work & Pensions - Housing Benefits Allowance	22,696
261	Communities & Local Government - Disabled Facilties Grants	253
401	Department of Work & Pensions - Housing Benefits Administration Grant	328
49	Department of Work & Pensions - Council Tax Administration Grant*	0
0	Homes and Communities Agency - Housing Action Zone	165
0	Department of Communities and Local Government - Universal Credit	162
550	Other Grants & Contributions	675
24,341	**Total Credited to Services**	**24,279**

*From 2015/16 this grant is classed as non specific and not credited to service. It is included in other grants and contributions

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances at year end are as follows.

2014/15 £'000		2015/16 £'000
	Capital grants receipts in advance:	
111	S106 Agreements	619
4	Other Grants	0
115		**619**

25 RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which there exists the possibility that 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.

All Members and senior officers have been required to complete a related party declaration identifying the organisations with which they (and/or their closest family members) have influence and/or control, and which may have a related party interest with the Council.

UK Central Government

The UK Central Government has significant influence 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 (e.g. Council Tax Bills and Housing Benefits). Grants received from Government Departments are set out in the subjective analysis in Note 20 on reporting amounts for resources allocation decisions.

Members

Members of the Council and potentially the closest members of their family have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 21.

During 2015/16, 8 Members and 4 spouses/family members declared a related party interest with regard to being either a director or partner or having an interest in a company or organisations. However, no material transactions occurred between the Council and these organisations (companies or other bodies) in which members had control/influence. The Council paid levies and other amounts totalling £309k to four Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (4 members, £189k), Scunthorpe and Gainsborough Water Management Board (3 members, £57k), Upper Witham IDB (2 member, £44k), Ancholme IDB (1 member, £19k). In addition, the Council paid grants (£118k) to voluntary organisations in which members have a position on the governing body. The relevant members did not take part in any discussion or decision relating to the grants. The Register of Members' Interest is available to be viewed on the Council's website.

Senior Officers

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. One officer is a trustee of Community Lincolnshire and a payment of £99k was made by the Council to the organisation.

Other Pubic Bodies (Subject to Common Control by UK Central Government)

The Council has determined that material transactions have occurred with the following parties:

Lincolnshire County Council

Pension Fund as disclosed in Note 28.

Preceptor as disclosed in the Collection Fund.

A number of Members of the Council are also elected Members of Lincolnshire County Council.

Lincolnshire Police Authority – preceptors as disclosed in the Collection Fund Note.

Parish Councils – a number of Members of the Council have been elected as Parish Councillors - Precepts as disclosed in Note 9.

The Council has representation on the Central Lincolnshire Joint Strategic Planning Committee. Voting rights on the Committee are shared equally with the Council holding a 25% share. During 2015/16 the Council contributed £146,000 (£171,400 2014/15).

Entities Controlled or significantly Influenced by the Council

The Council does not control or significantly influence any other entities.

26 CAPITAL EXPENDITURE AND FINANCING

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

2014/15 £'000		2015/16 £'000
1,745	**Opening Capital Financing Requirement**	**1,631**
	Capital Investment	
664	Property, Plant and Equipment	286
14	Intangible Assets	47
0	Investment Properties	0
10	Long Term Shares Investment	0
395	Long Term Loan	35
628	Revenue Expenditure Funded from Capital Under Statute	597
	Sources of Finance	
(244)	Capital Receipts	(559)
(466)	Government Grants and Contributions	(356)
	Sums set aside from Revenue:	
(932)	Direct revenue contributions	(46)
(183)	Minimum Revenue Provision	(228)
1,631	**Closing Capital Financing Requirements**	**1,407**
	Explanation of Movements in Year	
0	Increase/(Decrease) in underlying need to borrow (supported by Government financial assistance)	0
(183)	Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(228)
69	Assets Acquired under Finance Leases	3
(114)	**Increase/(Decrease) in Capital Financing Requirement**	**(225)**

27 LEASES

WEST LINDSEY DISTRICT COUNCIL AS LESSEE

Finance Leases

The Council acquired ten shops, in 1989 on long term leases (125 years) with all rents payable at minimal/nominal amount.

The Council also acquired vehicles and other plant and equipment under finance leases.

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

2014/15 £'000		2015/16 £'000
515	Other Land and Buildings	515
552	Vehicles, Plant, Furniture and Equipment	354
1,067		**869**

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

2014/15 £'000		2015/16 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
228	Current (Capital)	218
342	Non-Current (Capital)	127
58	Finance Costs Payable in Future Years	20
628		**365**

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

2014/15			2015/16	
Minimum Lease Payments	**Finance Lease Liabilities**		**Minimum Lease Payments**	**Finance Lease Liabilities**
£'000	**£'000**		**£'000**	**£'000**
228	41	Not later than one year	218	15
342	17	Later than one year and not later than five years	128	5
0	0	Later than five years	0	0
570	**58**		**346**	**20**

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. In 2015/16 no contingent rents were payable by the Council (2014/15 £0).

The Council has sub-let the properties held under these finance leases. At 31 March 2016 the minimum payments expected to be received under non-cancellable sub-leases was £0.120m (£0.120m at 31 March 2015).

Operating Leases

The Council has entered into operating leases for printers, a depot and a lease for a multi-storey car park which ended on 13th June 2015.

The future minimum lease payments due under non-cancellable leases in future years are:

2014/15 £'000		2015/16 £'000
61	Not later than one year	15
3	Later than one year and not laler than five years	49
0	Later than five years	0
64		**64**

The expenditure charged to the Environmental and Regulatory Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014/15 £'000		2015/16 £'000
172	Minimum lease payments	54
139	Contingent rents	20
311		**74**

WEST LINDSEY DISTRICT COUNCIL AS A LESSOR

Finance Leases

The Council leased out three properties on finance leases in the 1980's with remaining terms in excess of 70 years. A premium was paid on commencement of the lease term, for each property with annual rents payable on a peppercorn basis. The total existing use value of the three properties at 31 March 2016 was £0 (31 March 2015 £0). The properties are themselves held by the Council on long leases. Based on the materiality of the values, the peppercorn rents and the length of the lease terms the Council has not assessed any gross investment in the leases.

Operating Leases

The Council leases out land and property under operating leases for the following purposes:

• For the provision of community services, such as sports facilities.

• For economic development purposes to provide suitable affordable accommodation for local businesses.

The net book value of these assets is £13.309m (14/15 £11.123m)

The future minimum lease payments receivable in future years are:

2014/15 £000		2015/16 £000
187	Not later than one year	289
467	Later than one year and not later than five years	789
208	Later than five years	321
862	**Total future minimum lease payments receivable**	**1,399**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16 ther are no contingent rents were receivable by the Council (2014/15 £0.003m).

28 DEFINED BENEFIT PENSION SCHEME

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The Pension Fund is administered by Lincolnshire County Council who contracted the day to day administration of the fund to Mouchel Business Services. From 1st April 2015 the administration of the fund has transferred to West Yorkshire Pension Fund (WYPF). Lincolnshire County Council continue to undertake the investment of the pension fund assets.

The key risk to the Council is the future payments that need to be made to pensioners under the defined benefit scheme and making sure these are adequately funded. Therefore, a professional Actuary is engaged by the County Council to assess the likely asset returns and future liabilities of the Council's sub fund within the overall Lincolnshire Pension Fund. The current Actuary is Hymans Robertson LLP. The following notes are based on the assumptions and reports received from the Actuary as at 31 March 2016. A full revaluation exercise is undertaken every 3 years, and this exercise was undertaken as at 31 March 2013, the next triennial review being due 31 March 2016.

The Council can also make discretionary enhancements in accordance with its agreed policies. The additional costs resulting from historically awarding such discretions are included in the tables below.

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

The Local Government Pension Scheme, administered locally by Lincolnshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be erated to meet actual pension payments as they eventually fall due.

The Lincolnshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Lincolnshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Committee and are detailed in Pension Fund Annual Report and Accounts, which can be found on the Pension Fund website at www.lincolnshire.gov.uk/pensions.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement (MIRS) during the year:

2014/15 £'000	LOCAL GOVERNMENT PENSION SCHEME	2015/16 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
1,260	Current Service Cost	1,613
	Financing and Investment Income and Expenditure	
1,193	Net Interest Expense	1,112
2,453	**Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services**	**2,725**
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
3,183	Return on plan assets (excluding the amount included in the net interest expense)	(867)
0	Actuarial Gains/(Losses) arising on changes in demographic assumptions	0
(9,674)	Actuarial Gains/(Losses) arising on changes in financial assumptions	6,773
620	Other actuarial Gains/(Losses) on assets	1,120
(3,418)	**Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**9,751**
	Movement in Reserves Statement	
(2,453)	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code (see note)	(2,725)
	Actual amount charged against the General Fund Balance for pensions in the year:	
1,435	Employers' contributions payable to the scheme	1,445
85	Retirement benefits payable to pensioners	94

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2014/15 £'000	Balance Sheet	2015/16 £'000
(76,883)	Present value of the defined benefit obligation	(70,982)
42,167	Fair value of plan assets	42,106
(34,716)	**Net liability arising from the defined benefit obligation**	**(28,876)**

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

2014/15 £'000	Reconciliation of Fair Value of Scheme (Plan) Assets	2015/16 £'000
37,774	**Opening fair value of scheme assets at 1 April**	**42,167**
1,615	Interest Income	1,341
	Remeasurement Gains/(Losses)	
3,183	The return on plan assets, excluding the amount included in the net interest expense	(867)
1,435	Employer Contributions	1,445
358	Contributions paid by scheme participants	361
(2,198)	Benefits paid	(2,341)
42,167	**Closing fair value of scheme assets at 31 March**	**42,106**

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

Funded Liabilities 2014/15 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2015/16 £'000
65,686	**Opening balance at 1 April**	**76,883**
1,260	Current service cost	1,613
2,808	Interest cost	2,453
358	Contribution by scheme participants	361
	Remeasurement (Gains)/Losses	
0	Actuarial Gains/Losses arising from changes in demographic	0
9,674	Actuarial Gains/Losses arising from changes in financial assumptions	(6,773)
(620)	Other	(1,120)
(2,283)	Benefits paid	(2,435)
76,883	**Closing balance at 31 March**	**70,982**

Local Government Pension Scheme assets comprised:

2014/15		LGPS Asset Categories	2015/16	
Fair Value of Scheme Assets	% of Total Assets		Fair Value of Scheme Assets	% of Total Assets
£'000	%		£'000	%
		Equity instruments		
8,053	19%	Consumer	8,723	21%
1,178	3%	Manufacturing	935	2%
2,603	6%	Energy & Utilities	2,281	5%
4,997	12%	Financial Institutions	4,542	11%
0				
0				
1,597	4%	Information Technology	1,562	4%
4,984	12%	Other	4,672	11%
		Debt Instruments		
1,404	3%	Corporate Bonds (Investment Grade)	1,442	3%
2,748	7%	Corporate Bonds (Non-Investment Grade)	2,664	6%
800	2%	UK Government	871	2%
550	1%	Other	589	1%
		Private Equity		
1,801	4%	All	1,538	4%
		Real Estate		
4,139	10%	UK Property	4,481	11%
483	1%	Overseas Property	457	1%
		Investment Funds & Unit Trusts		
2,181	5%	Equities	2,376	6%
4,047	10%	Other	4,518	11%
		Cash & Cash Equivalents		
602	1%	All	455	1%
42,167	**100%**	**Total Assets**	**42,106**	**100%**

All scheme assets have quoted prices in open markets.

Basis for Estimating Assets and Liabilities

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been provided by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Lincolnshire County Council Fund being based on the latest formal valuation of the scheme as at 31 March 2016.

Significant Assumptions used by the Actuary

The significant assumptions used by the actuary have been:

Local Government Pension Scheme		
2014/15		**2015/16**
%	**Long Term Expected Rate of Return on Assets in the Scheme**	**%**
3.20%	Equity Investments	3.50%
3.20%	Bonds	3.50%
3.20%	Property	3.50%
3.20%	Cash	3.50%
Years	**Mortality Assumptions:**	**Years**
	Longevity at 65 for current pensioners:	
22.2	Men	22.2
24.4	Women	24.4
	Longevity at 65 for future pensioners:	
24.5	Men	24.5
26.8	Women	26.8
%	**Financial Assumptions**	**%**
2.40%	Rate of inflation	2.20%
3.80%	Rate of increase in salaries	3.70%
2.40%	Rate of increase in pensions	2.20%
3.20%	Rate for discounting scheme liabilities	3.50%
%	**Take-up of option to convert annual pension into maximum retirement lump sum - within HMRC limits**	**%**
25.00%	Pre April 2008 service - Maximum additional tax-free cash	25.00%
63.00%	Post April 2008 service - Maximum tax-free cash	63.00%

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

Sensitivity Analysis **Change in Assumptions at 31 March 2016**	**Approx. increase to Employer Liability %**	**Approx. monetary amount £'000**
0.5% decrease in Real Discount Rate	10%	7,169
1 Year increase in member life	3%	2,129
0.5% increase in Salary Increase Rate	3%	2,018
0.5% in the Pension Increase Rate	7%	5,057

The Lincolnshire County Council fund has approved a Funding Strategy Statement (FSS), the purpose of the FSS is:

- *to establish a **clear and transparent fund-specific strategy** which will identify how employers' pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and*
- *to take a **prudent longer-term view** of funding those liabilities*

The objectives of the Fund's funding policy include the following:

- *to ensure the long-term solvency of the Fund as a whole and the solvency of each of the notional sub-funds allocated to the individual employers or pools of employers;*
- *to ensure that sufficient funds are available to meet all benefits as they fall due for payment;*
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue, with consideration to the effect on the operation of their business where the Administering Authority considers this appropriate;
- *to minimise the degree of short-term change in the level of each employers' contributions where the Administering Authority considers it reasonable to do so;*
- *to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.*

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide schemes in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £1.521m in contributions in 2016/17.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years as at 31 March 2016, and are as they stood at the previous formal valuation as at 31 March 2013.

29 CONTINGENT LIABILITIES

Grant Claims

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

The Council also acts as the Accountable Body for a range of grant funding that is or has been paid for the benefit of third parties. In the role of Accountable Body, the Council has to agree to the repayment of grant should there be a breach of the terms and conditions of the grant. Whilst every effort is taken to administer the grants to minimise any risk of financial loss to the Council, this risk cannot be eliminated. However, it is not possible to make a reliable forecast of any grant claw back arising from Accountable Body status.

NNDR Appeals

The Council has made a provision for NNDR appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

Planning Appeals

There is the potential for two planning appeals, both are estimated at £25,000 each, however formal claims have not yet been progressed. It is not possible to quantify planning appeals yet to be lodged so there is a risk to the Council that further appeals may have a future impact on the accounts.

Capital Contribution to Rural Broadband

The Council is working with Lincolnshire County Council and BDUK Ltd on a capital scheme to provide broadband services in the district. The £9m project is underway but is significantly underspend which may affect the amount of the Councils contribution.

Although commitment in principle to the project has been given, at this stage it is not known at what level the final Council contribution will be.

Land Charges

A group of Property Search Companies sought to claim refunds of fees paid to Council to access land charges data. The parties have reached agreement on the claims. The Council has agreed to pay the property search companies legal costs to be subject to detailed assessment by way of cost only proceedings if not agreed. The Council is in discussion with the claimants about the costs aspect of the claim. At present it is not possible to put a final value on these potential liabilities and so the Council is recognising a contingent liability. However a provision of £0.85m has been made.

30 CONTINGENT ASSETS

Right to Buy Sharing Agreement

As with other agreed stock transfers, the Council has entered into an agreement with ACIS relating to any future sales of the transferred housing stock to existing tenants.

The Council will receive capital receipts each year for any properties sold. The value of the receipt is calculated using a formula that takes the net income forgone from the total proceeds from the sale of dwellings. It is difficult to ascertain how much the Council might receive but an amount of circa £0.200m has been received in each of the last 2 financial years.

VAT on Postages

Historically Royal Mail postal services have been VAT exempt. Following a case by TNT against Royal Mail in April 2009 it was found that Royal Mail were too loose on their interpretation of public/universal postal services. Therefore Councils should have had the ability to recover input tax on business postal services going back to 1973.

The Councils VAT advisors are now involved in a high court Claim for Damages restitution against Royal Mail through the legal firm Mishcon De Reya. Currently 38 Councils stand behind this claim.

In addition, a claim is being made to the HMRC for output tax on exempt charges over the past 4 years.

It is difficult to determine how much the Council might receive should the claims prove to be successful but it could be in the region of £220k.

31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

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

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within the Council's Constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates of interest;
    - its maximum and minimum exposures to the maturity structure of its debt (if required);
    - its maximum annual exposures to investments maturing beyond a year; and
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy which incorporates the Investment Strategy, MRP Policy and prudential indicators was approved by Council on 2 March 2015 and is contained within the Budget Book 2015/16 available on the Council website. The key issues within the Strategy were:

- The Authorised Limit for 2015/16 was set at £12.5m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary is the expected level of debt and other long term liabilities during the year year and was approved at £10.502m. Periods where the actual position is above the Operational Boundary is acceptable subject to the Authorised Limit not being breached.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 75% based on the Council's net debt.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as any credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria can be applied after the initial criteria is applied.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 – good credit quality – the Council will only use banks which have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated).
  - Short Term F1
  - Long term A
  - (N.B. Viability, Financial Strength and Support ratings have been removed and will not be considered in choosing counterparties)
- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. (These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above).
- Banks 3 – The Councils own banker for transactional purposes. If the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation – The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies – The Council will use all societies which meet the ratings for banks outlined above.
- Money Market Funds – AAA
- Enhanced Money Market Funds - AAA
- UK Government (including gilts and the DMADF)
- Certificates of Deposit
- Local authorities, parish councils etc
- Supranational institutions
- Local Authority Property Asset Funds
- Corporate Bond Funds
- Covered Bonds

A limit of £2m per counterparty will be applied to the use of Non-Specified investments largely determined by the long term investment limits.

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 internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £13.525m (£8.547m 2014/15) 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 individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2016 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

The maturity analysis of financial investments excluding sums due from customers, is as follows:

31 March 2015 £'000	Investments	31 March 2016 £'000
16,657	Less than 1 year	18,253
0	Between 1 and 2 years	0
0	Between 2 and 3 years	0
2,064	More than 3 years	2,186
18,721	**Total**	**20,439**

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio but is currently 'debt free'. Whislt the cash flow procedures above are considered against the refinancing risk procedures, long-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets, although currently only applies to longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

Market Risk

Interest Rate Risk

The Council has no long term debt but may borrow for short term cash flow purposes. The Council is exposed to interest rate movements on its investments and potentially any borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provisions of Services will rise;
- Borrowings at fixed rates – the fair value of the liabilities borrowing will fall (no impact on revenue balances),
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Service will rise,
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury management team will monitor market and forecast interest rates within the year to adjust exposures accordingly. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	47
Increase in Government grant receivable for financing costs	123
Impact on Other Comprehensive Income and Expenditure	**170**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 13 – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

Foreign Exchange Risk

The Council no longer has foreign exchange rate risk exposure.

32 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flow for operating activities include the following items:

2014/15 £'000		2015/16 £'000
228	Interest received	254
(64)	Interest paid	(46)
0	Dividends Received	80
164		**288**

COLLECTION FUND ACCOUNT

Supplementary Financial Statements and Explanatory Notes

The Collection Fund

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 distribution to local authorities and the Government of Council Tax and National Non-Domestic Rates (NNDR).

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore is to isolate the income and expenditure relating to Council Tax and NNDR. The administrative costs associated with the collection process are charged to the General Fund.

In 2013/14 the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The Council's share is 40% with the remainder paid to Lincolnshire County Council 10% and Central Government 50%.

NNDR Surpluses and Deficits declared by West Lindsey District Council in relation to Collection Fund are apportioned to the relevant bodies in the subsequent financial year in their respective proportions.

The Code of Practice followed by Local Authorities in England stipulates that the Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's balance sheet.

COLLECTION FUND ACCOUNT

2014/15					2015/16		
Council Tax £'000	NNDR £'000	Total £'000	Income/Expenditure	Note	Council Tax £'000	NNDR £'000	Total £'000
			Income				
42,707	0	**42,707**	Net Council Tax Receivable	1	44,542		**44,542**
0	15,713	**15,713**	Business Rate Receivable	2		15,137	**15,137**
42,707	**15,713**	**58,420**	**Total Income**		**44,542**	**15,137**	**59,679**
			Expenditure				
			West Lindsey District Council				
6,761	6,457	**13,218**	Precepts, Demands & Shares		6,952	6,511	**13,463**
126	(985)	**(859)**	Distributed Surplus/(Deficit)		116	0	**116**
			Lincolnshire County Council				
29,422	1,614	**31,036**	Precepts, Demands & Shares		30,650	1,628	**32,278**
554	(246)	**308**	Distributed Surplus/(Deficit)		504	0	**504**
			Lincolnshire Police Authority				
5,352	0	**5,352**	Precepts, Demands & Shares		5,578	0	**5,578**
99	0	**99**	Distributed Surplus/(Deficit)		91	0	**91**
			Central Government				
0	8,071	**8,071**	Precepts, Demands & Shares		0	8,139	**8,139**
0	(1,231)	**(1,231)**	Distributed Surplus/(Deficit)		0	0	**0**
0	107	**107**	Cost of Collection Allowance		0		**0**
(150)	0	**(150)**	Write offs of uncollectable amounts		27	106	**133**
67	82	**149**	Increase/(Decrease) in Impairment Allowance		(40)	104	**64**
0	76	**76**	Increase/(Decrease) in Provision for Appeals		0	1,373	**1,373**
0	0	**0**	Transitional Protection Payments		0	141	**141**
0	1	**1**	Disregarded Amounts		0	20	**20**
42,231	**13,946**	**56,177**	**Total Expenditure**		**43,878**	**18,022**	**61,900**
476	**1,767**	**2,243**	Surplus/(Deficit) arising during the year	3	**664**	**(2,885)**	**(2,221)**
1,490	**(2,022)**	**(532)**	Surplus/(Deficit) b/fwd 1st April		**1,966**	**(255)**	**1,711**
1,966	**(255)**	**1,711**	**Surplus/(Deficit) c/fwd 31st March**		**2,630**	**(3,140)**	**(510)**

NOTES TO THE COLLECTION FUND ACCOUNT

1 Council Tax

Council tax income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Lincolnshire Police Authority and West Lindsey District Council together with each Parish requirement. This is then divided by the Council Tax base i.e. the number of properties in each valuation band for 2015/16 this was converted to an equivalent number of band D dwellings and adjusted for discounts. The basic amount of Council Tax for a band D property including an average parish charge is £1,529.88 (£1,504.12, 2014/15) and is multiplied by the ratio specified for the particular band to give an individual amount due.

The Council Tax Base for 2015/16 was 28,224.11 (27,607.95 2014/15). This increase between financial years is as a result of the a reduction in long term empty properties, and new properties added to the rating list. The tax base for 2015/16 was approved by the Council meeting in January 2015 and was calculated as follows:

Valuation Band	Ratio (ninths)	No of Dwellings on Valuation List		Equivalent Dwellings after discounts, exemptions and reliefs		Number of Band D Equivalent Dwellings	
		2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Disabled	5	0	0	22	21	9	8
Band A	6	15,496	15,607	13,245	13,510	6,141	6,346
Band B	7	7,762	7,824	6,931	7,036	4,723	4,838
Band C	8	7,377	7,476	6,739	6,867	5,597	5,715
Band D	9	5,559	5,607	5,215	5,293	5,050	5,142
Band E	11	3,304	3,328	3,133	3,171	3,727	3,779
Band F	13	1,366	1,386	1,288	1,309	1,839	1,871
Band G	15	509	509	477	482	787	795
Band H	18	61	61	40	42	79	85
Total		**41,434**	**41,798**	**37,090**	**37,731**	**27,952**	**28,579**
Deduction for non-collection, new build, demolition and other adjustments						(477)	(488)
Band D Equivalent for Council Tax Base						**27,475**	**28,091**
Band D Equivalent for Contributions in Lieu						133	133
Council Tax Base (Band D equivalent)						**27,608**	**28,224**

2 Business Rates

Non-Domestic Rates are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 49.3p in 2015/16 (48.2p in 2014/15). The non-domestic rate multiplier for small businesses is 48.0p in 2015/17 (47.1p in 2014/15). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £42.652m at 31.12.2014 and were used to calculate the NNDR Retention scheme amounts for 2015/16 (£43.381m in 2014/15).

The introduction of the Business Rates Retention Scheme in 2013/14 resulted in local authorities retaining a proportion of the total collectable rates due, rather than paying the whole NNDR to the central pool. (WLDC 40%, Lincolnshire CC 10% and Central Government 50%)

The business rates shares payable for 2015/16 were estimated before the start of the financial year as £8.139m to Central Government, £1.628m to Lincolnshire County Council and £6.511m to West Lindsey District Council. These sums have been paid in 2015/16 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all Authorities receive their baseline amount. Tariffs due from Authorities are payable to Central Government or if the authority is part of an NNDR Pool, to the administering authority. The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £3.643m (£3.398m 2014/15) to the Lincolnshire NNDR Pool (Central Government in 2014/15).

The total income from business rate payers collected in 2015/16 was £15.137m (£15.713m 2014/15).

In addition to the tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £2.538m (£2.490m 2014/15). The comparision of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief.

3 Collection Fund Surpluses and Deficits

The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation is made on the 15 January each year and taken into consideration when setting the Council Tax 2015/16. In 2015/16 the Council received £0.116m, its share of the 2014/15 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund deficit at 31 March 2016 includes the NNDR deficit of £3.140m, a significant element of this increase has been the increase in provison for appeals of £1.9m, resulting in a total deficit of £0.511m.

For the purpose of these accounts the accumulated surplus/(deficit) is attributed in relevant amounts for both Council Tax and NNDR to the precepting bodies' debtor/(creditor) accounts and the billing authority (WLDC) as follows:

2014/15			2015/16		
CTAX £'000	NNDR £'000		CTAX £'000	NNDR £'000	Total £'000
320	(102)	West Lindsey District Council	421	(1,256)	(835)
1,393	(25)	Lincolnshire County Council	1,871	(314)	1,557
253	0	Lincolnshire Police Authority		0	0
0	(128)	Central Government	337	(1,570)	(1,233)
1,966	**(255)**	**Balance at 31 March**	**2,629**	**(3,140)**	**(511)**

KPMG

Independent auditor's report to the members of West Lindsey District Council

We have audited the financial statements of West Lindsey District Council for the year ended 31 March 2016 on pages 31 to 98. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on West Lindsey District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether West Lindsey District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether West Lindsey District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, West Lindsey District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the financial statements of West Lindsey District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Cornett

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants

St Nicholas House
Park Row
Nottingham
NG1 6FQ

29 September 2016

GLOSSARY OF TERMS

ACCOUNTING POLICIES

Those principles, basis, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements though:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

AUTHORISED LIMIT

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, useable capital receipts and contributions which have been used to fund capital expenditure. It also accumulates depreciation impairment and write off of fixed assets on disposal.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services, an example being depreciation.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are fixed assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services. It also covers items of Civic Regalia.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The council tax base of an area is equal to the number of band “D” equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band “D” properties (e.g. a band “H” property pays twice as much Council Tax as a band “D” property and therefore is equivalent to two band “D” properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CREDITS/CAPITAL RECEIPTS

This is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount repayable in any financial year.

DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FAIR VALUE

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase of the asset.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

Contracts which give rise to a financial asset of one organisation and a financial liability.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARDS (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 March the following year.

FIXED ASSET

Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

GAAP

Generally Accepted Accounting Principles is the standard framework of guidelines for financial accounting. It includes the standards, conventions and rules accountants follow in recording and summarising transactions and in the preparation of financial statements.

GENERAL FUND

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund.

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

IMPAIRMENT

Impairment occurs when that value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset. Examples of factors which may cause such a reduction in value include evidence of obsolescence or physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to highways.

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INTANGIBLE ASSETS

Capital expenditure which does not result in the creation of a tangible fixed asset but which gives the Council a controllable access to future economic benefits, e.g. software licences.

INVESTMENTS

Deposits with approved institutions.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

MAIN ACCOUNT STATEMENTS

- **Comprehensive Income and Expenditure Statement (CIES)**
  A financial statement which records the day to day activity of the Council

- **Movement in Reserves Statement (MIRS)**
  This statement shows the movement in the year on the different reserves held by the Council

- **The Balance Sheet**
  This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council

- **Cash Flow Statement**
  This statement shows the changes in cash and cash equivalents of the Council during the reporting period

NATIONAL NON-DOMESTIC RATE (NNDR)

NNDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all Local Authorities. Local Authorities collect the non-domestic rate but the proceeds are apportioned on a % basis to the Billing Authority (40%), the precepting Authority (10%) and Central Government (50%).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATING LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

OPERATIONAL BOUNDARY

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cashflows.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NNDR) and precept upon the billing Council, which then collects it on their behalf. Lincolnshire County Council, Lincolnshireshire Police Authority/Police and Crime Commissioner and Parish Councils all precept upon West Lindsey District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an Council include:
- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:
- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REPORTING STANDARDS

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS) including Statements of Standard Accounting Practice (SSAP).

REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It also records any reductions in the value of assets subject to the limit of any previous increases in the value of the same asset. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government Grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government’s assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

SOFT LOANS

A “soft loan” is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES

Represent gains and losses yet to be realised and which are not available to support services.

WEST LINDSEY DISTRICT COUNCIL

Annual Governance Statement 2015/16

SCOPE OF RESPONSIBILITY

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. West Lindsey District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, West Lindsey District Council has put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

West Lindsey District Council has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. We are conscious of fresh guidance provided by CIPFA/SOLACE in relation to corporate governance frameworks and will consider their recent report. A copy of the authority's framework is on our website contained within the Codes and Protocols section of The Constitution.

This Annual Governance Statement explains how West Lindsey District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulations 4(3) and 4(4), which requires all relevant bodies to prepare and publish an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services that are value for money. The framework has been reviewed during the year and is deemed to be relevant and robust.

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of West Lindsey District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lindsey District Council for the year ended 31st March 2016 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 15th September 2016.

THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

The Governance Framework is presented in detail at Appendix One with commentary about improvements made during the year and improvements still required. Some of the key features of the Governance Framework are set out below.

The Corporate Plan sets out the Council's vision for the District and sets out the key strategic objectives which will deliver these outcomes for our communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan, ensuring that the aspirations in the Plan are realistic in the context of the funding constraints placed on the Council. The Corporate Plan is reviewed annually and takes into account feedback from surveys conducted with the citizens of West Lindsey.

The Constitution of West Lindsey District Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.
The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of the Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Leadership Team.

West Lindsey District Council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. In addition, training needs are identified through development appraisals and reviews, enabling individuals to undertake their present role effectively and have the opportunity to develop to meet their own and the Council's needs.

West Lindsey District Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review is informed by:

1. **The Combined Assurance Report – made up from**:
   a) Feedback from senior managers within the Authority who have responsibility for the development and maintenance of the governance environment on its effectiveness within their areas
   b) An independent review by the Corporate Governance Team
   c) The findings of the Annual Audit Work Plan
   d) Third Party assessment e.g. peer review
2. **The Annual Review of Complaints**
3. **The Annual Review of The Constitution**
4. **The Annual Review of the Effectiveness of Internal Audit**
5. **The Annual Review of Whistleblowing**
6. **The Annual Review of Fraud**
7. **The Head of Internal Audit's Annual Report**
8. **Comments made by the external auditors and other review agencies and inspectorates**

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this governance statement and the arrangements are deemed as being fit for purpose.

The areas already addressed and those to be specifically addressed via an action plan to be developed in the coming year are outlined below.

SIGNIFICANT GOVERNANCE ISSUES

Over the last year the Council has consolidated its progress made over previous years in further strengthening its corporate governance arrangements and procedures and to consistently communicate the message across the organisation that governance is an essential component of corporate activity. This work has been recognised by the Head of Internal Audit. In providing her annual opinion she has assessed our overall governance, risk management and financial management arrangements as all being 'green' in nature.

To enhance capacity and capability across the Council a senior management restructure, leading to the appointment of Strategic Leads is almost complete with one remaining Strategic Lead position remaining under consideration.

We also continue to review and refresh where appropriate our processes in relation to project management, partnership arrangements, risk management and contract management to provide clear guidance and support and have undertaken a number of workshops with staff to ensure that procedures are fully understood. Significant work has also been undertaken to design appropriate Programme Board structures to provide appropriate support and scrutiny in relation to project development and delivery. These arrangements were reflected in the positive outcome of an internal audit into our decision making processes.

Considerable attention has been paid to asset management. We have finalised the Council's Property and Land Management Strategy and the Commercial Plan is working through its delivery actions which have been reviewed by Full Council. Consideration is being paid to the skills and capacity required to advance these areas of work.

Training for staff and Members has also taken place as have workshop sessions and regular feedback to Members and the Governance Corporate Leadership Team (GCLT) on governance related matters. A comprehensive, well attended and well received induction programme was held for Members following the May 2015 elections. This provides a sound footing from which Members can develop into their roles. We have reviewed our usage of Approved Codes of Practice (ACoPs) which are designed to provide clarity and ensure accountability for the consistent application of relevant processes and procedures.

A refresh of measures to be incorporated into the Council's Progress and Delivery reporting has been undertaken to ensure that we report against meaningful aspects of service delivery. A key aspect of this is to ensure that progress towards the desired outcomes in the Council's new Corporate Plan are tracked.

During 2015/16 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2014/15). Issues that have been sufficiently progressed and so are now removed from the AGS (2014/15) action plan are:

1. **Asset Management** – to produce a relevant and coherent Asset Management Plan and effective supporting processes and structures
2. **Review of Risk Strategy** – to ensure it is aligned with new structures within the Council
3. **Development Management** – to ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised
4. **Review of The Constitution & Streamlining of Decision Making** – to ensure it supports new structures, governance and decision making frameworks; supports commercial aspirations and identifies and removes unnecessary bureaucracy
5. **Corporate Plan** – new Plan to be produced to reflect changing issues facing the District and the priorities of the new Administration and the concept of the 'golden thread' is evident
6. **Delivery of Finance Matters II** – to design and implement a further finance related training programme to further develop staff in line with the Council's commercial and entrepreneurial ambitions
7. **Member Induction and Development** – to ensure an effective democratic framework and appropriate skills on the part of newly elected and returning Members supported by an appropriate development programme
8. **Contract Management** – to ensure we have a functional database upon which to record all contract related information and documentation and that contract management is regarded by relevant officers as an essential component of day to day management duties

Actions relating to **Central Lincolnshire Local Plans Team** and **Development Management** have timeframes for completion extending beyond the lifespan of the 2014/15 action plan and have therefore been rolled forward into the action plan for 2015/16.

SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2016/17.

For 2016/17, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with Internal and External Audit colleagues.

In the Chancellor's Budget Statement on 16th March 2016, it was announced that approval had been granted for a Devolution Deal for Greater Lincolnshire. Council were subsequently provided with an overview of the Deal and have agreed to consult on the proposal to create a Combined Authority for Greater Lincolnshire. This work is now underway and at present no issues have arisen to warrant inclusion among our significant issues. However, we are mindful of the scale and complexity of this proposal and will maintain close scrutiny of developments.

Those issues that have been identified as requiring particular attention during 2016/17 are reproduced below. These were identified by GCLT; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2015/16. Progress will be made in 2016/17, monitored and driven forward by GCLT and the Governance and Audit Committee in conjunction with the Challenge and Improvement Committee.

The significant issues identified are:

1. **Strategic & Spatial Planning** – upon completion of the Local Plan and in light of the Greater Lincolnshire focus on strategic and spatial planning, we need to ensure West Lindsey's growth needs and strategic planning duties are understood and addressed to include duty to co-operate with all relevant strategic planning areas including all Nottinghamshire authorities
2. **Development Management -** to ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised
3. **Strategic Programme Delivery** - an extensive capital programme has been agreed and we therefore need to ensure that robust and appropriate governance arrangements are implemented to oversee its delivery and financial management governance and other strategic considerations e.g. stakeholder engagement are adequate to support complex change
4. **Information Governance & Security** – to ensure that appropriate controls and polices are in place to provide on-going mitigation for the Council against the risk of cyber-crime and/or leakage of data and information
5. **Intelligent Clienting** – to address the recognised issues across the CBL partnership and develop improved processes for customers and to review similar areas where good practice exists and apply learning to similar circumstances across the organisation
6. **Selective Licensing -** to review the implementation, monitoring and initial performance of the selective licensing project in the Gainsborough South West Ward

We propose over the coming year to take steps to address the above matters via an action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed J. J. Summers Date

Leader of the Council on behalf of West Lindsey District Council

Signed Date

Chief Executive on behalf of West Lindsey District Council

APPENDIX 1 - THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

1. The Council's Vision

Objective: Developing, communicating, operationalising and reviewing the Council's vision.

This section incorporates information relating to:

- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

To help identify priorities, the Council analyses information from external sources, internal statistics, engagement events, working with partners and horizon scanning reports.

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of up to 1500 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

Following elections in May 2015 and the appointment of a new administration, the Council embarked upon the production of a new Corporate Plan for the period 2016-2020. The Plan was approved by Council in March 2016. The overall vision has been reviewed and the following strategic priorities developed:

- Theme 1: Open for Business

- Theme 2: Asset Management
- Theme 3: People First
- Theme 4: Central Lincolnshire Local Plan
- Theme 5: Partnership/Devolution
- Theme 6: Excellent Value for Money Services

The Corporate Plan is explicitly linked to the Medium Term Financial Plan through to 2020.

The Council publishes its Corporate Plan on its website in accordance with requirements for transparency and making information available for local people.

The Council's Corporate Plan is delivered through a number of Programme Boards which have clear terms of reference outlining responsibilities for delivery. Each programme board delivery plan is further translated into business and service plans, team plans and personal actions (through the appraisal process), which contain specific key objectives, desired outcomes, responsibilities and targets. This ensures that the necessary resources, both staff and financial, are allocated to deliver the service plans and informs the Medium Term Financial Plan.

In addition to the Corporate Plan and MTFP, the Council has also published its Commercial Plan and the required deliverables. These three strategic documents complement one another and set the direction for the Council over the medium-term

The Council continues to operate in a challenging short and medium term financial environment. This challenge is not new to the Council and it has, since 2008, undergone a significant review of its services to realise substantial savings. However, for the year ending 31st March 2016 the authority continued to operate within a challenging financial environment as a consequence of further cuts in government funding and local economic conditions, with the outlook for the coming years equally challenging (see WLDC Budget Book 2016/17 to 2020/21).

Within this context the priorities for the Financial Strategy are to maximise available resources through effective and efficient delivery of services and identify and drive innovative and commercial approaches to service delivery, resourcing and the use of our land and property assets. This remains important so as to achieve financial sustainability. The positive action taken by the Council to date means that it is relatively well placed to respond to these challenges. There are however further uncertain times ahead (despite indicators of economic recovery) and it is essential that the Council continues to take proactive and sustained action as without this the Council's financial position will not be sustainable in the longer term.

Budgets are controlled and monitored by Budget Managers who are supported by regular liaison meetings with the Council's accountants. Budget and performance monitoring is reported to Members and GCLT in the form of regular Budget Monitoring and Progress and Delivery Reports.

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve the additional savings/income targets of approximately £2.5m by 2020/21 in a considered manner.

To ensure that staff possess the necessary financial knowledge and skills, the Council has commenced delivery of a further programme of finance related training under the banner ‘Finance Matters II’. This is intended to complement and enhance the previous training (Finance Matters) delivered to staff three years ago.

2. Measuring the Quality of Services

Objective: Measuring the quality of services for users, ensuring they are delivered in accordance with the authority’s objectives and ensuring that they represent the best use of resources and value for money

Performance Management & Value for Money

During the year, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance, with the Challenge and Improvement Committee retaining oversight. A sub-group of the Committee has met once again to discuss the need for a refresh of measures for 2016/17 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Chief Operating Officer (COO) is responsible for performance management and provides:

1. Monthly reports to the GCLT
2. Quarterly Progress and Delivery reports to the policy committees and the scrutiny committee
3. Assurance that the reports provide quality and contextual data for Members

Specific reference has been made to our approach to achieving value for money in the MTFP. Our approach received a positive outcome when audited by External Audit.

Individual performance is discussed via the appraisal system for employees, which continues to be monitored to ensure that it is applied consistently.

The Council has adhered to the transparency agenda by publishing spend over £250 on the Council’s web site on a monthly basis and continues to meet the legal requirements to publish equality objectives which are included in the Corporate Plan.

Commissioning Partnerships

To achieve value for money and the best use of resources, the Council has adopted a positive approach to partnership working and has retained a number of shared working arrangements, mainly with North Kesteven District Council. Other key partnerships include Lincolnshire Legal Services, Procurement Lincolnshire and the creation of a formal statutory body to consider planning policy across Central Lincolnshire. Additionally, key contractual partnerships incorporating performance management aspects are in place for a range of services.

To ensure that the Council considers the appropriateness of partnership working prior to entering into arrangements, an ACoP is in place to offer guidance and workshops have been held with staff to discuss the topic. It is essential that officers involved in partnership working consider value for money by assessing the on-going importance of any partnership and its effectiveness in meeting intended outcomes.

Contract Management

Effective contract management is key to ensuring that value for money is achieved. An internal audit report into the Council's contract management procedures during 2014/15 produced a finding of 'major improvement required'. As a result a comprehensive action plan was developed to address a wide range of identified issues. Significant work has been undertaken during 2015/16 to deliver against the action plan. These included staff workshops, revision of the Council's Contract Procedure Rules and ACoP, achieving improved functionality of the contract management system and greater level of contract related information created and held on the system. A follow-up audit was undertaken towards the end of 2015/16 and found significant improvement culminating in an assurance rating of substantial assurance.

Development Management

This service area remains the focus of attention and has been challenging over the last few years with issues in respect of performance and customer care; compounded by high volumes of applications, staff shortages and challenges relating to appropriate management skills leading to a significant deterioration in the service offered and its reputation across the District has suffered. To remedy matters a series of actions have been undertaken, including an internally commissioned improvement plan, an audit undertaken by Internal Audit which provided insight into a number of areas, the provision of colleagues to support the service in respect of performance management and customer care skills and the commissioning of a peer review conducted by the Planning Advisory Service. It is fair to say that this final action has produced the most comprehensive response and a number of wide-ranging actions covering a number of topics is in place and is being worked through. Despite all of the individual interventions, management recognise that it is an essential issue. Therefore appropriate oversight of actions and improvements are in place up to Chief Executive level thereby providing a robust second line of assurance. The Council is acutely aware of the implications of poor performance as spelled out in the recent Housing & Planning Bill and is keen to avert any potential action from being taken.

Customer Feedback

The Council recognises the important role that customer feedback plays in assessing the quality and range of the services delivered. Public consultation plays an integral role in informing budget proposals. Customer satisfaction is an integral component of the Council's performance measurement metrics and an annual review of complaints is reported to GCLT, wider management and Members via a report to the Governance & Audit and the Challenge and Improvement Committees detailing the type and volumes of complaints and comparative analysis with previous years. Contextual information is also provided.

In addition a pro-active stance is taken across a number of services in the form of customer satisfaction surveys. The consistent application of this across the Council is a key aim in support of effective performance management.

3. Roles, Responsibilities and Delegations

Objective: Defining and documenting the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnerships arrangements

The Council has an overview and scrutiny function and there is a clear split between Policy and Scrutiny. Overview and Scrutiny contributes to the decision making process.

The Council's policy and decision-making process is defined in detail in The Constitution but can be summarised as follows:

a) The Budget and Policy Framework is decided by Council and has significant links to the Corporate Plan
b) The Corporate Policy and Resources Committee formulates policy, plans and strategies which do not form part of the Council's Policy Framework. They are responsible for the effective use of all council resources whether land finances, property or personnel
c) The Prosperous Communities Committee deals with economic development, leisure and cultural, environmental issues and community issues. They formulate policy, plans and strategies other than those identified for adoption by the Council or the Corporate Policy and Resources Committee
d) The scrutiny function is provided by the Challenge and Improvement Committee which examines the activity of the policy committees to ensure they deliver Council policy and can call the policy committees to account for aspects of poor performance in areas under their jurisdiction
e) The Challenge and Improvement Committee works to an individual work programme of matters to be considered for the year ahead and there is a monitoring role for the Committee to ensure delivery of the programme. Additionally the Committee invites and raises questions and discussion with strategic partners responsible for service delivery across the District
f) The Challenge and Improvement Committee can also establish time limited groups to carry out in depth reviews
g) Quasi-judicial matters such as Planning and Licensing are dealt with through separate Planning and Licensing Committees

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation.

The Annual Council meeting each year considers a report from the Monitoring Officer which reviews The Constitution to ensure it remains robust and effective. This allows for appropriate amendments to be made.

There are protocols for effective communication which include:

a) Member/Officer Relations Protocol
b) Leaders Panel regularly meet with designated officers and Chief Officers
c) Group Leaders meetings with Key Officers
d) Chair's Briefs
e) There is a Members Forum
f) 'Call-in' protocol which enables a decision of the Policy Committees to be questioned by Scrutiny before it is finally approved

The Chief Executive and Leader have established a communication process and they have mechanisms in place to manage the delivery of objectives.

4. Standards of Behaviour

Objective: Developing, communicating and embedding codes of conduct, defining the standards of behavior for Members and staff

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard.

The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. A set of organisational behaviours and core values are in place and have been communicated. Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols.

This includes:

a. Members and Co-opted Members Code of Conduct
b. Guidance when dealing with Planning Matters
c. Protocol on Member/Officer Relations (Operational Conventions protocol)
d. Officer Code of Conduct
e. Whistle Blowing Policy
f. Complaints Procedure
g. Anti-Fraud and Corruption Policy
h. Local Code of Corporate Governance

The Council has in place Members' related codes of conduct and a Local Code of Corporate Governance. Both are deemed to remain fit for purpose, however slight improvements have been identified in respect of the Member code of conduct and these will be implemented. An agreed process is in place to deal with standards matters should they arise. The Standards Sub-Committee plays a significant role in promoting and maintaining high standards of conduct between elected and co-opted

Members and hearing complaints where standards of behaviour fall short of what is expected. In particular the role of the Committee is:

a) promoting and maintaining high standards of conduct by councillors and co-opted Members
b) assisting the councillors and co-opted Members to observe the Members' Code of Conduct
c) advising the Council on the adoption or revision of the Members' Code of Conduct
d) monitoring the operation of the Members' Code of Conduct
e) advising, training or arranging to train councillors and co-opted Members on matters relating to the Members' Code of Conduct
f) granting dispensations to councillors and co-opted Members from requirements relating to interests set out in the Members' Code of Conduct
g) to hear complaints locally regarding alleged breaches of the Code
h) exercising such other functions as the Council considers appropriate; and
i) the exercise of (a) to (g) above in relation to the town/parish councils/meetings and their Members in the Council's area

The Code of Conduct and the Standards regime form part of the Members' induction arrangements and all Members (new and returning) are required to sign the Code of Conduct and provide a new register of interest return.

There is a Code of Conduct for employees and there is also an induction process in place which includes conduct matters. There is an appraisal process in place for both Members and Officers which allows a development plan to be put in place.

The Council has an Anti-fraud and anti-corruption policy and also a whistle blowing policy in place. These are to be reviewed during 2016/17. Annual reports on fraud and whistle blowing incidents are presented to Members and are made available for review via the Council's web site.

There are registers of gifts and hospitality, interests, and secondary employment. During the year (and especially around Christmas and holiday periods) Members and staff are reminded of the procedure for registering gifts and hospitality and more senior staff are regularly reminded of the need to do this. Procedures for dealing with conflict of interest are in place. Arrangements are in place to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract Procedure Rules (updated during 2015/16) and Scheme of Delegation.

The Monitoring Officer and Chief Finance Officer also have clear supporting roles.

Awareness of probity issues amongst managers is raised through regular reminders that are sent out to all staff.

The Council has an investigation and disciplinary process for conduct issues and action is taken against employees where conduct falls below that expected. At a Chief Officer level this function is undertaken by elected Members and there are clear rules of procedure defined in The Constitution.

5. The decision making framework

Objective: Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation. Attention is paid to ensure that arrangements reflect current structures and roles and support appropriate good decision making.

A Scrutiny Committee (Challenge & Improvement) is in place and has clear terms of reference. Their operation is covered in The Constitution.

The Council has a robust reporting process in place. There is a committee timetable and Democratic Services identify agendas with the services. The committee report template requires report authors to seek professional comment on proposals from finance and legal colleagues. It also prompts officers, where appropriate, to detail at least three options for consideration with a recommended option highlighted and to also consider legal, staffing and equalities matters and to assess risk.

The meetings of the Council have appropriate agendas, reports and minutes which demonstrate data quality. All Committees are web cast with the Planning Committee and Full Council meetings webcast live.

The Council uses training, workshops, ACoPs and manuals to help staff operate systems.

The Council has clear policy and guidance on managing risk and Members receive risk management training.

Four delivery boards are in place to manage the delivery of the Corporate Plan:

- **Entrepreneurial Board** – which focuses on the delivery of specific programmes of an entrepreneurial nature and oversees the work of the other three boards
- **Commercial Board** – delivery of the Council's commercial plan
- **Growth Board** – which leads on economic regeneration, housing and development management
- **Transformation Board** – which oversees the core governance processes required to support the Council in its business and programmes/projects which display transformational characteristics.

An internal audit undertaken in 2015/16 into our decision making processes, reported a substantial level of assurance. Its findings found that there are effective structures in place to support decision making, which have been updated and aligned to reflect changes in Councillor's through elections and management through restructuring and recruitment. Member committees have all been approved since the May 2015 elections, with membership, chairs and lead officers all agreed and documented. Staff survey results showed there is nearly 100% understanding of the committee process. The management leadership teams and project boards are established and regular meetings taking place. The Business Improvement Team provide corporate support and scrutiny on project management and progress reports.

Each board is chaired by a member of the GCLT and has specific terms of reference. A review of the effectiveness of the Boards has been undertaken during the year with recommendations made for incremental improvement.

Data quality contributes to the achievement of and underpins, the Council's priorities. The Council is committed to high standards of data quality and must take care to ensure that the data and information used throughout the organisation and particularly in relation to performance management is fit for purpose. In the recent past, the Council recognised the need to ensure a consistent approach to data quality and has therefore produced and communicated via workshops and meetings a Data Quality Policy. In addition agreement has been reached with Internal Audit for them to explicitly assess and reference data quality (where relevant) as part of their audit work.

6. Risk Management

Objective: Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Council has in place a Risk Management Strategy which was revised and approved during 2015/16. The accompanying ACoP, which supports the strategy to outline operational procedures and roles and responsibilities was similarly refreshed and communicated to colleagues.

A number of workshops with staff and GCLT have been held during the year to discuss risk and the Council has attended the Lincolnshire Risk Management Group meetings. Service risk management is a standing item of the Service Leadership Team (SLT) meeting agenda whereby any issues can be raised.

All risks are maintained on a central system which enables risk owners to identify risks at a service level. If any such risk escalates in nature there is a process on place by which it can be brought to the attention of GCLT.

The Strategic Risk register identifies risks to the delivery of the outcomes in the Corporate Plan. The register is reviewed quarterly by GCLT and on a six-monthly basis by the Governance and Audit Committee.

The Governance and Audit Committee have a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has appointed a Member Risk Champion who has clear terms of reference. During the course of the year the Committee received training from Internal Audit on the management of risks.

7. Counter-fraud and anti-corruption

Objective: **Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

The Council has an Anti-Fraud, Corruption and Money Laundering Strategy which stresses a zero tolerance approach and is part of a suite of policies covering:

- Whistleblowing Policy
- Disciplinary Policy
- Covert Surveillance Policy
- Codes of Conduct for Members and Officers
- Risk Management Policy and Strategy
- Gifts and Hospitality
- Standing Orders

The policy applies to:

- All West Lindsey District Council Employees.
- Councillors and Independent Members
- Staff and members of Council funded voluntary organisations
- Partners
- Suppliers, contractors and consultants
- Residents

Members of staff, partners and contractors have all been reminded of the policy and how to raise any concerns, or report suspected fraud or corruption, through a series of leaflets and posters and a 'Fighting Fraud' leaflet is distributed annually to all staff. An anti-fraud presentation forms part of the corporate induction process. During the year a workshop was held with Directors, Strategic Leads and Team Managers on the subject of potential fraud related risks the Council faces. This culminated in the production of a specific fraud related risk register for the Council.

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and action that has been taken to investigate and prosecute cases.

To monitor and manage the risk of fraud, the Council continues to retain an internal fraud capability. A programme of work has been developed supported by the Lincolnshire Fraud Partnership. The Council also takes part in the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud.

8. Management of Change

Objective: **Ensuring effective management of change and transformation**

Governance arrangements are in place to ensure change is effectively managed in the form of Board scrutiny, effective project management and Progress and Delivery reporting against projects and programme development. Members are also part of this process and regular reports are produced to keep them updated.

A review of the Council's principles and processes in place to support effective project management has been undertaken with colleagues to ensure they remain fit for purpose. We are keen for the process to reach a greater level of maturity and intend to progress this through 2016/17.

Each Board has been assigned a Programme Manager to provide support to project managers and objective analysis of the progress and quality of project development and adherence to the Council's project management methodology.

Effective communication is regarded as crucial to delivering effective change and strong links have been forged between the relevant Boards and the Communications Team to ensure the Council as a whole is kept abreast of developments.

To provide strategic capacity and capability concerned with change and transformation, work has almost been completed in respect of the recruitment to Strategic Lead positions, whereby five are in post across the organisation, with one post remaining under consideration.

9. Role of the Chief Financial Officer

Objective: **Ensuring the authority's financial management arrangements conform with the governance requirements of the** CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) **and, where they do not, explain why and how they deliver the same impact**

The Council has designated the Director of Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. This officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in The Constitution.
The financial management system includes:

- A five year Medium Term Financial Strategy which is reviewed and updated annually to support the delivery of the Council's strategic priorities
- An annual budget cycle incorporating Council approval for revenue and

capital budgets as well as treasury management strategies
- Financial Procedure Rules that are reviewed at intervals of not more than three years. A refresh was undertake and approved during 2015/16. Relevant amendments are made when required
- Process and procedure guidance manuals
- Regular budget monitoring by budget holders through monthly financial monitoring meetings and reports
- Four reports per year to GCLT and Members relating to the Council's financial position stating financial and performance information
- Annual accounts supporting stewardship responsibilities which are subjected to external audit and which follow the Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.

10. Role of the Head of Internal Audit

Objective: **Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

The CIPFA statement on the Role of the Head of Internal Audit (2010) states that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments

2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

   To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the GCLT and with the Audit Committee

4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and

5. Must be professionally qualified and suitably experienced

A review of the CIPFA statement has taken place and no matters of concern were identified. The Head of Internal Audit reports to the GCLT and the Governance & Audit Committee on a regular basis in relation to audit and governance related matters.

The Council has in place an Internal Audit Charter which defines the terms of reference for Internal Audit by setting out the nature, role, responsibilities and authority of the Internal Audit service within the Council.

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice.

11. Role of the Monitoring Officer

Objective: Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Constitution covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he continues to review this. Appropriate training is delivered where needs are identified.

There is a specific job role which reflects the Monitoring Officer duties. The Monitoring Officer is line-managed by the Chief Executive who provides mentoring support. No conflict of interest in this line management structure has been identified.

12. Role of the Head of Paid Service

Objective: Ensuring effective arrangements are in place for the discharge of the head of paid service function

The statutory provisions are included in The Constitution. The authority does not share its Chief Executive with other authorities.

The Leader and the Chief Executive have agreed corporate objectives and key priorities for the year. From that the Chief Executive has agreed with the Leader key work objectives for both the Chief Executive and Directors. Monitoring against progress is achieved via regular liaison between relevant parties.

13. The Audit Committee

Objective: Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

The core functions of the Governance and Audit Committee are set out in The Constitution. Terms of reference are in line with CIPFA guidance and the Committee operates to these.

Some Audit Committee Members are also Members of the scrutiny committee. This arrangement has been agreed by Full Council.

14. Compliance with laws and regulations

Objective: Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Constitution and relevant job descriptions outline Officer, Member, Committee and Council responsibilities.

Lincolnshire Legal Services hold a central library of all relevant legislation and are consulted when required. The Corporate Governance Team maintains a horizon scanning function which feeds into monthly horizon scanning reports to the GCLT, Strategic Leads and Team Managers. However, departments take responsibility for receiving and operating to new legislative responsibilities as they arise.

Where relevant expert legal advice procured to support decision making, particularly in relation to delivery of projects supporting the commercial plan.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles.

The Council pays close attention to requirements relating to Information Governance and we have provided expertise and support in this area for neighbouring authorities during 2015/16. Training/workshops have been delivered for staff and the ability to provide on-line training will be enhanced following the purchase of a corporate training platform. Best practice has been followed with the nomination of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments and we propose to critically review our processes during 2016/17 to ensure they are as robust as possible and awareness is evident across the Council.

The Council's statutory officers are the Head of Paid Service (Chief Executive), the Section 151 Officer (Director of Resources) and the Monitoring Officer (Strategic Lead for Democracy and Business Support). These officers are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure.

Counsel opinion may be obtained in certain circumstances and unusual transactions are referred to the External Auditor for consideration.

The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where expenditure is likely to exceed resources.

Where any proposal is unlawful, the Section 151 Officer, jointly with the Monitoring Officer, have a duty (should such a scenario arise) to produce a 'Section Five' report and inform the Head of Paid Service and External Audit.

The Chief Executive and Directors carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented. A disciplinary process is in place for both staff and Members for any breaches.

The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

15. Whistleblowing arrangements

Objective: Arrangements for whistle blowing and for receiving and investigating complaints from the public

The Council has in place a whistle blowing policy which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County-wide, 'Fighting Fraud' leaflet which is distributed to staff.

The Council also has in place a customer complaints, compliments and comments procedure. The procedure is available for view on the intranet and web site. When complaints are received an internal independent officer is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of GCLT. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

16. Member and Officer Development

Objective: Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

An updated Member Development Plan has been approved which will oversee the training and development requirements of the current administration. The plan was compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Following elections in May 2015, Members received a comprehensive induction programme which was well received. Member training is also recorded to keep track of the training delivered and details of Member attendance. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Risk Management, the Role of the G&A Committee, Fraud Awareness and development management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training. Additionally the Council currently holds Investors in People accreditation. During 2015/16 a People Strategy was approved and a range of actions are being worked through to address issues. This will be supported by a newly formed Staff Engagement Group drawn from staff across the Council.

To improve the ability of managers with line management responsibility to fulfil their roles more effectively, the HR team have held a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training needs. In 2016/17 work will focus on rolling out a recently purchased learning and development tool which will help support corporate training in the future.

17. Community and Stakeholder Engagement

Objective: Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- West Lindsey section of County News
- Summits
- Social media

The Council consults on key service changes and issues that may affect residents of the District. Events undertaken during 2015/16 were:

- Budget events and surveys with West Lindsey businesses and the Citizen Panel
- Citizen Panel Surveys on: waste collection service, social media, Local Council Tax Support Scheme, green waste collection and CCTV provision.
- Public Space Protection Order in Gainsborough
- Local Plan consultation

During the year we also undertook surveys with service users (whether they are internal or external to the Council) to ascertain the levels of satisfaction of services. Results are used to develop our services to ensure they are delivering the level of service required by users. The Council also contributes to Lincolnshire County Council's "County News" and uses social media.

The Council actively supports the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

During 2015/16, the Council implemented a new website with improved functionality to enhance our means of communication. Complementary to this is the Council's e-accessibility project, which seeks to transfer those customers who are willing and able, to more accessible and convenient methods of engaging with the Council. This project gained significant traction in 2015/16 and is on-going into the coming year.

The Council has reviewed its Localism programme. This was in place for a number of years and a re-visit of original objectives was required to ascertain successes and whether a different approach was required to meet any, as yet unmet, or new objectives.

18. Partnership Governance

Objective: Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

To enhance the accountability for service delivery and effectiveness of other public service providers, the Challenge and Improvement Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. Meetings held during the year have seen ACIS (RSL), Lincolnshire West CCG and the Police attend to present overviews of their work; the impact it is having on the general well-being of the District and the issues they face. A further programme of work for the Committee for 2016/17 has been developed.

During the course of the year, the Home Choices Service commissioned an audit into the arrangements relating to the Choice Based Lettings partnership arrangements. This highlighted known issues and a comprehensive action plan has been developed to improve matters. Progress against the plan will be closely tracked during 2016/17 to ensure the service is able to meet the needs of its customers more effectively.

Ensuring the effectiveness of partnership working has continued during the year. Working in accordance with the Partnership ACoP, on-going population and maintenance of the Council's partnership register has been undertaken and workshops have been held with service areas to discuss their partnership working arrangements. In conducting this work, reference is paid to the Audit Commission's 'Governing Partnerships' Report. Financial implications of partnership working are considered to ensure value for money is achieved and the required accounting assessments are undertaken to ensure appropriate accounting treatment.

Our current contract procedure rules cover contract monitoring procedures and management of delivery. These were revised during 2015/16 in light of legislative changes. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.

Issue	Description	Action	Current Position	Date Due	Officer	BRAG
Strategic & Spatial Planning	Upon completion of the Local Plan and in light of the Greater Lincolnshire focus on strategic and spatial planning, we need to ensure West Lindsey's growth needs and strategic planning duties are understood and addressed to include duty to co-operate with all relevant strategic planning areas including all Nottinghamshire authorities	To undertake review of future options and develop a strategy for delivery	1. Central Lincolnshire Local Plan submitted for examination 2. Public Consultation period commenced	31/12/2016	M. Sturgess	Green
Development Management	To ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised	1. Ensure adequate capacity and skills within the service 2. Ensure performance reporting is robust and reliable 3. External independent assessment of performance reporting is provided 4. Deliver measurable and sustainable improvements in customer care	1. Team Manager appointed and steps in place to recruit performance manager 2. Further independent audit to be undertaken by Internal Audit 3. Performance measures in place and scrutiny and review processes in place	31/07/2017	M. Sturgess	Green
Strategic Programme Delivery	An extensive capital programme has been agreed and we therefore need to ensure that robust and appropriate governance arrangements are	1. Establish regular monitoring via Entrepreneurial Board.	1. Entrepreneurial Board in place 2. Progress & Delivery and Quarterly Finance	31/07/2017	I. Knowles	Green

	implemented to oversee its delivery and financial management governance and other strategic considerations e.g. stakeholder engagement are adequate to support complex change	2. Report to Members via Quarterly Finance Monitoring reports 3. Ensure each project follows the project management framework 4. Exception reporting through Progress & Delivery reports of projects not performing as expected 5. Annual review as part of year end closedown	Monitoring reports in place. 3. Project methodology in place and adherence monitored.			
Information Governance & Security	To ensure that appropriate controls and polices are in place to provide on-going mitigation for the Council against the risk of cyber-crime and/or data/information leakage	1. Implement revised Information Governance Strategy 2. Refresh Information Security Policy 3. Develop and deliver training programme 4. Achieve PSN compliance	1. Strategy drafted 2. Work underway to revise Security Policy with supporting processes 3. DPA training underway. Further elements planned. 4. PSN work planned for 2016/17	31/07/2017	I. Knowles	Green
Intelligent Clienting	To address the recognised issues across the CBL partnership and develop improved processes for customers and to review similar areas where good practice exists and apply learning to similar circumstances across the organisation	1. Improve effectiveness of nominations through CBL 2. Improve effectiveness of CBL partnership 3. Address issues relating to the CBL IT system 4. Strengthen CBL related contractual arrangements 5. Formalise CBL recharge arrangements 6. Improve quality of Housing register data	1. Weekly monitoring in place undertaken by a post jointly funded by ACIS. 2. Review underway of ToR of CBL partnership using guidance set out in WLDC ACoP. 3. Legal requirements of CBL partnership under review. 4. IT system rebuilt and in test phase. Alternative	31/07/2017	M. Sturgess	Green

		7. Formalise Housing Register related performance monitoring 8. Introduce Nominations and CBL Performance Monitoring	arrangements also being explored. 5. Sampling of case data undertaken by monitoring officer. 6. Performance measures regularised and monitoring process in place			
Selective Licensing	To review the implementation, monitoring and initial performance of the selective licensing project in the Gainsborough South West Ward	1. To deliver a selective licensing scheme in the SWW of Gainsborough	1. Scheme to be implemented from 18/7/16 2. Communication with landlords underway 3. Enforcement to commence from 1/1/17	31/07/2017	M. Sturgess	Green

AGS 2014/15 Action Plan

Title	Description	Action	Current Position	Date Due	Officer	BRAG	Revised Date
Central Lincolnshire Local Plan	To oversee the completion of the Local Plan by end of 2016 and ensure that West Lindsey's growth needs are considered and addressed through working with partners on the Central Lincolnshire Joint Strategic Planning Committee	To work with officers of the partner councils to - Identify the evidence base needed to support the preparation of the local plan. Review the proposed policies to ensure that the evidence supports the policy and that the policy meets the development needs of West Lindsey in terms of delivering housing, jobs, economic growth and a quality environment. Hold the partners to account to ensure that the local plan is adopted by the end of 2016 The council will also play its part in ensuring that the residents of West Lindsey are engaged in the production of the local plan and the views of West Lindsey District Council are communicated to the Central Lincolnshire Joint Strategic Planning Committee at each formal consultation stage in the process of preparing the local plan.	The local plan has currently been considered through two stages of public engagement and the council has made comments at each stage. At the Further Draft Stage (November 2015) the council supported the local plan as helping to facilitate the growth of homes, jobs, economic development and the delivery of a quality environment the District required. The plan has now been approved to proceed to the submission draft consultation stage which will start in April 2016 and lead to the Examination in Public in September 2016.	31/12/2016	Mark Sturgess	Green	
Review of Risk Strategy	To ensure it is aligned with new structures within the Council	1. Prepare draft strategy 2. Review of strategy by CLT/Internal Audit 3. Staff workshop held 4. Strategy presented to G&A Cttee and approved	1. Draft strategy produced 2. Strategy reviewed by Internal Audit & Member Risk Champion 3. Staff workshop held on 25th November 2015 4. Strategy reviewed by CLT December 2015 5. Strategy due at G&A Cttee 19th Jan 2016 6. Strategy approved at G&A Cttee on 19th Jan 2016	31/01/2016	Ian Knowles	Black	
Development Management Improvement	To systematically improve the performance of the development management service so that: It is outcomes focused and recognises its role on delivering the objectives of both the Corporate Plan and Local Plan. Puts the customer first in the way it operates and streamlines systems and processes so the they focus on the delivery of decisions on planning applications at the point the decision is ready to be issued. Ensures that its staff are trained and led in a way that allows them to focus on delivery of their objectives. Costs are identified and that staff understand the overall costs of delivering the service as well as the unit costs involved in processing individual planning applications. Performance is visible across the service - from the performance of individual officers, to the performance of the team as a whole and in comparison to other development management services (bench marking). It takes account of the political environment and the requirements of elected Members. It has a fit for purpose ICT system that is capable of supporting the delivery of that outlined above.	Establishment of a cross council development management improvement group. Peer Challenge commissioned & completed. Draft Improvement Plan to be produced.	Findings of Peer review received and reviewed. Draft Improvement plan to be considered in CLT on 14 December 2015. Draft Improvement plan to be considered by C&I Committee in early 2016. Recruitment of Team Manager underway. Improvement programme being developed. Quick wins implemented. Phones open. Electronic application files. Individual elected members notified about applications in their wards. Member training programme agreed (first session delivered). Agents' Forum re-established (first one held). Performance across arrange of indicators is improving. Member training programme has been agreed and is being implemented (including joint training with parish councils in line with a recommendation from the peer challenge). Team Manager post has been advertised twice and it has not been possible to recruit a suitable person - alternative solutions are now being looked at. The process for the selection of a new ICT system is still underway.	31/03/2016	Mark Sturgess	Green	31/08/2016
Review of constitution and streamlining of deci	To ensure it supports new structures, governance and decision making frameworks; supports commercial aspirations and identifies and removes unnecessary bureaucracy	Review Constitution Implement any actions from audit into Effective Decision Making	Constitution reviewed and reflects requirements of the Council. Decision making has been audited and a finding of 'substantial assurance' achieved. A small number of identified actions have been worked through.	31/05/2016	Alan Robinson	Black	

Corporate Plan 2016-2020	New Plan to be produced to reflect changing issues facing the District and the priorities of the new Administration	#VALUE!	1. Priorities identified by Members. 2. Workshops held with Strategic Leads/Directors to identify required actions 3. Draft of priorities, actions and outcomes fed back to Leader and Deputy Leader 4. Draft Plan presented to CLT, LP, PC and CPR Committees. Due at Full Council on 3rd March 2016 5. Plan approved by Council on 3rd March 2016	31/03/2016	Ian Knowles	Black	
Delivery of Finance Matters 2	To design and implement a further finance related training programme to further develop staff in line with the Council's commercial and entrepreneurial ambitions	1. Design training programme and method of delivery 2. Roll-out training to relevant colleagues 3. Evaluate feedback and outcomes	Capacity issues have delayed progress but service now at full complement Content and design of training programme in development. Programme developed and timelined and approved by Transformation Board. Will be delivered over the next 12 months.	31/01/2016	Ian Knowles	Black	30/07/2016
Member induction and development	To ensure an effective democratic framework and appropriate skills on the part of newly elected and returning Members	Develop appropriate induction programme and evaluate. Create a development programme for Members that meets all identified needs. G&A to agree development programme. Development Programme to commence.	Induction programme completed and evaluated with positive feedback. Member training needs assessment being collated. Draft report prepared for G&A Cttee in April 2016. Member Development Plan approved and commenced	31/12/2015	Alan Robinson	Black	30/07/2016
Contract Management	To ensure we have a functional database upon which to record all contract related information and documentation and that contract management is regarded by relevant officers as an essential component of day to day management duties	1. Feedback contents of Contract Mgt Audit report to SLT 2. Arrange one to one sessions with contract owners to populate contract register and add associated documentation 3. Liaise with Procurement Lincs re CPR revisions and update our CPRs 4. Express our requirements of the contract database and establish whether current provider can meet these 5. Prepare for follow-up audit	1. Contract database can meet our requirements and provider is updating functionality 2. One to one meetings on-going with contract owners leading to greater quality of contract related documentation 3. Advice obtained from Procurement Lincs re CPR revisions and fedback to CLT to inform our own arrangements. CPRs presented to G&A Committee for approval Jan 2016 4. CPRs updated and revised ACoP presented to SLT 17th Feb 2016 5. Follow-up audit commenced 22nd Feb 2016 6. Follow-up audit has reported that significant and relevant action has been undertaken to improve the previous situation and a substantial assurance rating has been provided.	31/03/2016	Ian Knowles	Black	
Asset Management	To produce a relevant and effective Asset Management Plan for WLDC	1. To obtain approval for WLDC's Property & Land Management Strategy	1. Approval obtained from Corporate Policy & Resources Committee in September 2015 for the Council's Property & Land Management Strategy	30/06/2016	Penny Sharp	Black	

West Lindsey District Council

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September 2016