WARRINGTON
Borough Council

2015/16
Statement of Accounts

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NARRATIVE REPORT

Message from the Director of Finance & Information Services - Lynton Green

This Narrative Report (a change in requirements for 2015/16 replacing the Explanatory Foreword) provides information about Warrington Borough Council, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2016 and is structured as below:

1. An Introduction to Warrington
2. Performance Commentary for 2015/16
3. Financial Performance
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5. Explanation of the Financial Statements
6. Future Developments
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AN INTRODUCTION TO WARRINGTON

The Borough of Warrington was formed in 1974 and became a Unitary Authority in 1998. Warrington covers an area of 70 square miles (181.8 square kilometres) between Manchester and Liverpool at the centre of the North West region’s communications network. The M6, M56 and M62 motorways intersect within the borough, connecting it to all parts of the region and beyond. The borough also lies on the main north-south (West Coast Main Line) and east-west (Trans-Pennine) rail routes. It is close to both Manchester International and Liverpool John Lennon Airports.

The number of people living in Warrington is 206,400 representing a 7.6% increase over the last 10 years (7.1% Non-White British and 94.3% born in the UK).

There are 89,118 households of which it is estimated 30.9% are households with dependent children. Of the 89,118 households in Warrington, it is estimated that 71.6% are owner occupied, 0.7% shared ownership, 15.6% rented from a social landlord and 12.1% privately rented / living rent free.

There are around 7,340 business enterprises employing over 122,100 people. The unemployment rate in Warrington is low at 4.3%, compared to the UK at 6.2%, reflecting well diversified employment options, with business and support services making up the largest share of employment at 15%. There is a nuclear industry cluster and a number of back office operations, specifically call centres, located in the borough.

The value of Warrington’s economy is estimated to be £4billion per annum. Warrington is ranked the 5th highest economic performing region in the UK and is the fastest growing and best performing region in the North West (per 2014/15 Centre for Cities Report).

Regional GDP is above average, with a per capita figure of 124% of the national average.

The Council's operating revenues amounted to £482.145m in 2015/16. However, a sizeable chunk of this is related to services that are essentially pass through. For instance, the central government funds £112.454m (note 18) that the Council spends on children and education services and nearly half of adult social care costs are borne by the central government. As a result the Council had direct responsibility for a budget of £138.148m in 2015/16.

Council tax of £80.043m (note 11) in 2015-16 funds approximately one half of the direct budget requirement. Council taxes were increased 1.98% in 2015-16, as they have been over the last three years, just below the 2% limit above which local authorities are required to hold a referendum for approval. Band D Council Tax (excluding precepts) was £1,205.50 in 2015/16.

Revenue Support Grant (Government Funding) declined to just under £33.986m in 2014-15 from £41m the previous year. The 2015-16 year saw further declines to £24.932 million and this revenue source will continue to decline and be completely eliminated in 2018-19, creating financial pressures for all local authorities. Due to cuts in Government funding the Council have made £60m (15/16 £15.5m; 14/15 £16.2m; 13/14 £13.9m; 12/13 £14.1m) of savings over the previous four years and plan to make a further £33m of savings over the four year period from 2016/17.

However, Revenue Support Grant accounts for just 8% of total revenues for the Council, which is a lower level than peers. Business rates are the third largest source of own-source funding and amounted to £25.5 million in 2014-15, essentially the same level as the previous year. In 2015-16, this increased to £28.473m (note 11). Last summer the government announced that local authorities would be keeping 100% of business rates, as opposed to the 50% (with top-ups and tariffs), they now retain. This would be positive for the Council as they currently must make tariff payments and retain less than 50% of what they receive. However, the details of this policy have not been disclosed and so we currently cannot assess the exact impact on the Council.

Given the continuing loss of Revenue Support Grant, the Council will need to continue to make efficiency savings. To support this, the Council has implemented outcome based budgeting for 2015-16. As a result of on-going reductions in government funding, expenditure savings are critical to continued financial viability. The Council has targeted reductions in expenditures via changing service delivery models, specifically by increasingly delivering services on line rather than in person, efficiency savings and sharing services with other local Councils. On a long term planning basis, the Council is focusing on growing Council tax revenues and business rates with its proactive economic regeneration strategy.

Warrington Borough Council employs 6,407 people (2,935 Warrington Borough Council, 3,472 schools) and within Warrington there is one public sector employee to every 4 private sector employees.

Warrington had 22 wards and the Council consisted of 57 elected Members and following the local election on 7 May 2015 the membership of the Council was:

- 42 Labour Councillors
- 9 Liberal Democrat Councillors
- 5 Conservatives
- 1 Trade Union Socialist Coalition

The Local Government Boundary Commission for England (LGBCE) carried out a boundary review during 2016. As consequence of this the Council moved to 58 elected members, a rise of one; but the number of wards remained the same at 22.

Following the local ‘‘all out election’’ held on 5 May 2016 the membership of the Council is:

- 45 Labour Councillors
- 11 Liberal Democrat Councillors
- 2 Conservatives

The Council has adopted the Leader and Executive Board model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Executive Board, the allocation of Portfolios and the delegation of Executive Functions.

Supporting the work of elected Members is the organisational structure of the Council headed by the Strategic Management Team (SMT), led by the Chief Executive Professor Steven Broomhead. The Council is divided up into three Directorates (Economic Regeneration Growth and Environment, Resources and Strategic Commissioning and Families and Wellbeing) each headed by an Executive Director.

The Council during 2015/16 together with the two other Cheshire Authorities, submitted a Devolution bid to Government to set up a Combined Authority. The Council are currently awaiting the outcome of that bid.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we will pursue our drive for on-going improvement and excellence.

PERFORMANCE COMMENTARY FOR 2015/16

Warrington Council’s vision is set out in its corporate strategy 2015-18:

‘We will work together with our residents, businesses and partners to make Warrington a place where everyone can thrive.’

The strategy makes four pledges to Warrington's residents:

- Protect the most vulnerable
- Grow a strong economy
- Build strong, active and resilient communities
- Create a place to be proud of

A set of key indicators was determined for 2015-16 and targets were set for each of these. In addition, there are a number of key projects underway in line with these priorities.

Protect the Most Vulnerable

The Council aims to support older people in their own homes and to only admit them to residential and nursing care homes where other alternatives have not been possible. This has been achieved by increasing the provision of home care and making sure that options such as telecare, care call and occupational therapy are fully utilised. For 2015-16, there were 257 admissions (712.6 per 100,000 population). This is better than the (2014-15) North West average of 848.3 but worse than the national average of 658.5.

An extended re-ablement service was introduced in September 2015. This meant that the number of people receiving a re-ablement service increased from 449 in 2014-15 to 620 in 2015-16. Of these 620 people who received re-ablement services, on their discharge from hospital during 2015-16, 499 (80.5%) were still independent and living in their own home after 91 days. This is below our challenging target of 90.7% (set by the Better Care Fund programme) although it is in line with the 2014-15 national (80.7%) and the North West (80.9%) averages.

Progress towards Warrington becoming a Dementia Friendly Town continued during 2015-16. Around 30 local organisations have now signed up to the Dementia Action Alliance and pledged to deliver dementia friendly services. Over 3,200 local people have completed awareness training and become dementia friends, with the aim of providing support and understanding in the community for people with dementia and their carers.

During 2015-16 the Council and its partners developed a Multi-Agency Safeguarding Hub (MASH). This has involved staff from all agencies operating out of a shared office location. This extended multi-agency team now deal with all children's safeguarding concerns, provide the first response and establish integrated support or child protection plans where required. Work is underway to develop a set of performance measures.

The Council has been working with its partners to encourage the use of Common Assessment Frameworks (CAFS). These are joint assessments to help the early identification of children's needs and promote a co-ordinated approach. In 2015-16, 348 CAFs were registered. The figure increased in line with expectations throughout the year, and at year-end, was only slightly below the target of 350.

There has also been a focus on completing education and health care plans (EHC). These holistic assessments and plans are part of the Special Educational Needs and Disabilities (SEND) reforms. For 2015-16, 75% were completed within timescales. This met the target for the year and is better than the England average (2014-15) of 61.5% but worse than statistical neighbours average of 84.4%.

Working with care leavers to support them into employment, education or training has also been a focus area. As at the end of March 2016, 59% of Warrington's care leavers were in employment, education or training. This is in line with our target and also better than our statistical neighbours (50%) and England (48%) averages (March 2015).

Adoption has also been an area of focus for the Council. Work has been undertaken to streamline and speed up care planning, court proceedings and the matching of children with prospective adopters, to ensure permanence for children at the earliest opportunity. During 2015-16, seventeen children were adopted. The average length of time taken from a child entering care to moving in with their adoptive family was 459 days which is worse than the national target of 426 days. The time taken to place three children with significant needs has impacted on this average time. This timescale is ahead of the 2012-15 Statistical Neighbour average (562 days), the North West average (629 days) and the England average (593 days).

At the end of 2015-16, there were a total of 1,242 days of Bed and Breakfast accommodation utilised as an emergency short term measure to accommodate homeless individuals and households. This is an increase on the number of days used last year and exceeds the target of 700 days. The Supreme Court decided in May 2015 to effectively lower the threshold for homeless people (particularly single people) to qualify as statutory homeless applicants. This has increased demand amongst single people, and also the number of families requiring emergency accommodation has increased, largely because of changes in the private rented sector and the effects of welfare reform.

Grow a Strong Economy

Economic regeneration is a high priority for the Council. The Time Square Development in the Town Centre which will provide a cinema, shopping and leisure complex as well as a new Market Hall and Council offices, is due for completion in 2019.

A business incubator known as 'The Base' has been constructed. This will provide space for new and developing businesses. The Council and its partners have also developed a new University Technical College – a 14-19 academy focusing on engineering, a key skill requirement for Warrington businesses. This is due to open in September 2016.

Getting young people into employment has also been a priority. At the end of 2015-16, 3.2% of Warrington's young people aged between 16 and 18 were not in education, employment or training (NEET). This is much better than the target of 4.5%. Warrington have a lower rate of NEET than the North West average (5%), the England average (4.3%) and statistical neighbours average (3.8%) – based on March 2016 figures.

Town centre footfall figures exceeded 17 million during 2015-16. There has been a decline in footfall over the last three years but quarter 4 showed a positive trend of over 2% on the previous year's figures. This coincided with an uptake in shop premises in the Market Gate area.

Build strong, active and resilient communities

The percentage of year 6 children (aged 10/11) with excess weight (2014/15 figures) has decreased slightly from the previous year from 31.3% to 31.1%. This is lower than the England (33.2%) and North West (33.8%) averages. The past three years have seen small reductions, year on year.

Educational improvement is a key priority for Warrington and there is a programme of improvement and peer support in place for schools:

- 93% of Warrington's primary schools are now judged by Ofsted to be good or better (this is 65 out of 70 schools). Action has been taken to expand a number of good or outstanding schools in areas of population growth which means that the percentage of Warrington primary school age children attending good or outstanding primary schools is 94%.
- 58% of Warrington's secondary schools are now judged by Ofsted to be good or better (this is 7 out of 12 schools). 68% of Warrington's secondary school age pupils attend good or outstanding secondary schools.
- Key Stage 2 (KS2) results for reading, writing and maths combined are 85%. This is above the national (80%) and North West (81%) averages. Whilst the achievement of children eligible for free school meals has improved overall at KS2, they are not keeping pace with pupils who are not eligible. The gap in Warrington is 22 percentage points compared to a target of 20. The Warrington gap is larger than the England and North West averages.
- Warrington has 58.5% of pupils achieving 5 or more A* - C GCSEs including English and Maths (Key Stage 4), against a target of 59.2%. This is an improvement on last year's results, although slightly worse than the target. It is above the national (53.8%) and North West (55.9%) average and slightly below the Statistical Neighbours (59.1%) average.
- The achievement gap at key stage 4 between those pupils eligible for Free School Meals and who are not eligible is 32.9 percentage points compared to a target of 32.1. The gap has narrowed since last year and is now the smallest it has been for four years. Although the gap is larger than the national

gap it has decreased by 1.8 percentage points while the national gap has increased by 0.9 percentage points.

The rate of carers receiving a service per 10,000 population has increased throughout the year and now stands at 85.4. This equates to 1,384 carers who receive a service in relation to their caring responsibilities. Benchmarking with North West authorities (September 2015) indicated that Warrington is better than the North West average of 40.8.

There has been a refreshed approach to volunteering over the year with a new strategy group reviewing progress. The Council and Warrington Voluntary Action (WVA) have worked very closely with the Job Centre, Cheshire Constabulary, Cheshire Probation and the Community Rehabilitation Company to develop programmes for volunteering. During 2015-16, WVA have identified 829 volunteers and 88 new volunteering opportunities were made available.

The 2015-16 target for participation in Livewire's leisure and wellbeing services was achieved with over 2.7m visits/uses of the service. The number of visits to Livewire libraries is below the target level. The Council and Livewire are working closely to modernise the library service. This will involve an enhanced digital offer and Libraries serving as hubs where users can access other services such as wellbeing services and job clubs. There has also been a significant increase (18.7%) in Culture Warrington participation levels for 2015-16 compared to the previous year.

Create a Place to be Proud of

The provisional figure for the percentage of household waste sent for reuse, recycling and composting during 2015-16 is 52% which is better than the target of 50%. Benchmarking at Q3 2015-16 indicated that Warrington is performing slightly better than the national average.

The level of serious acquisitive crime in Warrington has consistently fallen over the last two years. 1,288 incidents were recorded during 2015-16, equating to 6.24 incidents per 1,000 population. This is much lower than the previous year's rate which was 1,646 incidents (7.97 per 1,000 population).

The rate of anti-social behaviour in Warrington for 2015-16 is 38.9 incidents per 1,000 population, compared with 41.3 for the previous year.

For 2015-16, 1,406 incidents of violence with injury were recorded compared with 1,058 in the previous year, representing a 33% increase. Some of this increase can be attributed to a rise in reported incidents of domestic violence. The Council and its partners have aimed to increase the number of reports in this category and improve victims' confidence to come forward. The rate per 1,000 population is 6.8 compared to 7.2 England average.

The year-end figure for net additional homes provided in 2015-16 is 633. This exceeds the original Local Plan Core Strategy but is not as high as the 639 homes per annum that have been identified as needed in the Strategic Housing Market assessment published earlier in the year.

There have been 162 affordable homes delivered during 2015-16 which is slightly lower than the target of 172 homes. These figures are provisional and the final figures will be released by the Homes and Communities Agency (HCA) at the end of May 2016.

100% of major planning applications were processed within the 13 week target timeframe. 70.4% of minor planning applications were within the 8 week target timescale. The shortfall from target was due to issues with an external provider which have now been resolved. 94.6% of 'other' planning applications were processed on time.

Street and Environment cleanliness is worse than target by one percentage point.

Delivering our Vision

The average time for answering telephone calls at the Council's contact centre at quarter 4 2015-16 was 3.4 minutes, which is well within the target time of 6 minutes.

The average Customer Contact Wait time - face to face for quarter 4 was 6.4 minutes, which is better than the target of 9 minutes.

The average number of days for staff sickness absence at the end of 2015-16 is 12.8 days which is outside of the target of 12 days, although the long term trend which, has reduced the figure from over 14 days, remains positive.

FINANCIAL PERFORMANCE

Economic Outlook

Since 2010 the Council has faced significant financial challenges due to reductions in funding from central government along with cost pressures within services and greater volatility in financing. This process is on-going, will last until at least 2019/20 and will be continuously reviewed as the Council develops a stronger understanding of the financial challenges it faces. In November 2015, the Autumn Statement set out the strategic direction for public expenditure. This outlined a number of significant changes to the local government funding regime which will have a significant impact on the Council's finances over time. These included:

- Providing local authorities with the power to levy a 2% increase on Council Tax to fund social care. For Warrington, this equates to an additional £1.571m of revenue;

- By the end of the Parliament local government will retain 100% of business rate revenues to fund local services. In addition the Uniform Business Rate will be abolished and any local area will be able to cut business rates at their discretion. The earliest these reforms are likely to be implemented is 2020;

- Greater flexibility for local authorities to use capital receipts to fund the revenue costs of business transformation projects;

- The government announced real-terms public health savings of 3.9% over the next 5 years and the Autumn Statement indicated that social care funds of £1.5bn would be made available by 2019/20 (beginning from 2017/18) for local government, to be included in an improved Better Care Fund; and,

- A National Funding Formula for Schools will be introduced in 2017/18.

- Government Policy on school Academy conversions

Revenue Outturn

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements.

The Council's 2015/16 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 2 March 2015 was £140.109m. As the year progressed various amendments to the Council's budget took place. This resulted in total changes of (£1.961m). Quarterly budget monitoring reports are received by the Council's Executive Board during the year.

The outturn for the Council is an overspend of £0.832m after making a contribution to reserves of £4.416m in 2015/16.

The table below reports the Service specific information in the form of the Council's management accounts.

Directorate	2015/16 Revised Budget £'000	2015/16 Actual £'000	2015/16 Variance £'000	2015/16 Variance %
Resources & Strategic Commissioning	8,419	8,161	(258)	-3.1%
Families & Wellbeing	92,595	95,419	2,824	3.0%
Economic Regeneration, Growth & Environment	21,117	21,789	672	3.2%
Corporate Finance	16,017	13,611	(2,406)	-15.0%
TOTAL	**138,148**	**138,980**	**832**	**0.6%**

The Resources and Strategic Commissioning Directorate which provides the Corporate Services to the Council recorded an underspend of £0.258m. The main areas of underspend are effective vacancy management, additional grant/external funding and the effective management of contracts.

The Families & Wellbeing directorate comprises discrete Children's and Adults' departments. The directorate, as a whole, overspent by £2.824m.

The Adults department includes Adult Social Care, Public Health, Housing, Neighbourhoods and (new for 2015-16) the Better Care Fund. Adult Social care returned an overspend of £0.718m mainly due to demand pressures, this was significantly offset by underspends within Housing and Neigbourhoods of £0.557m.

The Better Care fund is a joint fund with the Warrington CCG (Clinical Commissioning Group) under a s.75 agreement, which returned a small under spend carried forward to 2016-17.

The Children’s department was overspent by £2.662m, largely attributable to a significant increase in numbers of children placed in care, many of these with non-Council providers. Also, retention & recruitment of social worker staff was a problem, necessitating reliance on bought-in agency staff, which tend to be more expensive.

The Economic Regeneration, Growth & Environment (ERG&E) directorate comprises of frontline, commercial and strategic functions that directly provide services to the people of Warrington, and promote Warrington as a great place to live, work and do business.

In the 2015/16 financial year the directorate reported a final outturn of £21.789m against a budget of £21.117m, an overspend of £0.672m or 3.2%.

The economic climate has a direct impact upon the ability of some services to meet their financial targets. The directorate suffered a reduction in income levels in parking, parks and commercial property services areas.

Changes in the waste market reduced the values in the recycling market which resulted in less income being received by the authority.

The reduction in income levels within these areas were off-set by savings within the Admin Buildings account due to lower expenditure. Further reduced expenditure for Winter Maintenance due to the mild winter.

Corporate Finance, which manages the Corporate Budgets for the Council (e.g. Treasury Management, VAT, Concessionary Travel), recorded an underspend of £2.406m. This is largely the result of an underspend on the Council’s Treasury Management Activities as a result of lower than budgeted borrowing costs, greater returns on the Council’s investments and slippage on the capital programme.

Capital Outturn

Capital expenditure represents money spent by the Council on purchasing, upgrading and improving assets that will be of benefit to the community over many years. At its meeting of 2 March 2015, Council approved a three year capital programme of £1.312bn incorporating a 2015/16 capital programme of £289.155. Revisions to the capital to incorporate slippage, additions and deletions take place in-year and are reported to the Executive Board on a quarterly basis. In-year revisions totalling (£164.955m) took place in 2015/16.

The table below show that the Council spent £83.206m on its capital programme in 2015/16, representing a delivery rate of 67% which is shown in the table below by Directorate level. The financing of the capital programme also presented below shows the major funding sources were Prudential (Unsupported) Borrowing, Government grants and capital receipts.

2015/16 Capital Programme

Capital Programme	2015/16 Quarter 3 Budget £'0000	2015/16 Capital Outturn £'000	2015/16 Variance £'000	% Spent
Families & Wellbeing	19,554	18,022	(1,532)	92%
Resources & Strategic Commissioning	1,760	899	(861)	51%
Economic Regeneration, Growth & Environment	35,167	30,719	(4,448)	87%
2015/16 Capital Programme (excluding Invest to Save)	**56,481**	**49,640**	**(6,841)**	**88%**
Invest to Save Programme	67,719	38,053	(29,666)	56%
2015/16 Invest to Save Programme	**67,719**	**38,053**	**(29,666)**	**56%**
Total 2015/16 Capital Programme	**124,200**	**87,693**	**(36,507)**	**71%**
Less 2014/15 accrual adjustment	-	(3,228)	(3,228)	-
Total Capital Programme	**124,200**	**84,465**	**(39,735)**	**68%**

2015/16 Capital Financing

Capital Programme	2015/16 Projected Funding £'0000	2015/16 Actual Funding £'000	2015/16 Variance £'000	% Spent
Council Unsupported Borrowing	94,988	63,258	(31,730)	67%
Capital Grants and Reserves	21,438	18,912	(2,526)	88%
Capital Receipts	2,824	190	(2,634)	7%
Revenue Funding	2,804	3,028	224	108%
External Funding	2,146	2,305	159	107%
Less 2014/15 accrual adjustment (unsupported borrowing)	-	(3,228)	(3,228)	-
2015/16 Capital Programme Funding	**124,200**	**84,465**	**(39,735)**	**68%**

As can be seen from the above there was a variation between forecast capital expenditure and the final outturn. The majority of the expenditure will, however, be reprofiled into 2016/17 together with the financing and does not therefore present any financial issues for the Council to address. The forecast for planned spend was updated throughout the year and reported in the Quarterly Reviews of Performance to the Executive Board.

The variation of £40.994m between the approved capital programme and the final outturn position primarily relates to an underspend on the Invest to Save Programme. Due to the innovative and partnership nature of this programme, it is difficult to forecast future expenditure with great accuracy.

Schemes that underspent on the Invest to Save Programme were – Strategic Property Investment (£9.8m), Green Energy Programme (£1.3m), Bridge Street (Time Square) Regeneration (£3.3m) and Stadium Quarter (£4.7m). Other schemes that slipped in 2015/16 were Priority Infrastructure (£1.4m) and Vehicle Plant Replacement (£1.5m).

Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the Borough and is a driver of the capital programme.

The Council has an innovative Invest to Save Programme which works on the principal that capital resources are invested to generate a financial return to the Council above the cost of the initial investment. One of the major schemes of the Council's Invest to Save Programme is the Housing Registered Providers and Commercial Loans Scheme. Other major areas of expenditure on the Invest to Save schemes in 2015/16 were Street Lighting, Bridge Street, Incubator Building and the Omega loan.

Schemes with significant spend and major achievements in this financial year include:

- **Primary Schools – Total Spend £12.630m**
  Locking Stumps - £1.316m
  St Phillips - £1.938m
  Barrowhall Primary - £3.435m
  Evelyn Street CP – Replacement - £2.033m

- **Transportation & Environment – Total Spend £29.534m**
  Warrington Priority Infrastructure - £5.493m
  Highways Maintenance Investment - £6.758m
  Victoria Park Regeneration Phase 2 - £3.666m
  Bank Park Enhancements - £1.244m

- **Building Maintenance Programme – Total Spend - £1.091m**

- **Invest to Save - Total Spend £38.053m**
  Loans to Housing Registered Providers - £1.000m
  Loans to Omega Warrington Limited - £5.443m
  Bridge Street Quarter Regeneration - £7.695m
  Acquisition of 1-2 Fennel Street - £1.937m
  Affordable Housing - £3.314m
  Green Energy Programme - £3.385m
  Street Lighting - £6.708m
  Stadium Quarter - £6.807m

Balance Sheet

Significant movements in the Council's 2015/16 Balance Sheet (page 25) where:

- The Council's net worth increased by £81.945m, this was mainly due to a decrease of the pension liability by £82.838m.

- Long term assets increased by £64.252m with Plant, Property and Equipment (increased by £46.521m) largely due to additions and Long Term Investments (increased by £15.742m) being the result of investments in 5 year green energy bonds.

- Short term assets also increased (by £12.759m) and again Investments (an increase of £3.836m) was the main contributor, along with Cash and Cash Equivalents (an increase of £5.595m) and Debtors (an increase of £3.341m).

- Short term liabilities increased by £21.277m, of which borrowing was the biggest contributor (an increase of £14.042m). Creditors (an increase of £3.518m) and provisions (an increase of £1.409m) both increased. The increase of provisions was due to an increase in the appeals provision for business rates (£0.621m) and the IFRS redundancy provision (£0.788m).

- Long term liabilities decreased by £26.214m. As stated earlier this was mainly due to a decrease in the Council's pension liability. This was offset by an increase in long term borrowing (an increase of £53.040m).

Reserves

The table below shows the position of the Council's reserves (pages 38 & 70). The Council's cash backed reserves increased by £4.416m to £61.124m (2015/16) from £56.708m in 2014/15. This includes an increase in school's reserves of £0.405m, and a small decrease in capital reserves of £0.138m.

The Council's non-cash backed reserves (unusable) also increased in year. The increase of £77.529m was mainly due to the better performance of the pension liability that was then reflected in the pension reserve (movement of £82.838m).

	2014/15 £'000	**2015/16 £'000**	**Movement £'000**
Usable Reserves (Cash Back Reserves)			
Revenue			
General Fund	1,896	1,064	(832)
Earmarked Reserves (WBC)	36,205	41,186	4,981
Earmarked Reserves (Schools)	7,066	7,471	405
Total Revenue Reserves	**45,167**	**49,721**	**4,554**
Capital			
Capital Receipts	3,206	5,414	2,208
Capital Grants	8,335	5,989	(2,346)
Total Capital Reserves	**11,541**	**11,403**	**(138)**
Total Usable Reserves	**56,708**	**61,124**	**4,416**
Unusable Reserves (Non-cash Backed Reserves)	**196,661**	**274,190**	**77,529**
TOTAL RESERVES	**253,369**	**335,314**	**81,945**

Pensions

The table below shows the in-year movement on the Council's pension liability (page 63); the liability has decreased by £82.838m. The table shows that this movement is due to actuarial re-measurements caused primarily by changes in the underlying assumptions upon which the liability is valued.

	£'000
Opening Balance as at 1 April '15	(197,708)
Current Service Cost	(21,490)
Past Service Cost	(195)
Interest Cost	(6,414)
Settlements	80
Employer Contributions	16,168
Remeasurements	94,689
Closing Balance as at 31 March '16	**(114,870)**

Contingencies

The Council's largest provision relates to Business Rates valuation appeals. Following Business Rates localisation in 2013, the Council has to set aside a provision for any future successful ratepayer appeals against rateable valuations. Warrington has a high and growing non domestic tax base, in terms of the valuation of commercial properties and hence a high degree of exposure in this regard. The Council has 1,238 rating appeals outstanding.

Business Rates rating appeals provision	£3.901m at 31 March 2015	£4.522m at 31 March 2016
Business Rates write-off	Nil in 2014/15	£1.359m in 2015/16

Treasury Management

At the 31st March 2016 the Council had borrowings of £263.840m and investments of £49.321m.

Warrington during 2015/16 obtained a credit rating from Moody's one of the World's leading credit rating agencies. Moody's awarded the Council the second highest credit rating possible of Aa2.

The Aa2 issuer and debt ratings assigned to Warrington Borough Council reflects: 1) a track record of increasing own source revenues, reducing dependence on declining central government grants; 2) a strong regulatory framework, which allows central government to effectively monitor financial performance; 3) expected increase in debt levels resulting from WBC's movement into two areas outside of the traditional local government service - economic development program and a programme of lending money to housing associations; 4) a high exposure to changes in interest rates in the debt portfolio; and 5) a diversified local economy. The Aa2 rating also reflects our assessment of support from the UK government and the high likelihood it would intervene in the event that WBC was to face acute liquidity stress.

The Council, during 2015/16, also changed its Minimum Revenue Provision (debt repayment) Policy. The Council introduced a more prudent approach that will generate potential savings in the region of £16m.

The Council's Corporate & Audit Governance Committee is the body charged with the Governance of Treasury Management and they receive quarterly monitoring reports.

Cash Flow

	31/03/15 **£'000**	**31/03/16** **£'000**
Cash and cash equivalents	(2,846)	(4,204)
Short-term deposits	9,563	14,207
Total	**6,717**	**10,003**

Total cash and cash equivalents at 31 March 2016 is (£4.204m) (page 56). The main factors that would affect cash in the future are:

- Acquisitions and disposals relating to the capital programme;
- The value of reserve balances;
- Appeals provisions;
- Grants and contributions unapplied.

Schools

The Council's expenditure on schools and education is predominantly funded by grant monies provided by the Government through the Dedicated Schools Grant (DSG). Pupil Premium, and 35 Sixth form places in Woolston Learning Village, is separate specific funding allocations.

The DSG is ringfenced and can only be used to cover either school's expenditure, or specific central education services provided by the Council mainly related to supporting High Needs. The Council underspent on its DSG in 2015/16 by £0.177m, chiefly as a result of unspent primary school delegated pupil number contingencies (which will be repaid to schools), and a one-off use of early years reserves. This underspend represented 0.16% of Warrington's total DSG of £111.915m. Further details can be found in Note 18.

At the end of 2014/15, school balances for Warrington maintained schools totalled £7.065m, while at the end of 2015/16 the aggregate of balances had increased slightly to £7.471m.

There were no further Academy conversions during 2015/16, so no additional transfer of assets from the Council's Balance Sheet. Funding existing Academies resulted in a recoupment (DSG clawback) of £40.229m.

PRINCIPAL RISKS AND UNCERTAINTIES

The top five risks currently facing the Council that are recorded in the Council's Strategic Risk Register are:

1. Ability to deliver within timescale and budget the major capital programmes detailed in the Council's capital programme
2. Ability to reduce community level inequalities in quality of life through the Closing the Gap ambition
3. Unstable financial position in the medium to long term.
4. Exploration / Introduction of alternative service delivery models increases market competition resulting in potential income reduction if internal services are not considered the provider of choice
5. Strategic decisions are not taken on the best information available. An absence of full risk appraisal in relevant reports particularly to Executive.

EXPLANATION OF THE FINANCIAL STATEMENTS

The 2015/16 Statement of Accounts shows the core financial statements together with detailed disclosure notes followed by the supplementary statements. The core financial statements are:

The Movement in Reserves Statement (MIRS)
This shows the movement in Council reserves during the year, split between those reserves which are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory aspects of accounting (unusable reserves).

The Comprehensive Income and Expenditure Statement (CIES)
Identifies the income and expenditure on all services the Council provides and brings together all the recognised gains and losses of the Council during the period 1 April 2015 to 31 March 2016.

The Balance Sheet
This shows the Council's financial position at 31 March each year. The top part of the statement shows the assets and liabilities of the Council and the lower part shows the reserves.

The Cash Flow Statement
This summarises the changes in cash and cash equivalents during the year.

The Notes
The Notes to the Core Financial Statements provide more detail about the Council's accounting policies and items contained in those statements.

The supplementary statements are:

The Collection Fund
This shows the collection and distribution of Council Tax and National Non-Domestic Rate income.

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the movement in reserves statement between usable and non-usable reserves. These constitute the net worth of the Council in the balance sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the balance sheet are shown in the cash flow statement.

FUTURE DEVELOPMENTS

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. This will consist of seven components: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land.

The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period. If the changes had been implemented in 2015/16, based on current estimates the value of infrastructure assets would increase from £160.048m to circa £1.451bn with an equivalent increase in depreciation.

RECEIPT OF FURTHER INFORMATION

If you would like to receive further information about these accounts, please do not hesitate to contact me at 5th Floor, Resources & Strategic Commissioning Directorate, New Town House / Quattro, Buttermarket Street, Warrington or e-mail me direct at **lgreen@warrington.gov.uk**.

ACKNOWLEDGEMENTS

The production of this Statement of Accounts would not have been possible without the exceptionally hard work and dedication of the finance team.

I would like to express my gratitude to the team and extend this to colleagues across the Council, Members, the Senior Management Team and our key stakeholders who have all supported the process to enable this achievement. I would also like to thank everyone for all their support during the financial year.

Lynton Green CPFA
Director of Finance and Information Services

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

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

The 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* (the Code).

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

- Selected suitable accounting policies (Annexe A) and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Signed

Dated 28th September 2016

Lynton Green, Director of Finance and Information Services

Movement in Reserves Statement for the Year Ended 31 March 2016	Note(s)	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves of the Authority £'000
Balance as at 1 April 2014		**1,702**	**37,106**	**588**	**10,154**	**49,550**	**236,942**	**286,492**
Movement in Reserves during the year								
Surplus or (deficit) on provision of services	**CIES**	(6,151)	-	-	-	**(6,151)**	-	**(6,151)**
Other Comprehensive Income and Expenditure								
Surplus or (deficit) on revaluation on non-current assets	**32**	-	-	-	-	**-**	13,021	**13,021**
Surplus or (deficit) on revaluation of financial assets	**32**	-	-	-	-	**-**	1,317	**1,317**
Actuarial gains or (losses) on pensions reserve	**31**	-	-	-	-	**-**	(41,310)	**(41,310)**
Total Comprehensive Income and Expenditure		**(6,151)**	**-**	**-**	**-**	**(6,151)**	**(26,972)**	**(33,123)**
Adjustments between accounting basis & funding basis under regulations	**6**	12,511	-	2,618	(1,820)	**13,309**	(13,309)	**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**6,360**	**-**	**2,618**	**(1,820)**	**7,158**	**(40,281)**	**(33,123)**
Transfers (to) or from Earmarked Reserves	**7**	(6,165)	6,165	-	-	**-**	-	**-**
Increase or (Decrease) in Year		**195**	**6,165**	**2,618**	**(1,820)**	**7,158**	**(40,281)**	**(33,123)**
Balance as at 31 March 2015		**1,897**	**43,271**	**3,206**	**8,334**	**56,708**	**196,661**	**253,369**
Movement in Reserves during the year								
Surplus or (deficit) on provision of services	**CIES**	(17,234)	-	-	-	**(17,234)**	-	**(17,234)**
Other Comprehensive Income and Expenditure								
Surplus or (deficit) on revaluation of non-current assets	**32**	-	-	-	-	**-**	3,748	**3,748**
Surplus or (deficit) on revaluation of financial assets	**32**	-	-	-	-	**-**	742	**742**
Actuarial gains or (losses) on pensions reserve	**31**	-	-	-	-	**-**	94,689	**94,689**
Total Comprehensive Income and Expenditure		**(17,234)**	**-**	**-**	**-**	**(17,234)**	**99,179**	**81,945**
Adjustments between accounting basis & funding basis under regulations	**6**	21,787	-	2,208	(2,345)	**21,650**	(21,650)	**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**4,553**	**-**	**2,208**	**(2,345)**	**4,416**	**77,529**	**81,945**
Transfers (to) or from Earmarked Reserves	**7**	(5,386)	5,386	-	-	**-**	-	**-**
Increase or (Decrease) in Year		**(833)**	**5,386**	**2,208**	**(2,345)**	**4,416**	**77,529**	**81,945**
Balance as at 31 March 2016		**1,064**	**48,657**	**5,414**	**5,989**	**61,124**	**274,190**	**335,314**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15 Gross Expenditure £'000	2014/15 Gross Income £'000	2014/15 Net Expenditure £'000		Note(s)	2015/16 Gross Expenditure £'000	2015/16 Gross Income £'000	2015/16 Net Expenditure £'000
77,702	(69,390)	8,312	Central Services to the Public		91,889	(72,264)	19,625
13,790	(1,888)	11,902	Cultural and Related Services		13,822	(2,058)	11,764
19,076	(5,133)	13,943	Environment and Regulatory Services		20,066	(4,889)	15,177
6,574	(4,474)	2,100	Planning Services		5,512	(4,020)	1,492
193,462	(154,306)	39,156	Childrens and Education Services		209,594	(161,859)	47,735
16,831	(3,121)	13,710	Highways, Roads and Transport Services		18,105	(3,819)	14,286
7,145	(1,285)	5,860	Other Housing Services		6,778	(1,193)	5,585
84,706	(32,463)	52,243	Adult Social Care		84,557	(30,551)	54,006
10,189	(11,773)	(1,584)	Public Health		12,135	(12,963)	(828)
3,893	(1,777)	2,116	Corporate and Democratic Core		4,674	(485)	4,189
(655)	-	(655)	Non-Distributed Cost		115	-	115
432,713	**(285,610)**	**147,103**	**Cost of Services**		**467,247**	**(294,101)**	**173,146**
		12,897	Other Operating Expenditure	**9**			961
		8,952	Financing & Investment Income & Expenditure	**10**			7,762
		(162,801)	Taxation and Non-Specific Grant Income	**11**			(164,635)
		6,151	**(Surplus) or Deficit on Provision of Services**				**17,234**
		(13,021)	(Surplus) or Deficit on revaluation of non-current assets	**32**			(3,748)
		(1,317)	(Surplus) or Deficit on revaluation of financial assets	**32**			(742)
		41,310	Remeasurement of the net defined benefit liability	**31**			(94,689)
		26,972	**Other Comprehensive Income and Expenditure**				**(99,179)**
		33,123	**Total Comprehensive Income and Expenditure**				**(81,945)**

Balance Sheet as at 31 March 2016

	Notes	31st March 2015 £000	31st March 2016 £000
Property, Plant & Equipment	**20**	523,446	569,967
Heritage Assets	**21**	14,653	15,369
Investment Property	**22**	29,993	31,243
Intangible Assets		247	195
Long Term Investments	**33**	20,893	36,635
Long Term Debtors	**24**	78,408	78,483
Long Term Assets		**667,640**	**731,892**
Short Term Investments		2,460	6,296
Inventories		703	690
Short Term Debtors	**25**	36,892	40,233
Cash and Cash Equivalents	**26**	8,341	13,936
Current Assets		**48,396**	**61,155**
Cash and Cash Equivalents	**26**	(1,624)	(3,933)
Short Term Borrowing	**33**	(22,936)	(36,978)
Short Term Creditors	**27**	(35,272)	(38,791)
Provisions	**28**	(4,741)	(6,151)
Current Liabilities		**(64,573)**	**(85,853)**
Long Term Creditors	**27**	(4,453)	(4,282)
Grants Receipts in Advance - Capital		(69)	(537)
Grants Receipts in Advance - Revenue		(12,693)	(15,588)
Provisions	**28**	(2,234)	(2,626)
Long Term Borrowing	**33**	(180,937)	(233,977)
Long Term Pension Liabilities	**31**	(197,708)	(114,870)
Long Term Liabilities		**(398,094)**	**(371,880)**
Net Assets		**253,369**	**335,314**
Usable Reserves	**8**	56,708	61,124
Unusable Reserves	**32**	196,661	274,190
Total Reserves		**253,369**	**335,314**

Cash Flow Statement for the year ended 31 March 2016

2014/15 £'000		Note(s)	2015/16 £'000
6,151	Net (surplus) or deficit on the provision of services		17,234
2,101	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**35**	(52,530)
19,430	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	**35**	26,348
27,682	**Net Cash Flows from Operating Activities**		**(8,948)**
43,928	Investing Activities	**36**	68,599
(49,218)	Financing Activities	**37**	(62,937)
22,392	**Net (increase) or decrease in cash and cash equivalents**		**(3,286)**
(29,109)	Cash and cash equivalents at the beginning of the reporting period		(6,717)
(6,717)	**Cash and cash equivalents at the end of the reporting period**	**26**	**(10,003)**

Notes to the Single Entity Financial Statements

1 Statement of Accounting Policies

Annexe A contains the full list of accounting policies and as such form part of the single entity accounts, these were reviewed and signed off by the Audit & Corporate Governance Committee on the 17th February 2016. The policies were updated for the changes required by IFRS 13 – Fair Value Measurement

2 Accounting Standards that have been issued but have not yet been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

There are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any 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 made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Leases (note 30)
The Council has examined its leases and has used judgement in determining them to be either operating or finance leases. Details of the judgement can be found in Note 30.

PFI (note 29)
The Council is deemed to control the services provided under the agreement for 105 social houses in Anson & Blenheim Close and 38 self-contained flats at John Morris House, for which it has nomination rights at the end of the term. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and are recognised as Property, Plant and Equipment on the Council's Balance Sheet.

Investment Properties (note 22)
Investment properties have been estimated using the identifiable criteria under IAS40 of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation.

Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property under IPSAS 16, and is accounted for as property, plant and equipment.

Group Boundaries (note 41)
The group boundaries have been determined in accordance with the Code of Practice. In line with the Code, the Council has identified that Warrington Borough Transport as a subsidiary to the council and would require it to complete Group Accounts.

Community Schools
The Council carries all Community Schools (both Primary and High) as Property, Plant and Equipment on its Balance Sheet. The Council has 42 Community Schools which it has determined that would provide future economic benefit and therefore they have been included in the Council's Balance Sheet.

Voluntary Aided Schools
The Voluntary Aided Schools in the borough are owned by four individual dioceses. The dioceses have granted what they deem a 'mere licence' for usage of the school, which they can withdraw at any time. The Council acknowledges that the ownership of the school still lies with the various dioceses, but does not believe that the diocese would withdraw the rights of use for the asset, without giving sufficient notice that a replacement could be found for the further education of the children of the borough.

Looking into the underlying nature of the transaction, the Council has determined that in accordance with the principle of 'substance over form' the school is an entity in its own right, receives all of the economic benefit from the use of the building of the school and should therefore be treated as its asset and consolidated into the Council's single entity accounts in line with the Code. The Council has also determined that the land occupied by the school, which is of an infinite useful life, may have other uses beyond the useful life of the school and should therefore not be consolidated into the accounts. Following consultation with the Diocese on this matter, no explicit instruction was received from the Diocese that they would withdraw the rights of use for the asset anytime in the near future.

Academies
When a school transfers to Academy status, the Council accounts for this as a disposal for nil consideration on the date that the school converts to Academy status, rather than an impairment on the date that approval to transfer to Academy status is announced.

Funding
There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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.

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

Pensions Liability (note 31)
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson actuaries are contracted to provide the Council with the estimate of the net liability.

During 2015/16 the Council's actuaries advised that the net pension liability had decreased by £82.838m as a result of updating of the assumptions.

The pension liability and reserve will vary should any of the assumptions prove inaccurate. The table below gives examples of the impact on the Council from changing assumptions.

Change in assumptions at 31 March 2016:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	78,484
1 year increase in member life expectancy	3%	21,488
0.5% increase in the Salary Increase Rate	3%	24,026
0.5% increase in the Pension Increase Rate	7%	53,412

Accruals and provisions
The accounts of the Council are prepared on an accruals basis meaning that the sums due to or from the Council during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. Accruals may be made on exact amounts where invoices, although not received in time to be processed in the correct year, are received in time to inform the amount provided for. Where it is known that amounts are due to or from the Council relating to the current year, but no exact information is available to inform this, an estimate of the amounts has to be made.

If the amount estimated is different to the eventual invoice amount, the value of debtor and creditor balances included in the Balance Sheet will not have been correct and there may be an impact of under or over provision in the following years' Comprehensive Income and Expenditure Statement as the balances are written out. Many of the Council's accruals are based on invoiced amounts, but some are based on estimated data.

If a liability in the financial year as a result of a past event became apparent and it is probable that an outflow of resources will be required to settle the obligation, where a reliable estimate of the outflow can be made, this results in a provision being made rather than an accrual.

Provisions are different to accruals in that they are of uncertain timing or amount as to when they will be discharged, but a charge is still made to the Comprehensive Income and Expenditure Statement in the year. Depending on the certainty of the amount provided for, there is a risk that it may be insufficient and further amounts may need to be charged when the actual payment is made. Conversely, if the actual payment is less, the over provided amount is credited back to the Comprehensive Income and Expenditure Statement in the year the liability is discharged.

Details of the provisions, totalling £9.998m at 31 March 2016 are given in Note 28. The best estimate amounts provided for are based on the professional opinion of the officer best placed to make it.

If the outflow of resources is only possible rather than probable, then no estimated charge is made to the accounts until the circumstances change, only narrative disclosure is made in the Contingent Liabilities note – Note 34.

Valuations and depreciation charges

Professional opinions of the values of land and buildings are made by the Estates Service and estimates of the useful lives of property, plant and equipment are made by the relevant officers who have knowledge of such issues based on their professional judgement e.g. useful lives of properties are provided by in-house RICS qualified valuers. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances.

The present pressure on public sector expenditure could potentially have implications for the useful economic lives of the Council's property due to reduced spending on repairs leading to a decline in the condition of its buildings. There is no evidence that the estimated economic lives are being materially affected at this time, but this issue is being monitored.

The Council revalues its assets on a five year rolling cycle. For more information see section 1.22 of our Accounting Policies.

These values and the useful economic lives impact on the depreciation, impairment and revaluation charges that are made to services for usage of the assets in question, as well as the carrying value of the assets. Depreciation and impairment charges totalled £13.463m and net revaluation gains charged were £16.064m in 2015/16. These charges do not, however, impact on the General Fund Balance as they are reversed out under the statutory mitigation provisions.

A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's investment properties were to reduce by say 10%, this would result in a circa £3.124m charge to the Comprehensive Income and Expenditure Statement.

An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive

Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.

Depreciation charges for operational buildings will change in direct relation to changes in estimated fair value. The net book value of non-current assets subject to potential revaluation is over £322.159m.

Fair Value Estimations
When the fair values of Investment Assets. PPE Surplus Assets and Assets Held for Sale cannot be measured on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measured using the following approaches and valuation techniques:
The fair value is based on either the income approach or the market approach and uses a combination of the following valuation techniques: comparison with similar assets in the active market, Development Appraisal models and discounted cash flow (DCF) models.

Where the inputs to these valuation techniques are based on observable data they are categorised as Level 2.

Where this is not possible judgement is required in establishing fair values. These judgements typically include assumptions as to future growth and include uncertainty and risk and these are categorised at Level 3.

Changes in the assumptions used could affect the fair value (either upwards or downwards) of the Council's assets and liabilities.

The Council uses a combination of market comparables, DCF models and Development Appraisal models to measure the fair value of its Investment Assets, Surplus Assets and Assets held for Sale under IFRS 13 depending on which technique is most appropriate to the Asset.

Debt Impairment Allowance
At 31 March 2016 the Council had a balance of debtors of £51.937m. A review of significant balances suggested that an impairment of doubtful debts of £12.125m was appropriate. Net debtors balance at 31 March 2016 was £39.812m as shown in note 25. If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Insurance Reserve
The insurance reserve holds funding set aside to meet the cost of future potential insurance claims. The amount set aside is based on an annual independent review. However, an increase in the anticipated level of insurance claims could result in insufficient funds being set aside to meet the cost of claims.

Private Finance Initiative (PFI)
The Council's two PFI schemes have been considered to have an implied finance lease within the agreements. In reassessing the leases the Council has estimated the implied interest rate within the leases to calculate interest and principal payments. In addition the future RPI increase within the contracts has been estimated as remaining constant throughout the remaining period of the contract.

Warrington Sports Holdings Ltd

The Council's shareholding in Warrington Sports Holding Ltd remains at 12.81% as at 31 March 2016. A firm of financial experts and valuers had been engaged by the Council to provide an independent valuation. The valuation provided is based on estimations and assumptions and therefore should the Council sell its shareholding the value held in these statements may not be realised. These shares are carried in the accounts at £1.65m at 31 March 2016.

Business Rates

2015/16 is the third year of the Business Rates Retention Scheme, whereby the Council retains 26.6% of the NNDR income it collects (£28.473m out of £112.629m), but is subject to a £23.468m tariff. Following the 2010 Revaluation of business heraditaments, we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated successes of future appeals for losses for the period to the end of March 2016 of £9.229m. A Safety Net system protects the Council from losses below baseline Funding Levels of £26.303m.

The Council's overall financial losses are protected by the Safety Net with any variance to our assumptions affecting the scale of the provision but being offset by a movement in the Safety Net entitlement (which is accrued for at year end).

5 Events after the Balance Sheet Date

Green Energy Bonds

On 25th May 2016 the Council advanced £20m for the purchase of two £10m bonds in a major UK green energy bond.

BREXIT

Since the Brexit vote on June 23, there has been much uncertainty surrounding the potential impact the decision may have on Local Government.

This note covers the possible impact of exiting the European Union on local authorities, with regard to the major areas of devolution deals; EU structural funds; compliance with EU law; and medium-term financial implications.

Devolution Deals - Some uncertainty has been expressed about the future of the 'devolution deals' agreed with various local areas in the aftermath of the vote to leave the European Union. The Council are still to decide the route its wishes to take with regards to devolution.

Credit Ratings - The Council have the second highest credit rating possible of Aa2 from Moody's one of the world's leading credit rating agencies. Since the BREXIT result Warrington's credit rating like all others in the public sector ratings have been put on negative outlook. The Council's rating mirrors the negative outlook on the UK sovereign rating and reflects the impact of the growing systemic risk on local authorities (LAs) following the outlook change on the sovereign rating to negative from stable. This largely reflects the close institutional, operational and financial linkages between the central government and LAs.

EU Structural Funds - The UK was due to receive some £5.3 billion in European Union structural funds in the 2014-2020 programming period. It is not yet clear for how long instalments of these funds will be paid. This is likely to depend on the eventual date on which the UK leaves the European Union. Warrington receives a very low level of EU funding.

European Investment Bank -The European Investment Bank (EIB) has invested some €42 billion in the UK over the past ten years. Membership of the EU is not required to access loans, but it may lead to greater requirements for guarantees and potentially a more onerous application process. The Council receive no funds from the EIB.

Energy efficiency - Local authorities must manage their buildings and procurement in line with energy efficiency rules based on EU law. The basis of these is the 2012 Energy Efficiency Directive which is transposed into UK law via a number of pieces of secondary legislation.

The Directive establishes measures to help the EU reach its 20% energy efficiency target by 2020 and places a requirement on public authorities, which includes local councils, to ensure they purchase energy efficient buildings, products and services.

In the past councils have raised concerns that such a requirement places additional costs on council procurement activity.

Waste collection and disposal
The key piece of EU legislation is the Waste Framework Directive which sets out key definitions and duties relating to how waste must be collected, transported, recovered and disposed of. It also introduced recycling and recovery targets to be achieved by 2020.

The majority of EU waste management law has been transposed directly into domestic law within the UK. This means that the relevant legislation and requirements on local authorities will not be automatically or immediately affected by the UK's exit from the EU.

However, if the UK leaves the EU and does not become a member of the EEA, then the UK Government will be able to amend and/or repeal the domestic legislation that gives effect to EU waste legislation.

The benefits of effective waste management to both the environment and the economy may mean that an EU exit will not lead to a substantial change in approach from the UK Government, but some commentators have suggested that in this scenario it is likely that legislators would repeal or weaken EU requirements (for example, recycling targets) with the objective of reducing the regulatory burden on businesses.

This could also manifest in a change in approach to waste collection and disposal services for some local authorities, particularly if lower cost solutions (such as landfill disposal) are permitted with a relaxation of environmental protections and technical requirements.

Trading standards
As with waste directives, most trading standards legislation consists of EU directives transposed into domestic law: therefore, this would not be repealed automatically on leaving the EU.

Procurement
Local government must comply with EU public sector procurement rules. The most significant requirement is for all public contracts over E209,000 to be published in the Official Journal of the European Union (OJEU), thus making them accessible to suppliers from across the EU.

In the medium term, public procurement rules more generally will remain in place as they have been implemented via UK law.

State Aid
European regulations prevent the Government from providing state aid to companies of over £200,000 in any three-year period. Tax reliefs and exemptions also fall into the definition of state aid.

It is likely that some form of state aid provisions would remain in place post-Brexit, as it is required both by membership of the World Trade Organisation (WTO) and the European Free Trade Association (EFTA).

6 Adjustments between Accounting Basis and Funding Basis Under Regulations

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

		Usable Reserves			
2015/16	**Note(s)**	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied £'000**	**Movement in Unusable Reserves £'000**
Adjustments involving the Capital Adjustment Account					
Reversal of items debited or credited to the CIES					
Charges for depreciation and impairment of non-current assets	20	(13,464)	-	-	13,464
Revaluation loss on PPE	20	(14,876)	-	-	14,876
Amortisation of intangible assets		(77)	-	-	77
Movements in the market value of investment properties	22	(594)	-	-	594
Revenue expenditure funded from capital under statute	23	(2,491)	-	-	2,491
Carrying amount of non-current assets disposals	20/22	(1,598)	-	-	1,598
Insertion of items not debited or credited to the CIES					
Statutory provision for the financing of capital investment (MRP)	23	260	-	-	(260)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	8	21,963	-	(18,582)	(3,381)
Application of grants to capital financing transferred to the Capital Adjustment Account	8	-	-	20,927	(20,927)
Adjustments involving the Capital Receipts Reserve					
Use of the Capital Receipts Reserve to finance new capital expenditure	23	-	190	-	(190)
Proceeds from sale of non-current assets	8	2,355	(2,355)	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	8	-	(43)	-	43
Adjustments involving the Financial Instruments Adjustment Account					
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(75)	-	-	75
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	31	(28,019)	-	-	28,019
Employer's pensions contributions and direct payments to pensioners payable in the year	31	16,168	-	-	(16,168)
Adjustments involving the Collection Fund Adjustment Account					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements		(1,703)	-	-	1,703
Adjustments involving the Accumulating Compensated Absences Adjustment Account					
Adjustments in relation to short-term compensated absences	32	364	-	-	(364)
Total Adjustments		**(21,787)**	**(2,208)**	**2,345**	**21,650**

2014/15	Note(s)	Usable Reserves General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments involving the Capital Adjustment Account					
Reversal of items debited or credited to the CIES					
Charges for depreciation and impairment of non-current assets	20	(12,571)	-	-	12,571
Revaluation loss on PPE	20	1,738	-	-	(1,738)
Amortisation of intangible assets		(773)	-	-	773
Movements in the market value of investment properties	22	(694)	-	-	694
Revenue expenditure funded from capital under statute	23	(2,180)	-	-	2,180
Carrying amount of non-current assets disposals	20	(13,824)	-	-	13,824
Insertion of items not debited or credited to the CIES					
Statutory provision for the financing of capital investment (MRP)	23	5,059	-	-	(5,059)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the CIES	8	14,410	-	(14,410)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	8	2,350	-	16,230	(18,580)
Adjustments involving the Capital Receipts Reserve					
Use of the Capital Receipts Reserve to finance new capital expenditure	23	-	90	-	(90)
Proceeds from sale of non-current assets	8	2,670	(2,670)	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	8	-	(38)	-	38
Adjustments involving the Financial Instruments Adjustment Account					
Amounts by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		(82)	-	-	82
Adjustments involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	31	(23,097)	-	-	23,097
Employer's pensions contributions and direct payments to pensioners payable in the year	31	16,104	-	-	(16,104)
Adjustments involving the Collection Fund Adjustment Account					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements		(1,084)	-	-	1,084
Adjustments involving the Accumulating Compensated Absences Adjustment Account					
Adjustments in relation to short-term compensated absences	32	(537)	-	-	537
Total Adjustments		**(12,511)**	**(2,618)**	**1,820**	**13,309**

7 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 and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 31 March 2014 £'000	Transfers out 2014/15 £'000	Transfers in 2014/15 £'000	Balance at 31 March 2015 £'000	Transfers out 2015/16 £'000	Transfers in 2015/16 £'000	Balance at 31 March 2016 £'000	Purpose of Reserve
Schools								
School Balances	5,851	(5,851)	7,065	7,065	(7,065)	7,471	7,471	
Schools Re-organisation Contingency	2,719	(69)	175	2,825	(164)	-	2,661	To contribute to the school deficit upon closure
Total Schools Reserves	**8,570**	**(5,920)**	**7,240**	**9,890**	**(7,229)**	**7,471**	**10,132**	
Council								
Anson & Blenheim PFI	1	-	-	1	-	-	1	PFI credits ring-fenced to mitigate any future liabilities
BCF Pooled	-	-	-	-	-	88	88	To fund better care pooled arrangements.
Business Rates Smoothing	-	-	-	-	(372)	4,411	4,039	To fund fluctuations in business rates deficit estimates.
Children's Comfort Funds	7	-	-	7	-	-	7	Held on behalf of children in care
Community Drug & Alcohol Misuse	433	-	-	433	(143)	-	290	To fund the Council's drug and alcohol misuse strategy
Community Investment Fund	91	-	-	91	-	-	91	To fund Community Investment Schemes
Coroners Judicial Review	53	-	-	53	-	48	101	To fund any one off costs of future judicial reviews
Criminal Injuries Compensation	12	-	-	12	-	-	12	To provide for criminal injury claims from children in care
Early Release	-	-	1,397	1,397	(788)	-	609	To fund movements in the redundancy calculation
Early Years	254	(162)	-	92	(92)	-	-	To fund early years provision
Economic Regeneration, Growth & Environment Services (ERGE)	220	(130)	628	718	(628)	641	731	To fund future expenditure in ERGE
Families and Wellbeing Service Adults	456	(456)	674	674	(674)	157	157	To fund future expenditure in FWB Adults
Families and Wellbeing Service Childrens	2,929	(2,929)	3,643	3,643	(3,767)	4,183	4,059	To fund future expenditure in FWB Children's
Financial Protection Team	20	-	-	20	-	-	20	To fund expenditure for Adults with specific criteria
Home to School Transport	44	-	-	44	(44)	71	71	Future potential home to school transport claims
Homelessness	56	-	-	56	-	35	91	To fund bond/deposits to secure accomodfation for the homeless
Insurance Fund	3,086	(480)	-	2,606	(477)	-	2,129	Third party claim excesses and self insure areas of risk
Joint Funding Liability	314	-	157	471	(471)	-	-	To fund liability for section117 clients
Local Authority Mortgage Scheme	268	-	152	420	-	152	572	Potential future LAMS defaults
Local Land Charges	20	(37)	38	21	-	-	21	Statutory 3 year fee setting ring-fence surplus/deficit
Loans & Investment	-	-	-	-	-	3,000	3,000	To act as a contingency for any future problems which may occur in the repayment of the Council's loan portfolio and act as a pump primer to fund feasibility studies on potential future capital and treasury schemes
Mayor's Charity	3	(6)	8	5	-	4	9	Money's collected for mayoral supported charities
Members Voluntary Initiative	8	-	-	8	-	-	8	To fund International Partnerships initiative
Municipal Mutual Insurance (MMI)	381	-	-	381	-	84	465	To fund future potential MMI clawback
Medium Term Financial Plan	8,895	(2,738)	2,500	8,657	(4,826)	3,964	7,795	To ensure the council's future financial sustainability
Museum Arts	13	-	-	13	-	-	13	To fund future museum exhibitions or art acquisitions
Prison Substance Misuse Service	98	(45)	2	55	-	-	55	To fund the Council's prison substance misuse strategy
Public Health Grant	789	(789)	1,106	1,106	(1,106)	495	495	To fund public health expenditure
Resources & Strategic Commissioning	2,591	(1,965)	1,818	2,444	(1,745)	5,324	6,023	To fund future expenditure in RaSC
Salary Sacrifice Car Lease	23	-	70	93	-	-	93	Potential future liability on salary sacrifice car lease
SALIX Revolving Fund	84	(11)	56	129	-	-	129	Energy efficiency schemes
Schools Forum Service Development	-	-	45	45	-	14	59	Financial and advisory support to Schools Forum
Sinking Fund	73	-	43	116	-	119	235	Alder Lodge Homeless Unit refurbishment/enhancement
Solar Panels Lifecycle Fund	166	-	74	240	-	37	277	Future replacement cost on solar panels
Strategic Reserve	4,760	-	-	4,760	-	-	4,760	For emergency events such as unforeseen financial liabilities or natural disasters
Taxi Account	61	-	3	64	-	4	68	Ring-fenced account of Taxi Service surplus/deficit
Time Square	254	(183)	-	71	(68)	-	3	Regeneration of Time Square
Town Centre Sinking Fund	390	-	10	400	(32)	-	368	Potential future Town Centre overspends
Treasury Management	-	-	2,434	2,434	(2,434)	-	-	To act as a contingency for any future problems which may occur in the repayment of the Council's loan portfolio and act as a pump primer to fund feasibility studies on potential future capital and treasury schemes
Union Learner Reps	-	-	-	-	-	17	17	Monies set aside to increase participation in union training services
Unitary Charge	512	-	183	695	-	141	836	Future variations on unitary charge on PFI schemes
Walton Hall	5	-	-	5	-	-	5	Walton Hall refurbishment
Winwick Road	111	-	-	111	-	-	111	Alder Lodge Homeless Unit refurbishment/enhancement
2 Way Youth Offending Team (YOT)	433	(80)	-	353	(80)	-	273	Warrington and Halton Council's joint provision of YOT
3 Way Youth Offending Team (YOT)	622	(354)	169	437	(159)	61	339	Warrington, Halton and Cheshire West Council's joint provision for the provision of YOT
Total Council Reserves	**28,536**	**(10,365)**	**15,210**	**33,381**	**(17,906)**	**23,050**	**38,525**	
Total Earmarked Reserves	**37,106**	**(16,285)**	**22,450**	**43,271**	**(25,135)**	**30,521**	**48,657**	
Net Transfer to/(from) Reserves			**6,165**			**5,386**		

8 Usable Reserves

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

	Note(s)	31/03/15 £'000	31/03/16 £'000
Held for Revenue Purposes			
General Fund	MiRS	1,897	1,064
Earmarked Reserves	7	43,271	48,657
		45,168	**49,721**
Held for Capital Purposes			
Capital Receipts Reserve	MiRS	3,206	5,414
Capital Grants Unapplied Reserve	MiRS	8,334	5,989
Total Usable Reserves		**56,708**	**61,124**

Capital Receipts Reserve
The Capital Receipts Reserve contains cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	Note(s)	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April		**588**	**3,206**
Tfr from Deferred Capital Receipts	6	38	43
Capital receipts from year	6	2,670	2,355
		3,296	**5,604**
Less:			
Capital receipts used for financing	6	(90)	(190)
Balance as at 31 March		**3,206**	**5,414**

Capital Grants Unapplied

	Note(s)	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April		**10,154**	**8,334**
Grants received in year	6	14,410	18,582
Tfr to Capital Adjustment Account in year	6	(16,230)	(20,927)
Balance as at 31 March		**8,334**	**5,989**

The following three notes detail amounts that are included in the (Surplus) or Deficit on Provision of Services on the CIES but are not included in the Cost of Services as these relate to items of Council wide income and expenditure that cannot be allocated to a specific service line.

9 Other Operating Expenditure

2014/15 £'000		2015/16 £'000
1,627	Parish council precepts	1,713
11,154	Losses on the disposal of non-current assets	(876)
116	Levies	124
12,897		**961**

10 Financing and Investment Income and Expenditure

2014/15 £'000		2015/16 £'000
6,276	Interest payable and similar charges	6,778
6,416	Pensions interest cost and expected return on pension assets	6,414
(4,077)	Interest receivable and similar income	(6,175)
337	Income and expenditure in relation to investment properties and changes in their fair value	745
8,952		**7,762**

11 Taxation and Non Specific Grant Incomes

2014/15 £'000		2015/16 £'000
(77,056)	Council Tax Income	(80,043)
(25,460)	NDR Redistribution	(29,694)
(43,575)	Non-ringfenced government grants	(33,808)
(16,710)	Capital grants	(21,090)
(162,801)		**(164,635)**

12 Material Items of Income and Expense

In the year there were no material items (greater than £5m) of income or expenditure charged to the Comprehensive Income and Expenditure Statement.

13 Members' Allowances

During the year allowances paid to Members were £0.694m (£0.677m in 2014/15) and expenses paid were £0.088m (£0.088m in 2014/15).

14 Officers' Remuneration

The remuneration paid to the Council's senior employees is included in the table overleaf. The list contains the Chief Executive, Executive Directors and their direct reports. Positions held by agency staff are not included within this disclosure as it relates to employees only.

Officers Remuneration 2015/16

Officer	Year	Salary, Fees and Allowances (note 3) £	Expenses Allowances £	Taxable Benefits £	Other Non-Cash Benefits £	Compensation for Loss of Office £	Pension Contribution £	Total £
Professor Steven Broomhead	**2015/16**	**123,300**	**879**	**-**	**-**	**-**	**-**	**124,179**
Chief Executive (Note 1)	2014/15	123,300	1,239	-	-	-	-	124,539
Katherine Fairclough	**2015/16**	**115,316**	**1,194**	**-**	**2,709**	**-**	**24,457**	**143,676**
Deputy Chief Executive	2014/15	113,213	1,239	-	4,812	-	23,974	143,238
Steve Reddy	**2015/16**	**118,194**	**1,706**	**-**	**7,190**	**-**	**-**	**127,090**
Executive Director Families & Wellbeing	2014/15	79,649	826	-	4,727	-	-	85,202
Andy Farrall	**2015/16**	**113,025**	**879**	**-**	**-**	**-**	**23,876**	**137,780**
Executive Director Economic Regeneration, Growth & Environment	2014/15	113,025	1,239	-	-	-	23,848	138,112
Lynton Green	**2015/16**	**85,212**	**1,547**	**-**	**11,688**	**-**	**18,229**	**116,676**
Director of Finance & Information Services	2014/15	83,560	1,239	-	10,915	-	17,853	113,567
Dr Rita Robertson	**2015/16**	**120,163**	**-**	**-**	**-**	**-**	**15,701**	**135,864**
Director of Public Health	2014/15	112,411	-	-	-	-	15,738	128,149
Tim Date	**2015/16**	**89,085**	**879**	**-**	**-**	**-**	**18,819**	**108,783**
Solicitor to the Council	2014/15	87,775	1,239	-	-	-	18,528	107,542
Assistant Director	**2015/16**	**94,030**	**879**	**-**	**-**	**-**	**19,863**	**114,772**
Targeted Services	2014/15	92,775	1,239	-	-	-	19,583	113,597
Assistant Director	**2015/16**	**89,085**	**879**	**-**	**-**	**-**	**18,819**	**108,783**
Business Planning & Resources	2014/15	87,775	1,239	-	-	-	18,528	107,542
Assistant Director	**2015/16**	**87,378**	**879**	**-**	**1,707**	**-**	**18,819**	**108,783**
Transportation, Engineering & Operations	2014/15	86,167	1,239	-	1,608	-	18,528	107,542
Assistant Director	**2015/16**	**84,409**	**1,487**	**-**	**4,676**	**-**	**17,828**	**108,400**
Integrated Adult Health & SCC (Note 2)	2014/15	82,442	1,239	-	5,333	-	17,403	106,417
Operational Director Universal Services	**2015/16**	**91,560**	**821**	**-**	**-**	**-**	**19,448**	**111,829**
(Left 20/03/16)	2014/15	92,962	846	-	-	-	19,623	113,431
Operational Director Universal Services	**2015/16**	**5,987**	**71**	**-**	**45**	**-**	**1,429**	**7,532**
(Started 07/03/16)	2014/15	-	-	-	-	-	-	-
Operational Director Adult Services	**2015/16**	**91,582**	**879**	**-**	**473**	**-**	**19,446**	**112,380**
(Started 06/10/14)	2014/15	44,363	603	-	-	-	11,736	56,702
Assistant Director	**2015/16**	**89,085**	**879**	**-**	**-**	**-**	**18,819**	**108,783**
Partnerships & Performance	2014/15	87,775	1,239	-	-	-	18,528	107,542
Gareth Hopkins	**2015/16**	**83,119**	**879**	**-**	**725**	**-**	**-**	**84,723**
Assistant Director Human Resources	2014/15	77,182	1,239	-	266	-	-	78,687
Managing Director Warrington & Co	**2015/16**	**88,803**	**879**	**-**	**282**	**-**	**18,819**	**108,783**
(Started 01/12/13)	2014/15	86,939	1,239	-	407	-	18,460	107,045
Assistant Director, Regulatory and	**2015/16**	**75,663**	**-**	**-**	**405**	**-**	**16,605**	**92,673**
Public Protection (Started 01/12/13)	2014/15	74,954	-	489	-	-	15,803	91,246
Assistant Director Adult & Social Care	**2015/16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(Left 31/07/14)	2014/15	29,303	413	-	2,364	-	-	32,080
Executive Director Families & Wellbeing	**2015/16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(Left 30/04/14)	2014/15	10,218	103	-	34	-	1,630	11,985

- **Note 1 -** Excludes amounts paid to the Chief Executive for Returning Officer duties. The Chief Executive is 0.8 full time equivalent and is required to be named. In addition, the Council's Senior Management Team are named.
- **Note 2 –** 50% funded by Warrington CCG (100% included in the table)
- **Note 3 -** Fees for election duties are not included within the table

The number of Council employees including teachers and senior employees receiving more than £50,000 remuneration for the year is included in the following table. The numbers included within this table differ from the first table as employer's pension contributions are excluded.

2014/15					2015/16			
No. of Non-school Employees	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**	**Bandings**	**No. of Non-school Employees**	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**
15	26	5	46	£50,000 to £54,999	19	22	6	47
11	29	1	41	£55,000 to £59,999	15	41	5	61
10	17	2	29	£60,000 to £64,999	7	13	4	24
2	6	2	10	£65,000 to £69,999	11	6	3	20
-	4	-	4	£70,000 to £74,999	2	4	2	8
2	1	-	3	£75,000 to £79,999	2	3	1	6
1	-	1	2	£80,000 to £84,999	2	1	-	3
8	-	-	8	£85,001 to £89,999	5	-	1	6
2	-	-	2	£90,000 to £94,999	6	-	-	6
2	1	1	4	£95,000 to £99,999	1	-	-	1
-	-	-	-	£100,000 to £104,999	-	-	-	-
-	-	1	1	£105,000 to £109,999	-	-	-	-
2	-	-	2	£110,000 to £114,999	1	-	-	1
1	-	-	1	£115,000 to £119,999	1	-	-	1
1	-	-	1	£120,000 to £124,999	2	-	-	2
-	-	-	-	£125,000 to £129,999	2	-	-	2
57	**84**	**13**	**154**		**76**	**90**	**22**	**188**

Exit Packages 2015/16

2015/16	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
Exit Package Cost Band (including special payments)	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	4	2	**6**	17	26	**43**	**21**	**28**	**49**	97,857	322,249	**420,106**
£20,001 - £40,000	-	2	**2**	1	16	**17**	**1**	**18**	**19**	28,644	512,992	**541,636**
£40,001 - £60,000	-	2	**2**	-	7	**7**	**-**	**9**	**9**	-	419,421	**419,421**
£60,001 - £80,000	-	1	**1**	-	-	**-**	**-**	**1**	**1**	-	68,620	**68,620**
£80,001 - £100,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	84,221	**84,221**
£100,001 - £150,000	-	-	**-**	-	4	**4**	**-**	**4**	**4**	-	477,062	**477,062**
£150,001 - £200,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	155,233	**155,233**
Total	**4**	**7**	**11**	**18**	**55**	**73**	**22**	**62**	**84**	**126,501**	**2,039,799**	**2,166,300**

Exit Packages 2014/15

2014/15	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
Exit Package Cost Band (including special payments)	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	2	14	**16**	2	32	**34**	**4**	**46**	**50**	16,575	333,704	**350,279**
£20,001 - £40,000	-	2	**2**	-	11	**11**	**-**	**13**	**13**	-	382,597	**382,597**
£40,001 - £60,000	-	1	**1**	-	1	**1**	**-**	**2**	**2**	-	91,228	**91,228**
£60,001 - £80,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	72,073	**72,073**
£80,001 - £100,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	97,944	**97,944**
£100,001 - £150,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	114,514	**114,514**
£150,001 - £200,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	154,921	**154,921**
Total	**2**	**17**	**19**	**2**	**48**	**50**	**4**	**65**	**69**	**16,575**	**1,246,980**	**1,263,555**

15 Termination Benefits

The Council terminated the contracts of 79 employees in 2015/16, incurring redundancy liabilities of £1,236,193 (2014/15 £827,389) and pension fund liabilities of £47,568 (2014/15 £436,166) as part of the Council's budget savings. In addition to these costs, the Council has created a provision of £1,099,134 for potential future payments for redundancy and pension costs (see note 28).

16 External Audit Costs

The fee payable to Grant Thornton UK LLP with regard to external audit services carried out for the year was £127,163 (2014/15 £169,550). The fee payable for the certification of grant claims and returns for the year was £7,652 (£10,202 in 2014/15). The fee payable with regard to other services for the year was £56,600 (2014/15 nil).

17 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service in the CIES is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Executive Board on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements, including:

- 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
- No Income or Expenditure relating to Revenue Expenditure Funded From Capital Under Statute (REFCUS) is included, however this is included on the CIES
- No charges relating to the IFRS Employee Accrual have been included in the budget reports, however these do appear on the CIES

The income and expenditure of the Council's directorates recorded in the budget reports for the year was as follows.

2015/16	Economic Regeneration Growth & the Environment £'000	Families & Wellbeing £'000	Resources & Strategic Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000
Income					
Fees, charges & other service income	(15,196)	(78,785)	(11,475)	(2,530)	**(107,986)**
Government Grants	(109)	(133,395)	(1,508)	(56,861)	**(191,873)**
Interest and Investment Income	-	-	(3)	(4,367)	**(4,370)**
Income in relation to Investment Properties	(2,412)	-	-	-	**(2,412)**
Internal Recharges	(17,349)	(121,794)	(17,847)	(3)	**(156,993)**
	(35,066)	**(333,974)**	**(30,833)**	**(63,761)**	**(463,634)**
Expenditure					
Employee expenses	19,270	131,469	19,876	2,765	**173,380**
Other Service Expenditure	19,522	176,128	1,273	67,641	**264,564**
Depreciation, amortisation and impairment	-	-	-	-	**-**
Interest Payable	-	-	-	6,778	**6,778**
Expenditure in relation to Investment Properties	714	-	-	-	**714**
Internal Recharges	17,349	121,794	17,847	3	**156,993**
	56,855	**429,391**	**38,996**	**77,187**	**602,429**
Net	**21,789**	**95,417**	**8,163**	**13,426**	**138,795**

2014/15	Economic Regeneration Growth & the Environment £'000	Families & Wellbeing £'000	Resources & Strategic Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000
Income					
Fees, charges & other service income	(14,909)	(62,326)	(10,045)	(2,803)	**(90,083)**
Government Grants	(361)	(135,693)	(2,099)	(58,196)	**(196,349)**
Interest and Investment Income	-	-	-	(3,681)	**(3,681)**
Income in relation to Investment Properties	(2,531)	-	-	-	**(2,531)**
Internal Recharges	(18,418)	(109,409)	(17,653)	(5)	**(145,485)**
	(36,219)	**(307,428)**	**(29,797)**	**(64,685)**	**(438,129)**
Expenditure					
Employee expenses	19,724	137,612	19,506	506	**177,348**
Other Service Expenditure	20,606	154,035	2,318	65,717	**242,676**
Depreciation, amortisation and impairment	-	-	-	-	**-**
Interest Payable	-	-	-	6,276	**6,276**
Expenditure in relation to Investment Properties	545	-	-	-	**545**
Internal Recharges	18,418	109,409	17,653	5	**145,485**
	59,293	**401,056**	**39,477**	**72,504**	**572,330**
Net	**23,074**	**93,628**	**9,680**	**7,819**	**134,201**

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

The reconciliation shows how the figures in the analysis of directorate income and expenditure (which are produced for management information purposes) relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £'000	2015/16 £'000
Net Expenditure in the Directorate Analysis	134,201	138,795
Net expenditure of services and support services not included in the Directorate Analysis	15,041	42,237
Amounts included in the Directorate Analysis but not in the Cost of Services	(2,139)	(7,886)
Cost of Services (as per CIES)	**147,103**	**173,146**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure (which are produced for management information purposes) relate to the subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income							
Fees, charges & other service income	(107,986)	-	-	-	**(107,986)**	(21,090)	**(129,076)**
Government Grants	(191,873)	-	-	-	**(191,873)**	(62,280)	**(254,153)**
Interest and Investment Income	(4,370)	-	6,175	-	**1,805**	(6,176)	**(4,371)**
Income in relation to Investment Properties	(2,412)	-	604	-	**(1,808)**	(604)	**(2,412)**
Internal Recharges	(156,993)	-	-	62,352	**(94,641)**	-	**(94,641)**
Income from Council Tax	-	-	-	-	**-**	(80,043)	**(80,043)**
	(463,634)	**-**	**6,779**	**62,352**	**(394,503)**	**(170,193)**	**(564,696)**
Expenditure							
Employee expenses	173,380	11,489	(6,414)	-	**178,455**	-	**178,455**
Other Service Expenditure	264,564	1,616	(124)	-	**266,056**	-	**266,056**
Depreciation, amortisation and impairment	-	28,497	-	-	**28,497**	(876)	**27,621**
Interest Payable	6,778	-	(6,778)	-	**-**	6,778	**6,778**
Expenditure in relation to Investment Properties	714	635	(1,349)	-	**-**	1,349	**1,349**
Internal Recharges	156,993	-	-	(62,352)	**94,641**	-	**94,641**
Parish Precepts	-	-	-	-	**-**	1,713	**1,713**
Precepts & Levies	-	-	-	-	**-**	124	**124**
(Gains)/losses on the disposal of non-current assets	-	-	-	-	**-**	-	**-**
Pensions interest cost and expected return on pension assets	-	-	-	-	**-**	6,414	**6,414**
	602,429	**42,237**	**(14,665)**	**(62,352)**	**567,649**	**15,502**	**583,151**
Net	**138,795**	**42,237**	**(7,886)**	**-**	**173,146**	**(154,691)**	**18,455**

2014/15	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income							
Fees, charges & other service income	(90,083)	-	-	-	**(90,083)**	(19,380)	**(109,463)**
Government Grants	(196,349)	-	-	-	**(196,349)**	(69,034)	**(265,383)**
Interest and Investment Income	(3,681)	-	2,228	-	**(1,453)**	(4,038)	**(5,491)**
Income in relation to Investment Properties	(2,531)	-	2,531	-	**-**	(719)	**(719)**
Internal Recharges	(145,485)	-	-	145,485	**-**	-	**-**
Income from Council Tax	-	-	-	-	**-**	(75,429)	**(75,429)**
	(438,129)	**-**	**4,759**	**145,485**	**(287,885)**	**(168,600)**	**(456,485)**
Expenditure							
Employee expenses	177,348	1,114	-	-	**178,462**	-	**178,462**
Other Service Expenditure	242,676	2,140	(77)	-	**244,739**	-	**244,739**
Depreciation, amortisation and impairment	-	11,787	-	-	**11,787**	510	**12,297**
Interest Payable	6,276	-	(6,276)	-	**-**	6,237	**6,237**
Expenditure in relation to Investment Properties	545	-	(545)	-	**-**	545	**545**
Internal Recharges	145,485	-	-	(145,485)	**-**	-	**-**
Parish Precepts	-	-	-	-	**-**	-	**-**
Precepts & Levies	-	-	-	-	**-**	116	**116**
(Gains)/losses on the disposal of non-current assets	-	-	-	-	**-**	13,824	**13,824**
Pensions interest cost and expected return on pension assets	-	-	-	-	**-**	6,416	**6,416**
	572,330	**15,041**	**(6,898)**	**(145,485)**	**434,988**	**27,648**	**462,636**
Net	**134,201**	**15,041**	**(2,139)**	**-**	**147,103**	**(140,952)**	**6,151**

18 Dedicated Schools Grant

The Council's expenditure on schools and education is funded primarily by the Dedicated Schools Grant (DSG). An element of DSG is provided to fund academy schools within the Borough. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/16 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Issue Total £'000	Funding Total £'000
Final DSG for 2015/16 before academy recoupment				152,144
Academies figure recouped for 2015/16				(40,229)
Total DSG after academy recoupment for 2015/16				111,915
Plus: Brought forward from 2014/15				539
Less: Carry forward to 2016/17				
Agreed initial budgeted distribution in 2015/16	14,465	134,977	149,442	
In-year adjustments	2,118	(39,106)	(36,988)	
Final budget distribution for 2015/16	16,583	95,871	112,454	112,454
Less: Actual Central Expenditure	(16,406)		(16,406)	
Less: Actual Individual Schools Budget deployed to schools		(95,871)	(95,871)	
Plus: Local Authority contribution for 2013/14	-	-	-	
Carry forward to 2015/16	**177**	**-**	**177**	**-**

19 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16

The grants that are credited to Taxation and non-Specific Grant Income are shown in the following table. The revenue grants shown are the non-ringfenced Grants that, once combined with the Council Tax Income, form the Council’s Net Budget for the year.

Credited to Taxation and Non-specific Grant Income	**2014/15 £'000**	**2015/16 £'000**
Revenue		
Business Rates Retention Scheme Income	26,321	29,694
Revenue Support Grant	33,986	24,932
New Homes Bonus	3,878	4,576
Education Services Grant	3,141	2,467
Business Rates Section 31 Grants	1,051	1,618
Other Grants credited to Taxation & Non Specific Grant Income	1,518	215
Total Revenue Grants	**69,895**	**63,502**
Capital Grants and Contributions	16,719	21,090
Total	**86,614**	**84,592**

The grants and contributions shown overleaf are specific to certain services and are therefore included on specific income lines in the Cost of Services.

Credited to Services	2014/15 £000	2015/16 £000
Grants		
Dedicated Schools Grant	114,204	111,908
Rent Allowance Subsidy	54,871	52,895
Public Health Grant	10,440	11,358
Pupil Premium	5,789	5,733
Transformation Challenge	-	5,000
Universal Schools Meals Grant	1,511	2,627
Support for Social Care	3,775	1,145
Substance Misuse Grant	1,142	1,118
Admin Subsidy	1,177	1,049
Schools Sixth Form	986	-
Capital Grant Income to fund Revenue Expenditure	41	875
Other Grants	7,943	7,206
Total Grants	**201,879**	**200,914**
Contributions		
High Costs Care Packages Contributions	3,341	-
NHS CCG contributions	-	1,103
Employee Salary Sacrifice Contributions	1,867	186
Coroner Service Contributions	1,243	1,159
Other Contributions	5,739	5,713
Total Contributions	**12,190**	**8,161**
Total	**214,069**	**209,075**

The following grants have yet to be recognised as income in the CIES as they have grant conditions which have not yet been met and will be repayable if not used for the specified purpose.

Grants Receipts in Advance (Short and Long-term)	2014/15 £'000	2015/16 £'000
Capital Grants	**69**	**537**
Revenue Grants		
Commuted Sums	7,487	7,408
S106 Agreements	5,207	8,180
Dedicated Schools Grant	539	177
Miscellaneous Revenue Grants	708	352
Total Revenue Grants	**13,941**	**16,117**
Total	**14,010**	**16,654**

20 Property, Plant and Equipment (PPE)

Movements on Balances

Movements in 2015/16

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000	VA Schools included in PPE £'000
Cost or Valuation										
Balance as at 1 April 2015	**6,725**	**300,407**	**154,121**	**47,919**	**11,740**	**29,018**	**7,137**	**557,067**	**7,493**	**55,857**
Asset reclassification	-	734	-	-	-	(729)	-	**5**	-	-
Adjusted Opening Balance	**6,725**	**301,141**	**154,121**	**47,919**	**11,740**	**28,289**	**7,137**	**557,072**	**7,493**	**55,857**
Additions (Note 23)	-	20,390	27,393	4,740	985	19,649	11	**73,168**	-	12
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	-	(2,116)	-	-	-	-	-	**(2,116)**	-	(61)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	2,776	-	-	-	-	177	**2,953**	-	139
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(14,879)	-	-	-	-	3	**(14,876)**	-	-
Derecognition - disposals	-	(264)	-	(131)	-	(380)	(656)	**(1,431)**	-	-
Reclassifcations & transfers	(6,725)	17,159	-	322	782	(11,538)	-	**-**	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	**-**	-	-
Balance as at 31 March 2016	**-**	**324,207**	**181,514**	**52,850**	**13,507**	**36,020**	**6,672**	**614,770**	**7,493**	**55,947**
Depreciation and Impairment										
Balance as at 1 April 2015	**-**	**4,077**	**17,607**	**11,518**	**6**	**120**	**293**	**33,621**	**17**	**1,702**
Depreciation charge	-	6,052	3,859	3,405	-	-	147	**13,463**	30	2,186
Accumulated depreciation written out to GCA	-	(2,116)	-	-	-	-	-	**(2,116)**	-	(61)
Depreciation - disposals	-	(71)	-	(13)	-	-	(81)	**(165)**	-	-
Reclassifcations & transfers	-	(163)	-	87	-	76	-	**-**	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	**-**	-	-
Balance as at 31 March 2016	**-**	**7,779**	**21,466**	**14,997**	**6**	**196**	**359**	**44,803**	**47**	**3,827**
Net Book Value										
Balance as at 31 March 2016	**-**	**316,428**	**160,048**	**37,853**	**13,501**	**35,824**	**6,313**	**569,967**	**7,446**	**52,120**
Balance as at 31 March 2015	**6,725**	**296,330**	**136,514**	**36,401**	**11,734**	**28,898**	**6,844**	**523,446**	**7,476**	**54,155**

As part of the production of the accounts the Council reviewed the classification of the Anson & Blenheim PFI scheme, as the Council no longer has a HRA, it was felt that it was more sensible for them to be classified as land and buildings, rather than council dwellings. This change is reflected above.

Comparable movements in 2014/15:

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000	VA Schools included in PPE £'000
Cost or Valuation										
Balance as at 1 April 2014	**6,440**	**286,680**	**136,862**	**46,584**	**11,183**	**10,362**	**5,518**	**503,629**	**7,208**	**53,015**
Additions (Note 23)	-	12,682	17,259	4,025	557	22,674	261	**57,458**		295
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	-	(4,361)	-	-			-	**(4,361)**	-	(2,698)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	285	10,463	-	-	-	1,763	-	**12,511**	-	5,245
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services		8,808	-	-	-	(7,070)	-	**1,738**	285	**-**
Derecognition - disposals	-	(15,068)	-	(2,130)	-	-	-	**(17,198)**	-	**-**
Reclassifcations & transfers	-	395	-	(560)	-	(593)	758	**-**	-	**-**
Reclassified (to)/from Investment Properties	-	808	-	-	-	1,882	600	**3,290**	-	**-**
Balance as at 31 March 2015	**6,725**	**300,407**	**154,121**	**47,919**	**11,740**	**29,018**	**7,137**	**557,067**	**7,493**	**55,857**
Depreciation and Impairment										
Balance as at 1 April 2014	**-**	**5,204**	**14,371**	**9,214**	**6**	**-**	**158**	**28,953**	**-**	**2,199**
Depreciation charge	83	5,912	3,236	3,165	-	1	174	**12,571**	100	2,201
Accumulated depreciation written out to GCA	(83)	(4,361)	-	-	-	(1)	-	**(4,445)**	(83)	(2,698)
Depreciation - disposals	-	(2,569)	-	(805)	-	-	-	**(3,374)**	-	**-**
Reclassifcations & transfers	-	(25)	-	(56)	-	120	(39)	**-**	-	**-**
Reclassified (to)/from Investment Properties	-	(84)	-	-	-	-	-	**(84)**	-	**-**
Balance as at 31 March 2015	**-**	**4,077**	**17,607**	**11,518**	**6**	**120**	**293**	**33,621**	**17**	**1,702**
Net Book Value										
Balance as at 31 March 2015	**6,725**	**296,330**	**136,514**	**36,401**	**11,734**	**28,898**	**6,844**	**523,446**	**7,476**	**54,155**
Balance as at 31 March 2014	**6,440**	**281,476**	**122,491**	**37,370**	**11,177**	**10,362**	**5,360**	**474,676**	**7,208**	**50,816**

PFI Assets are those relating to Private Finance Initiatives.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment (PPE) assets by the allocating their depreciable amounts over their useful lives, however some exceptions apply. See Accounting Policy 1.19 in Appendix A. Depreciation is calculated on the following basis:

- Dwellings & other buildings and plant & services components from other buildings – straight line allocation over 5 to 60 years, dependant on the initial value of the asset
- Vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset
- Infrastructure – straight line allocation over 40 years

Capital Commitments

The total capital commitments (excluding Invest to Save) as at 31 March 2016 were £20.427m. This includes the following major projects:

- Warrington Priority Infrastructure £3.454m
- Bridge Street Quarter Regeneration £6.201m
- Additional Places – Barrowhall Primary £3.774m
- Highways Maintenance Investment £1.040m

Similar commitments at 31 March 2015 were £13.342m relating to the Evelyn Street School, Bank Park Enhancement and Victoria Park Phase 2, as well as Additional Highways Structural Maintenance.

Revaluations

The Council carries out a rolling programme of revaluations in accordance with Accounting Policy 1.18 (Appendix A). Revaluations are made with sufficient regularity to ensure that the carrying value of assets is not materially different to current value. The valuations were undertaken by the Estates Division of the Council in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. All assets are valued as at 31 March, as part of a five year programme as shown below.

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
Carried at historic cost	-	230	181,514	29,793	13,507	36,020	-	**261,064**
Valued at fair value as at:								
31 March 2016	-	81,004	-	1,101	-	-	6,672	**88,777**
31 March 2015	-	181,440	-	21,956	-	-	-	**203,396**
31 March 2014	-	61,533	-	-	-	-	-	**61,533**
31 March 2013	-	-	-	-	-	-	-	**-**
31 March 2012	-	-	-	-	-	-	-	**-**
Total Cost or Valuation	**-**	**324,207**	**181,514**	**52,850**	**13,507**	**36,020**	**6,672**	**614,770**

21 Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

The Council's Heritage Assets held on the Balance Sheet at insurance valuation constitute:

- Museum Exhibits and Artworks
- Civic Regalia
- Ornamental Gates
- Statues and Town Centre Artwork

Insurance valuations increase annually by the increase in the rebuild annual index for estate items in the absence of any other relevant indices.

	Museum Exhibits & Artworks £'000	Civic Regalia £'000	Ornamental Gates £'000	Statues & Town Centre Artwork £'000	Total Assets £'000
Cost or Valuation					
Balance as at 31 March 2014	**8,709**	**270**	**2,335**	**2,913**	**14,227**
Revaluations	262	8	70	86	**426**
Balance as at 31 March 2015	**8,971**	**278**	**2,405**	**2,999**	**14,653**
Revaluations	448	-	120	148	**716**
Balance as at 31 March 2016	**9,419**	**278**	**2,525**	**3,147**	**15,369**

Additions, Disposals and Donations of Heritage Assets

There were no additions or disposals of Heritage Assets during 2015/16 and there have been no movements in acquisitions, donations or disposals over the past five years.

22 Investment Properties

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

	2014/15 £'000	2015/16 £'000
Rental income from investment property	(766)	(604)
Net (gains)/losses from fair value adjustments	694	(594)
Direct operating expenses arising from investment property	409	1,943
Net (gain)/loss	**337**	**745**

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

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

	2014/15 £'000	2015/16 £'000
Balance as at the start of the year	**33,845**	**29,993**
Disposals	-	(191)
Net gains/(losses) from fair value adjustments	(694)	(594)
Additions	216	2,035
Transfers (to)/ from Property, Plant and Equipment	(3,374)	-
Balance as at end of the year	**29,993**	**31,243**

Fair Value Hierarchy

Details of Warrington Borough Council investment properties and information about the fair value hierarchy as at 31 March 2016 and 2015 are as follows:

2015/16	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2016 £000
Industrial Ground Rents	-	2,481	8,348	10,829
Retail Units	-	660	3,050	3,710
Industrial Units	-	1,513	947	2,460
Retail Warehouse	-	2,000	-	2,000
Other	-	6,747	5,497	12,244
Total	**-**	**13,401**	**17,842**	**31,243**

2014/15	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2015 £000
Industrial Ground Rents	-	2,292	7,885	10,177
Retail Units	-	619	2,780	3,399
Industrial Units	-	1,618	938	2,556
Retail Warehouse	-	-	-	-
Other	-	8,320	5,541	13,861
Total	**-**	**12,849**	**17,144**	**29,993**

Transfers between Levels of the Fair Value Hierarchy

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

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

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

	31 March 2015 £000	31 March 2016 £000
Opening Balance	17,144	17,144
Transfers into Level 3		629
Transfers out of Level 3	-	-
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-	69
Additions	-	-
Disposals	-	-
Closing Balance	**17,144**	**17,842**

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

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

	As at 31/03/2016 £000	Valuation technique used to measure fair value	Unobservable inputs	Range	Sensitivity
Industrial Ground Rents	8,348	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	9-12%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Other	5,541	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	9-12%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Retail Units	3,050	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	10-12.5%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Industrial Units	947	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	5-8%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value

Valuation Process for Investment Properties

The fair value of the council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

23 Capital Expenditure and Capital Financing

Total capital expenditure incurred in the year is shown in the table overleaf (including the value of assets acquired under finance leases and Private Finance Initiative (PFI) contracts), together with the relevant financing. 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.

	Note(s)	2014/15 £'000	2015/16 £'000
Opening Capital Financing Requirement		**180,014**	**249,881**
Capital Investment			
Property, Plant and Equipment	20	57,458	73,168
Investment Properties	22	216	2,035
Intangible Assets		72	25
Revenue Expenditure Funded by Capital Under Statute		2,180	2,491
Long Term Investments		200	-
Long Term Debtor - Loans to Registered Providers		29,742	1,000
Long Term Debtor - Loan to OWL - Omega Warrington Ltd		4,206	5,444
Long Term Debtor - Loan to LiveWire		-	302
Long Term Debtor - Warrington Borough Transport		500	-
		94,574	**84,465**
Sources of Finance			
Capital Receipts	8	(90)	(190)
Government Grants & Other Contributions		(16,732)	(21,774)
Payments Received for:			
Long Term Debtor - Warrington Housing Association		(96)	(101)
Long Term Debtor - Golden Gates Housing		(42)	(44)
Long Term Debtor - Your Housing		(16)	(67)
Long Term Debtor - Muir		(39)	(58)
Long Term Debtor - Helena		(154)	(409)
Long Term Debtor - Wulvern Housing Group		-	(89)
Long Term Debtor - Loan to OWL - Omega Warrington Ltd		-	(3,922)
Long Term Debtor - Warrington Borough Transport		(630)	(130)
Sums set aside from Revenue:			
General Fund		(11)	-
Developers Contribution (S106)		(1,838)	(2,471)
Minimum Revenue Provision		(5,059)	(260)
		(24,707)	**(29,515)**
Closing Capital Financing Requirement		**249,881**	**304,831**
Explanations of movements in year			
Increase in underlying need for borrowing		69,867	54,950

24 Long Term Debtors

The Council’s long term debtors (over 12 months) are as follows:

	31/03/15 £'000	31/03/16 £'000
Long-term Debtors		
Other entities and individuals:		
Deferred Car Charges	1,696	1,970
Finance Leases (Where Council is Lessor)	31,940	31,893
Local Authority Mortgage Schemes	5,500	3,500
Warrington Housing Association	3,610	3,504
Golden Gates Housing	1,657	1,611
Muir Housing Group	1,920	2,836
Arena Housing Group	2,916	2,846
Helena Housing Association	14,614	14,189
Warrington Borough Transport	260	130
Wulvern Housing Limited	10,089	10,000
Omega Warrington Limited	4,206	5,728
LiveWire	-	276
Total Long-term Debtors	**78,408**	**78,483**

25 Debtors

The Council’s short term debtors (under 12 months) are as follows:

	31/03/15 £'000	31/03/16 £'000
Short-term Debtors		
Central Government Bodies	9,283	7,959
Other Local Authorities	617	903
NHS Bodies	1,004	1,170
Public Corporations and Trading Funds	(2)	(2)
Other Entities and Individuals	25,990	29,750
Total Short-term Debtors	**36,892**	**39,780**

The amounts above are shown net of impairment for doubtful debts. For 2015/16 the impairment for doubtful debts totalled £12.1m of which £9.4m relates to Council Tax and Business Rates (2014/15: £13.5m with £10.9m relating to Council Tax and Business Rates).

26 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31/03/15 £'000	31/03/16 £'000
Cash on hand and balances with banks	(1,222)	(271)
Short-term Deposits	9,563	14,207
Total Cash and Cash Equivalents	**8,341**	**13,936**
Cash Overdrawn	(1,624)	(3,933)
Net Cash and Cash Equivalents	**6,717**	**10,003**

27 Creditors

The Council's creditors are as follows:

	31/03/15 £'000	31/03/16 £'000
Short-term Creditors		
Central Government Bodies	7,856	6,062
Other Local Authorities	2,823	4,300
NHS Bodies	772	1,694
Public Corporations and Trading Funds	12	43
Other Entities and Individuals	23,809	26,692
Total Short-term Creditors	**35,272**	**38,791**
Long-term Creditors		
Other Entities and Individuals	4,453	4,282
Total Creditors	**39,725**	**43,073**

28 Provisions

	Injury and Damage Compensation Claims £'000	Other Provisions £'000	Total £'000
Balance at 31 March 2014	**1,187**	**3,097**	**4,284**
Additional provisions made in year	999	3,089	4,088
Amounts used in year	-	-	-
Unused amounts reversed in year	-	(1,397)	(1,397)
Balance at 31 March 2015	**2,186**	**4,789**	**6,975**
Additional provisions made in year	392	1,410	1,802
Amounts used in year	-	-	-
Unused amounts reversed in year	-	-	-
Balance at 31 March 2016	**2,578**	**6,199**	**8,777**

	31/03/15 £'000	31/03/16 £'000
Short-term Provisions	4,741	6,151
Long-term Provisions	2,234	2,626
Total Provisions	**6,975**	**8,777**

The provision for Injury and Damage Compensation Claims was established to meet excessive insurance claims taken out with third party organisations and to self-insure and for certain areas of risk.

Other provisions relate to:

- Staff provisions for potential future payments for redundancy.
- The Carbon Reduction Commitment (CRC) provision for future obligation to purchase and surrender CRC Allowances in relation to carbon dioxide emissions.
- MMI provision for future obligation to pay insurance payment clawback arising from Municipal Mutual Insurance (MMI) Scheme of Arrangement. This is a long term provision.
- NDR Appeals Provision - As from 1st April 2013 the Council has taken over the liability generated by any appeals against the valuation amount with regard to Business Rates. This provision is based on the Council's best estimate of that liability.

29 Private Finance Initiatives

The Council has two PFI Schemes, both of which were in the 9th year of a 30 year contract in 2015/16. The Anson Close and Blenheim Close scheme is for the construction, maintenance and tenancy management of 105 social houses and the John Morris House scheme is for the construction, maintenance and tenancy management of 38 self-contained flats for social housing. This scheme focused on providing supported housing for 16 to 25 year olds with short to medium term housing needs.

The Council has nomination rights over all the social dwelling on both schemes and at the end of the term, has the following options:

- Purchase the dwellings at their open market value at existing use for social housing purposes (both schemes)
- Retender the provision of the services (Anson Close and Blenheim Close)
- Do neither of the above and walk away (Anson Close and Blenheim Close)
- Return the dwellings to the Operator (John Morris House)

In return for these combined construction and operations contract, the Council will make quarterly unitary charge payments to the Operator. The payments may vary according to the quality/performance of the service and availability of dwellings, but in substance, it is not expected there would be any significant unavailability of the dwellings. This means that the Council is in substance committed to a fixed payment stream independent of the demand for the assets. The payments are not subject to any indexation. The Operator is also able to charge rents to the tenants. These are set in accordance with the Warrington Area Target Registered Providers rent.

Property, Plant and Equipment
The assets used to provide services at both schemes are recognised on the Council's Balance Sheet and movements in their value over the year are detailed in the analysis of the movement on the PPE balance in Note 20.

Payments
Payments remaining to be made under the PFI contract at 31 March 2016 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Anson & Blenheim Close

Total at 31/03/2015 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2016 £'000
304	Payable in 2016/17	39	48	217	304
1,218	Payable within 2 to 5 years	161	238	819	1,218
1,522	Payable within 6 to 10 years	207	433	882	1,522
1,522	Payable within 11 to 15 years	215	658	650	1,523
1,522	Payable within 16 to 20 years	216	1,012	295	1,523
382	Payable within 21 to 25 years	-	73	3	76
6,470		**838**	**2,462**	**2,866**	**6,166**

John Morris House

Total at 31/03/2015 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2016 £'000
188	Payable in 2016/17	35	48	105	188
749	Payable within 2 to 5 years	141	219	389	749
937	Payable within 6 to 10 years	181	347	409	937
938	Payable within 11 to 15 years	187	452	298	937
937	Payable within 16 to 20 years	193	590	154	937
507	Payable within 21 to 25 years	98	210	12	320
4,256		**835**	**1,866**	**1,367**	**4,068**

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

Anson & Blenheim Close

	2014/15 £'000	2015/16 £'000
Balance outstanding at start of year	(2,547)	(2,506)
Payments during the year	41	44
Balance outstanding at end of year	**(2,506)**	**(2,462)**

John Morris House

	2014/15 £'000	2015/16 £'000
Balance outstanding at start of year	(1,954)	(1,911)
Payments during the year	43	45
Balance outstanding at end of year	**(1,911)**	**(1,866)**

30 Leases

Council as Lessee

Finance Leases
The Council has acquired various land and buildings under finance leases. 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 the 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:

	31 March 2015 £'000	31 March 2016 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	88	-
Non-current	690	690
Finance costs payable in future years	7,741	7,644
Minimum lease payments	**8,519**	**8,334**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000
Not later than one year	184	96	88	-
Later than one year and not later than five years	386	386	-	-
Later than five years	7,949	7,852	690	690
	8,519	**8,334**	**778**	**690**

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 £53,131 contingent rents were payable by the Council (2014/15 £101,675).

The Council has sub-let some of the retail accommodation held under these finance leases. The above disclosure shows the net result of the lessee and lessor finance leases in relation to this accommodation. The Council currently incurs a rental charge of £198k and receives rental income of £6k in relation to these properties.

The council also sub-let other property resulting in total sub-lease rental income of £364k (2014/15 £371k).

Operating Leases

The Council has acquired numerous vehicles, plant and equipment and land and buildings by entering into operating leases, with a range of typical lives. The future minimum lease payments due under non-cancellable leases in future years are:

	2014/15 £'000	2015/16 £'000
Leases rolling over regularly	864	354
Not later than one year	1,496	580
Later than one year and not later than five years	2,703	1,205
Later than five years	2,880	6,854
	7,943	**8,993**

The expenditure charged to each directorate line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2015/16	Resources and Strategic Commissioning £'000	Families and Wellbeing: Children £'000	Economic Regeneration, Growth & Environment £'000	Families and Wellbeing: Adults £'000	Total £'000
Minimum lease payments	3	503	606	17	**1,129**
Sublease payments receivable	-	-	(14)	-	**(14)**
	3	**503**	**592**	**17**	**1,115**

2014/15	Resources and Strategic Commissioning £'000	Families and Wellbeing: Children £'000	Economic Regeneration, Growth & Environment £'000	Families and Wellbeing: Adults £'000	Total £'000
Minimum lease payments	3	508	1,878	17	**2,406**
Sublease payments receivable	-	-	(14)	-	**(14)**
	3	**508**	**1,864**	**17**	**2,392**

Council as Lessor

Finance Leases

The Council has leased out land and buildings at various locations on finance leases with remaining terms of 5 to 191 years.

Included within these leases is a material lease relating to Golden Square Shopping Centre Development. As at 31 March 2016, the total outstanding receivable amount remaining on this lease was £30.615m repayable over a 191 year period. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term, and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2015 £'000	31 March 2016 £'000
Finance lease debtors (net present value of minimum lease payments):		
Current	43	48
Non-current	31,940	31,893
Unearned finance income	297,086	295,276
Gross investment in the lease	**329,069**	**327,217**

The unearned finance income relates to future income due from tenants over the term of the leases. The longest of these leases will be running for the next 191 years.

The gross investment in the lease and minimum lease payments will be received over the following periods:

	Gross investment in the lease		Minimum Lease Payments	
	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000
Not later than one year	1,851	1,851	1,851	1,851
Later than one year and not later than five years	7,249	7,196	7,249	7,196
Later than five years	319,969	318,170	319,969	318,170
	329,069	**327,217**	**329,069**	**327,217**

As there is a possibility that worsening financial circumstances might result in lease payments not being made, the Council has set aside an allowance for uncollectable amounts as part of its sundry debtor impairment which includes rental income debtors raised by the Estates Department. The level of debtor impairment required is reviewed on an annual basis and is based on average actual collection rates.

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 £52,125 contingent rents were receivable by the Council (2014/15 £52,125).

Operating Leases

The Council leases out land and buildings under operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2014/15 £'000	2015/16 £'000
Leases rolling over regularly	1,455	1,455
Not later than one year	2,328	2,328
Later than one year and not later than five years	7,266	6,339
Later than five years	70,735	69,307
	81,784	**79,429**

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31 March 2016, such as adjustments following rent reviews. The minimum lease payments do not include future contingent rents such as adjustments following rent reviews from 1 April 2015 onwards.

The authority leases out both land and property under operating leases. The value of these assets is included within Land & Buildings (Note 20) and Investment Properties (Note 22), and is presented below:

	31/03/15 NBV £'000	31/03/16 NBV £'000
Investment Property	4,696	4,578
Land & Buildings	29,751	29,039
	34,447	**33,617**

31 Pension Schemes

Defined Contribution Pension Schemes

Teachers Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2015/16, the Council paid £6,651,868 to Teachers' Pensions in respect of teachers' retirement benefits, representing 15.9% of pensionable pay. The figures for 2014/15 were £6,178,470 and 14.1%. A small number of schools used external payroll providers and provided appropriate breakdowns of the amounts paid, which are replicated on the Council's accounts.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme.

NHS Pensions Schemes Accounted for as Defined Contribution Schemes

Public Health professionals employed by the Council are members of the NHS Pension Scheme administered by the Department of Health. The Scheme provides lifestyle professionals with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2015/16, the Council paid £110,322 to NHS Pensions in respect of Public Health professionals' retirement benefits, representing 14% of pensionable pay (£115,741 and 14% in 2014/15). There were no contributions remaining payable at the year end.

Defined Benefit Pension Schemes

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 that needs to be accounted for 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 Cheshire Pension Fund by Cheshire West and Chester 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 pension 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 generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised 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 required to be made 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 Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2014/15 £'000	2015/16 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising		
Current service cost	17,336	21,490
Past service costs (including curtailments)	475	195
(Gains) and losses on settlements	(1,130)	(80)
Financing and Investment Income and Expenditure		
Net interest expense	6,416	6,414
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	**23,097**	**28,019**
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	57,770	11,586
Actuarial gains and losses arising on the changes in other experience	5,770	9,343
Actuarial gains and losses arising on changes in financial assumptions	(104,850)	73,760
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**(18,213)**	**122,708**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	6,993	11,851
Actual amount charged against the General Fund balance for pensions in the year		
Employers' contribution payable to the scheme	(16,104)	(16,168)

Pension Assets and Liabilities Recognised in the Balance Sheet

	2014/15 £'000	2015/16 £'000
Present value of the defined benefit obligation	(769,443)	(716,255)
Fair value of plan assets	571,735	601,385
Sub-total	**(197,708)**	**(114,870)**

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £197.708m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2017 is £16,319k.

Assets and Liabilities in Relation to Post-Employment Benefits
Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2014/15 £'000	2015/16 £'000
Opening balance as at 1 April	**643,561**	**769,443**
Current service cost	17,336	21,490
Interest cost	27,660	24,711
Contributions by scheme participants	4,785	4,720
Remeasurement gains and (losses):		
Actuarial gains and losses arising on changes in financial assumptions	104,850	(73,760)
Other	(5,770)	(9,343)
Past service costs (including curtailments)	475	195
Benefits paid	(20,398)	(20,664)
Liabilities extinguished on settlements	(3,056)	(537)
Closing balance as at 31 March	**769,443**	**716,255**

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

	2014/15 £'000	2015/16 £'000
Opening fair value of scheme assets	**494,156**	**571,735**
Interest income	21,244	18,297
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	57,770	11,586
Contributions from employers	16,104	16,168
Contributions from employees into the scheme	4,785	4,720
Benefits paid	(20,398)	(20,664)
Other	(1,926)	(457)
Closing fair value of scheme assets	**571,735**	**601,385**

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 assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as a 31 March 2013.

The principal assumptions used by the actuary have been:

	2014/15	2015/16
Long-term expected rate of return on assets in the scheme:		
Equity investments	3.2%	3.5%
Bonds	3.2%	3.5%
Property	3.2%	3.5%
Cash	3.2%	3.5%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.3 years	22.3 years
Women	24.4 years	24.4 years
Longevity at 65 for future pensioners:		
Men	24.1 years	24.1 years
Women	26.7 years	26.7 years
Inflation/pension increase rate	2.4%	2.2%
Salary increase rate	3.3%	3.2%
Rate of increase in pensions	3.2%	3.5%
Rate for discounting scheme liabilities	3.2%	3.5%
Take-up option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	75.0%

The Discretionary Benefit arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Period Ended 31 March 2016			
Asset Category	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	18,375	-	**18,375**	3%
Manufacturing	14,031	-	**14,031**	2%
Energy and Utilities	3,623	-	**3,623**	1%
Financial Institutions	18,090	-	**18,090**	3%
Health and Care	4,876	-	**4,876**	1%
Information Technology	53,927	-	**53,927**	9%
Other	2,465	-	**2,465**	0%
Debt Securities:				
Other	-	-	**-**	0%
Private Equity:				
All	-	31,634	**31,634**	5%
Real Estate:				
Uk Property	-	47,538	**47,538**	8%
Overseas Property	-	1,044	**1,044**	0%
Investment Funds and Unit Trusts:				
Equities	76,239	-	**76,239**	13%
Bonds	163,165	42,041	**205,206**	34%
Hedge Funds	-	79,458	**79,458**	13%
Other	-	31,953	**31,953**	5%
Cash and Cash Equivalents:				
All	-	12,926	**12,926**	2%
Totals	**354,791**	**246,594**	**601,385**	**100%**

	Period Ended 31 March 2015			
Asset Category	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	55,536	-	**55,536**	10%
Manufacturing	15,961	-	**15,961**	3%
Energy and Utilities	2,506	-	**2,506**	0%
Financial Institutions	16,864	-	**16,864**	3%
Health and Care	5,347	-	**5,347**	1%
Information Technology	16,630	-	**16,630**	3%
Other	5,405	-	**5,405**	1%
Debt Securities:				
Other	-	-	**-**	0%
Private Equity:				
All	-	27,178	**27,178**	5%
Real Estate:				
Uk Property	-	44,815	**44,815**	8%
Overseas Property	-	1,342	**1,342**	0%
Investment Funds and Unit Trusts:				
Equities	55,732	-	**55,732**	10%
Bonds	199,944	-	**199,944**	35%
Hedge Funds	-	78,631	**78,631**	14%
Other	-	32,187	**32,187**	6%
Cash and Cash Equivalents:				
All	-	13,657	**13,657**	2%
Totals	**373,925**	**197,810**	**571,735**	**100%**

32 Unusable Reserves

	31/03/2015 £000	31/03/2016 £000
Capital Adjustment Account	245,208	238,285
Revaluation Reserve	118,222	120,552
Financial Instruments Adjustment Account	(316)	(391)
Available-for-Sale Reserve	6,190	6,932
Pensions Reserve	(197,708)	(114,870)
Deferred Capital Receipts Reserve (England and Wales)	31,984	31,941
Collection Fund Adjustment Account	(1,865)	(3,569)
Accumulating Compensated Absences Adjustment Account	(5,054)	(4,690)
Total Unusable Reserves	**196,661**	**274,190**

Capital Adjustment Account

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

The account also contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

	Note(s)	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April		**247,234**	**245,208**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Depreciation and impairment of non-current assets	20	(12,571)	(13,385)
Revaluation loss on PPE	20	1,738	(14,954)
Amortisation of intangible assets		(773)	(77)
Revenue expenditure funded from capital under statute	23	(2,180)	(2,491)
Carrying amount of non-current assets sold		(13,461)	(1,338)
		(27,247)	**(32,245)**
Adjusting amounts written out of the Revaluation Reserve		2,186	1,158
Net written out of the cost of non-current assets consumed in year		**(25,061)**	**(31,087)**
Capital financing applied in year:			
Restated Use of the Capital Receipts Reserve	8	90	190
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		-	3,381
Application of grants from the Capital Grants Unapplied Account	6	18,580	20,927
Statutory provision for the financing of capital investment		5,059	260
		23,729	**24,758**
Movements in the market value of Investment Properties	22	(694)	(594)
Balance as at 31 March		**245,208**	**238,285**

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

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PPE. The balance is reduced when assets with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1 April 2007, the date consolidated into the balance on the Capital Adjustment Account.

	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April	**107,750**	**118,222**
Upward revaluation of assets	13,021	3,748
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	**13,021**	**3,748**
Disposal of non-current assets	(363)	(260)
Difference between fair value depreciation and hsitorical cost depreciation	(2,186)	(1,158)
Balance as at 31 March	**118,222**	**120,552**

Available-for-Sale Financial Instrument Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains made by the Authority arising from the 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.

	31/03/15 £'000	31/03/16 £'000
Balance at 1 April	**4,873**	**6,190**
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	1,317	742
Balance as at 31 March	**6,190**	**6,932**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April	**32,022**	**31,984**
Restated Tfr to Capital Receipts Reserve	(38)	(43)
Balance as at 31 March	**31,984**	**31,941**

Accumulated Absences Account

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.

	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April	**(4,517)**	**(5,054)**
Settlement or cancellation of accrual made at the end of the preceding year	4,517	5,054
Amounts accrued at the end of the current year	(5,054)	(4,690)
Balance as at 31 March	**(5,054)**	**(4,690)**

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 pay 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.

	31/03/15 £'000	31/03/16 £'000
Balance as at 1 April	**(149,405)**	**(197,708)**
Actuarial gains or losses on pensions assets and liabilities	(99,080)	94,689
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	50,777	(11,851)
Balance as at 31 March	**(197,708)**	**(114,870)**

33 Financial Instruments, Risk and Collateral

Categories of Financial Instruments

The Council's financial instruments include financial assets (cash and cash equivalents and loans and receivables) and financial liabilities (trade payables arising from day-to-day operations and borrowings). The main purposes of the Council's financial instruments are to raise finance to support the Council's day-to-day operations (by investing surplus cash balances where appropriate) and finance investment undertaken through the capital programme.

In accordance with IAS1 - Presentation of Financial Statements, the information in several of the disclosure tables has been presented in a different format to previous disclosures. This has been done to provide greater clarity and transparency for the reader. The changes in disclosures are purely for disclosure purposes only and do not restate the accounts.

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

	Long-term		Short-term	
	31/03/2015	31/03/2016	31/03/2015	31/03/2016
	£'000	£'000	£'000	£'000
Borrowings				
Financial liabilities (principal amount)	175,675	228,968	20,914	34,863
+ Accrued interest	-	-	1,933	2,019
+/- Other accounting adjustments	742	728	-	-
Financial liabilities at amortised cost (Note 1)	**176,417**	**229,696**	**22,847**	**36,882**
Financial liabilities at fair value through profit or loss (Note 2)	-	-	-	-
PFI and finance lease liabilites	4,328	4,232	89	96
Financial guarantees (Note 3)	-	-	-	-
Soft loans (Note 4)	192	48	-	-
Total Borrowings	**180,937**	**233,976**	**22,936**	**36,978**
Creditors				
PFI finance liabilites at amortised cost	4,453	4,282	88	-
Financial liabilites carried at contract cost	-	-	16,389	20,867
Total Creditors	**4,453**	**4,282**	**16,477**	**20,867**
Total Liabilities	**185,390**	**238,258**	**39,413**	**57,845**

	Long-term		Short-term	
	31/03/2015	31/03/2016	31/03/2015	31/03/2016
	£'000	£'000	£'000	£'000
Investments				
Loans and Receivables (principal amount)	2,200	17,200	2,460	5,000
+ Accrued Interest	-	-	-	1,296
+/- Accounting adjustments	-	-	-	-
Cash & Cash Equivalents	-	-	6,717	10,003
Loans and Receivables at amortised cost (Note 1)	**2,200**	**17,200**	**9,177**	**16,299**
Available-for-sale financial assets	16,155	16,897	-	-
Financial Assets at fair value through profit or loss (Note 2)	-	-	-	-
Unquoted equity investment at cost	2,738	2,538	-	-
Total Investments	**21,093**	**36,635**	**9,177**	**16,299**
Debtors				
Loans and receivables	76,712	76,514	18,366	17,811
Total Debtors	**76,712**	**76,514**	**18,366**	**17,811**
Soft loans provided (Note 4)	-	-	-	-
Total Assets	**97,805**	**113,149**	**27,543**	**34,110**

Note 1 - Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 - Fair value has been measured by:

- Direct reference to published price quotations in an active market; and
- Estimating using a valuation technique.

Note 3 - Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council have not provided a financial guarantee.

Note 4 Soft Loan

The Council has not made any loans to voluntary organisations at less than market rates (soft loans).

The Council has received a soft loan from Salix. When a soft loan is made, a benefit is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loans information is as follows:

	Soft Loans Received				Soft Loans Provided			
	Long-term		Short-term		Long-term		Short-term	
	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance	412	198	-	-	-	-	-	-
+ New loans granted	-	-	-	-	-	-	-	-
- Fair value adjustment	6	-	-	-	-	-	-	-
- Loans repaid	(220)	(144)	-	-	-	-	-	-
- Impairment losses	-	-	-	-	-	-	-	-
+ increase in the discounted amount	-	-	-	-	-	-	-	-
+/- Other changes	-	(6)	-	-	-	-	-	-
Closing Balance	**198**	**48**	**-**	**-**	**-**	**-**	**-**	**-**
Nominal value carried forward	**198**	**48**	**-**	**-**	**-**	**-**	**-**	**-**

Valuation Assumptions

The interest rate at which these soft loans have been recognised is calculated by applying the interest rate of a comparable PWLB loan at the date of recognition. Any gains and losses that arise on derecognition of the assets are credited/debited to the Comprehensive Income and Expenditure Statement.

Employee Car Loans

The Council previously made loans for car purchase to employees who were in posts that required them to drive regularly on the authority's business. No interest was charged on the loans. The final repayment of the car loans was made in the financial year 2014/15.

Reclassifications

In 2015/16 the Council has not made any reclassifications.

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.

	Liabilities measured at amortised cost £'000	Loans and receivables £'000	2014/15 £000	Liabilities measured at amortised cost £'000	Loans and receivables £'000	2015/16 £000
Interest expense	(6,276)	-	**(6,276)**	(6,778)	-	**(6,778)**
Impairment losses	-	(2,681)	**(2,681)**	-	(2,723)	**(2,723)**
Total expense in Surplus or Deficit on the Provision of Services	**(6,276)**	**(2,681)**	**(8,957)**	**(6,778)**	**(2,723)**	**(9,501)**
Interest income	-	4,077	**4,077**	-	6,175	**6,175**
Total income in Surplus or Deficit on the Provision of Services	**-**	**4,077**	**4,077**	**-**	**6,175**	**6,175**
Net gain/(loss) for the year	**(6,276)**	**1,396**	**(4,880)**	**(6,778)**	**3,452**	**(3,326)**

Fair Values of Assets

Some of the Council's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value			**Long-term**		**Short-term**	
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**31/03/2015 £'000**	**31/03/2016 £'000**	**31/03/2015 £'000**	**31/03/2016 £'000**
Total Loans and Receivables			**-**	**-**	**-**	**-**
Available for Sale						
Churches, Charities and Local Authority (CCLA) Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	12,365	13,107	-	-
Warrington Sports Holdings Ltd (WSHL)	Level 2	% Equity held of Net Worth	1,650	1,650	-	-
Total Available for Sale			**14,015**	**14,757**	**-**	**-**

The fair value of the assets has been accounted for as the valuation of the Council's portfolio of investments.

Warrington Sports Holding Ltd (WSHL)

The Council has an investment of 22,222 shares valued at £1,650,000 representing at 12.81% shareholding in Warrington Sports Holding Ltd (WSHL). It has been determined that the Council does not have control of the company and it is not a subsidiary of the Council. The fair value of the shares cannot be easily determined due to the shares having no quoted market price in an active market. The fair value of the investment has been taken from the net asset value of WSHL is £9.7m plus the greatest value of the tax loss of £914k which totals a valuation of around £10.6m. Warrington Borough Council has 12.81% of the shares so the Council's share of the value of £10.6m is £1.650m (as detailed in a report and correspondence of Capita Treasury Services).

The Council also has investments in the following companies:

- Warrington Borough Transport representing £888,000
- Wire Regeneration Joint Venture representing £3,789,977 and

- Municipal Bond Agency (previously named Local Capital Finance Company Limited representing £200,000.

Fair Values of Assets and Liabilities

Financial liabilities, 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:

- Estimated ranges of rates at 31 March 2016 of 1.13% to 2.92% for loans from the PWLB and 3.07% and 3.45% for other loans receivable and payable, based on new lending rates for equivalent loans at that date (information taken from Capita Portfolio Valuation)
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

Fair Value Hierarchy

All financial assets and liabilities have been categorised in line with the fair value hierarchy as described in paragraph 2.10.2.29 of the Code, which categorises the inputs to valuation techniques used to measure fair value into three levels as follows:

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

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), suing the following assumptions:

- For loans from the PWLB payable, borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, the loans have been assessed at the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value);

- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Valuation for Financial Instruments

As at 31st March the Council held £147.259m financial assets and £296.103m financial liabilities for which Level 1 and 3 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and the majority of the borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount the Council has used a financial model valuation provided by Capita Asset Services. This valuation applies the Net Present Value approach which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The accounting policy uses new borrowing rates to discount the future cash flows.

Bond Issue

During the year the Council undertook £150m worth of borrowing to fund its capital programme via a City Bond Issue. An initial £50m was drawn down in August 2015 with the option to draw down the remaining £100m being at the Council's future discretion. The bond is over a 40 year period, and is amortised from year 30. The bond is Consumer Price Index (CPI) linked with a coupon of 0.846% and a maximum CPI collar of 3% meaning the maximum interest rate that can ever paid on the bond is 3.846%. It is forecast the initial £50m draw down will generate savings to the Council in the region of £12m over the 40 year period of the bond compared to more traditional borrowing sources.

The Money Market Loan (City Bond) is a Level 1 valuation, as this is quoted on London Stock Exchange. As at 31st March the instrument was quoted at £95.740504 that equates to a Fair Value of £47.870m.

The following gives and analysis of liabilities by type of debt and the fair values:

Financial Liabilities	Fair Value Heirarchy	Long-term 31/03/2015 Carrying Amount £'000	Long-term 31/03/2015 Fair Value £'000	Long-term 31/03/2016 Carrying Amount £'000	Long-term 31/03/2016 Fair Value £'000	Short-term 31/03/2015 Carrying Amount £'000	Short-term 31/03/2015 Fair Value £'000	Short-term 31/03/2016 Carrying Amount £'000	Short-term 31/03/2016 Fair Value £'000	Total Liabilities 31/03/2016 Carrying Amount £'000	Total Liabilities 31/03/2016 Fair Value £'000
Public Works Loan Board	3	37,171	42,851	35,465	45,709	754	-	2,693	2,718	38,158	48,427
Money Market Loans (Lender Option Borrower Option)	3	108,500	169,880	108,500	178,457	-	-	-	-	108,500	178,457
Money Market Loans (City Bond)	1	-	-	50,000	47,870	-	-	-	-	50,000	47,870
Money Market Loans Local Authority	3	30,000	35,432	35,000	37,160	5,000	-	15,000	15,331	50,000	52,491
Money Market Loans Mortgages	3	4	4	4	4	-	-	-	-	4	4
Money Market Loans Adjustment	3	742	742	727	727	-	-	-	-	727	727
Other Temporary Loans Local Authority	3	-	-	-	-	15,000	14,954	17,000	17,076	17,000	17,076
Other Temporary Loans Charities & Parish Council	3	-	-	-	-	160	160	170	170	170	170
Accrued Interest	3	-	-	-	-	1,934	1,934	2,019	2,019	2,019	2,019
Total Financial Liabilities		**176,417**	**248,909**	**229,696**	**309,927**	**22,848**	**17,048**	**36,882**	**37,314**	**266,578**	**347,241**
Salix	3	192	198	48	48	-	-	-	-	48	48
Private Finance Initiative	3	4,328	4,328	4,232	4,232	89	89	96	96	4,328	4,328
Total Borrowings		**180,937**	**253,435**	**233,976**	**314,207**	**22,937**	**17,137**	**36,978**	**37,410**	**270,954**	**351,617**
Private Finance Initiative Creditors	3	4,453	4,453	4,282	4,282	88	88	-	-	4,282	4,282
Creditors	3	-	-	-	-	13,162	13,162	20,867	20,867	20,867	20,867
Total Liabilities		**185,390**	**257,888**	**238,258**	**318,489**	**36,187**	**30,387**	**57,845**	**58,277**	**296,103**	**376,766**
Total Liabilities 2014/15		**185,390**	**257,888**			**36,187**	**30,387**			**221,577**	**288,275**
Total Liabilities 2015/16				**238,258**	**318,489**			**57,845**	**58,277**	**296,103**	**376,766**

Please note that the 31/03/15 fair value amount for Money Market loans (Lender Option Borrower Option) was found to be incorrect and has been amended from £139,880k to £169,880k in accordance with IAS 8. This is a disclosure correction and does not affect the main statements or have any effect on the General Fund Balance.

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

The fair value of Public Works Loan Board (PWLB) loans of £48.427m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the premature repayment rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £35.465m would be valued at £48.427m. But, if the Council were to seek to avoid the project loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £10.042m.

The following gives and analysis of assets by type and the fair values:

Financial Assets	Fair Value Heirarchy	Long-term 31/03/2015 Carrying Amount £'000	Long-term 31/03/2015 Fair Value £'000	Long-term 31/03/2016 Carrying Amount £'000	Long-term 31/03/2016 Fair Value £'000	Short-term 31/03/2015 Carrying Amount £'000	Short-term 31/03/2015 Fair Value £'000	Short-term 31/03/2016 Carrying Amount £'000	Short-term 31/03/2016 Fair Value £'000	Total Liabilities 31/03/2016 Carrying Amount £'000	Total Liabilities 31/03/2016 Fair Value £'000
Solar Bond Rockfire	3	2,000	2,000	17,000	17,000	-	-	-	-	17,000	17,000
UK Municipal Bond Agency PLC	3	200	200	200	200	-	-	-	-	200	200
Bank Fixed Investments	3	-	-	-	-	2,000	2,027	5,000	5,079	5,000	5,079
Loans & Receivables		**2,200**	**2,200**	**17,200**	**17,200**	**2,000**	**2,027**	**5,000**	**5,079**	**22,200**	**22,279**
Churches, Charities and Local Authority	3	12,365	12,365	13,107	13,107	-	-	-	-	13,107	13,107
Joint Venture	3	3,790	3,790	3,790	3,790	-	-	-	-	3,790	3,790
Warrington Sports Holdings Ltd (WSHL)	3	1,650	1,650	1,650	1,650	-	-	-	-	1,650	1,650
Available for Sale		**17,805**	**17,805**	**18,547**	**18,547**	**-**	**-**	**-**	**-**	**18,547**	**18,547**
Warrington Borough Transport	3	888	888	888	888	-	-	-	-	888	888
Unquoted Equity Investment		**888**	**888**	**888**	**888**	**-**	**-**	**-**	**-**	**888**	**888**
Accrued Interest	3	-	-	-	-	460	460	1,296	1,296	1,296	1,296
Total Investments		**20,893**	**20,893**	**36,635**	**36,635**	**2,460**	**2,487**	**6,296**	**6,375**	**42,931**	**43,010**
Cash Held by Authority	3	-	-	-	-	81	81	121	121	121	121
Bank Current Accounts	3	-	-	-	-	(1,303)	(1,303)	(392)	(392)	(392)	(392)
Short Term Deposits	3	-	-	-	-	9,563	9,563	14,207	14,207	14,207	14,207
Bank Current Accounts (Overdraft)	3	-	-	-	-	(1,624)	(1,624)	(3,933)	(3,933)	(3,933)	(3,933)
Total Financial Assets		**20,893**	**20,893**	**36,635**	**36,635**	**9,177**	**9,204**	**16,299**	**16,378**	**52,934**	**53,013**
Debtors	3	76,712	90,703	76,514	111,639	18,369	18,369	17,811	17,811	94,325	129,450
Total Assets		**97,605**	**111,596**	**113,149**	**148,274**	**27,546**	**27,573**	**34,110**	**34,189**	**147,259**	**182,463**
Total Assets 2014/15		**97,605**	**111,596**	**-**	**-**	**27,546**	**27,573**	**-**	**-**	**125,151**	**139,169**
Total Assets 2015/16		**-**	**-**	**113,149**	**148,274**	**-**	**-**	**34,110**	**34,189**	**147,259**	**182,463**

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

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

For information on the collateral held by the Council please see below.

Loan Portfolio
The Council at 31st March 2016 had £269m of loan facilities in place (£202m with six Registered Providers, £12.9m with Omega Warrington Limited and £0.951m with Warrington BC Group) and £53m is pending with three Registered Providers). At 31 March 2016 £46.9m of these loan facilities had been drawn down and are recorded in the accounts as long term debtors.

Stringent Corporate Governance arrangements are in place around these loans. All loans are agreed by the Executive Board following an independent due diligence exercise. The Audit and Corporate Governance Committee and Treasury Management Board meet on a quarterly basis to review the loans. A senior officer project group meet on a monthly basis to oversee the loan portfolio the loans are also monitored on a daily basis as part of the contract monitoring procedures that are in place.

			Long-term				Short-term			
			31/03/2015		31/03/2016		31/03/2015		31/03/2016	
	Facility	Drawn down	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long Term Debtor	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Registered Providers										
Warrington Housing Association	10,000	1,000	875	1,208	849	1,586	25	25	27	27
Warrington Housing Association	-	3,000	2,734	3,594	2,656	4,493	75	75	79	79
Golden Gates Housing Trust	1,819	1,819	1,657	2,243	1,611	2,946	44	44	46	46
Muir Housing Group	30,000	2,000	1,920	2,742	1,876	3,686	41	41	44	44
Muir Housing Group	-	1,000	-	-	960	1,631	-	-	23	23
Your Housing Group (Arena)	10,000	3,000	2,917	3,764	2,846	4,935	67	67	70	70
Helena Housing Group	90,000	15,000	14,614	19,741	14,189	26,108	409	409	336	336
Wulvern Housing Group	60,000	10,000	10,089	13,814	10,000	19,136	89	89	-	-
Total Registered Providers	**201,819**	**36,819**	**34,806**	**47,106**	**34,987**	**64,521**	**750**	**750**	**625**	**625**
Commercial Loans										
Warrington Borough Transport	250	250	100	172	50	73	50	50	50	50
Warrington Borough Transport	400	400	160	281	80	125	80	80	80	80
Omega Warrington limited £7.5m	7,500	7,500	4,206	5,702	4,075	7,207	-	-	-	-
Omega Warrington limited £5.4m	5,400	1,628	-	-	1,653	3,122	-	-	-	-
LiveWire	301	301	-	-	276	420	-	-	25	25
Total Commercial Loans	**13,851**	**10,079**	**4,466**	**6,155**	**6,134**	**10,947**	**130**	**130**	**155**	**155**
Pending										
Wirral Metropolitan Housing	3,000	-	-	-	-	-	-	-	-	-
Peaks & Plains Housing	25,000	-	-	-	-	-	-	-	-	-
St Vincents Housing	25,000	-	-	-	-	-	-	-	-	-
Total Pending Facilities	**53,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Loan Portfolio	**268,670**	**46,898**	**39,272**	**53,261**	**41,121**	**75,468**	**880**	**880**	**780**	**780**
PFI	-	-	31,940	31,940	31,893	31,893	43	43	48	48
LAMS	-	-	5,500	5,500	3,500	3,500	-	-	-	-
Trade Debtors	-	-	-	-	-	-	9,765	9,765	8,675	8,675
Other Debtors	-	-	-	-	-	-	7,675	7,675	8,309	8,309
Total Long Term Debtors	**268,670**	**46,898**	**76,712**	**90,701**	**76,514**	**110,861**	**18,363**	**18,363**	**17,812**	**17,812**

Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in measures such as interest rates and stock market movements

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services. It maintains and operates a Treasury Management Policy comprising an overview of the principles and practices to which the activity will comply. Alongside this Policy, the Department for Communities and Local Government has issued guidance under section 15(1) (1) of the Local Government Act 2003, to which local authorities must have regard. 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 its financial regulations/standing orders/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;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with 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 ot the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

Annually the Council approves a Treasury Management Strategy for the forthcoming year. A Yearly outturn report is also reported to Full Council. The Council's Audit and Corporate Governance Committee is also charged with the Governance of treasury management and receive quarterly update reports on its activities. The Council also has a Treasury Management Board consisting of several members of the Audit and Corporate Governance Committee who meet on a regular basis to discuss key elements of the Council's Treasury Management Strategy.

The key issues within the strategy were:

- The Authorised Limit for 2015/16 was set at £582.102m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £485.330m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 40%.
- The use of investments to fund the capital programme, thus reducing borrowing costs.

The Council operated within its 2015/16 Treasury Management Strategy during 2015/16 and a full 2015/16 Treasury Management Outturn Report will be reported to full Council in September 2016.

All Treasury Management Policies and strategies are implemented by the Council's Treasury Management Team. The Council maintains written principles for overall operation of Treasury Management (Treasury Management Practices Statement TMPS) which are annually reported to the Audit and Corporate Governance Committee.

The Council also employ Treasury Management Advisors (Capita), who advise on risk mitigation strategies and keep the Council up to date daily on treasury market developments.

Credit Risk

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

The 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, as laid down by Fitch, Moody's and Standard and Poors Rating Services. The Annual Investment Strategy also imposes a maximum sum to be invested and a maximum length of investment with a financial institution located within each category.

The Council uses the creditworthiness service provided by our Treasury Management Consultants (Capita). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2015/16 was approved by Full Council in March 2015. The Audit and Corporate Governance Committee receives quarterly reports to monitor borrowing and investments.

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 and parameters set by the Council.

The Council had a total of £49.314m deposited with a number of banks and financial institutions at 31 March 2016. The full amount is potentially exposed to credit risk. There is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding. It is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on its financial assets, based on experience of default and uncollectability over the last few financial years:

Counterparties	Capita Credit Rating	Counterparty Type/Rating	Amount at 31 March 2015 £'000	Amount at 31 March 2016 £'000
Deposits with Banks and Financial Institutions				
Santander	Red	A/A1	7,660	8,345
Bank of Scotland	Red	A/A1	-	1,035
National Westminster	Blue	A-/A2	1,878	4,802
Handelsbanken	Orange	AA-/A1+	-	-
CCLA Money Market Fund	Yellow	AAA	25	25
Rockfire Capital Solar Bond	no credit rating	n/a	2,000	17,000
Aldermore Bank	no credit rating	n/a	1,000	5,000
Sainsbury Bank	no credit rating	n/a	1,000	-
CCLA Property Fund	Blue	AAA	12,365	13,107
Total Banks and Financial Institutions			**25,928**	**49,314**
Debtors				
Short Term				
Trade Debtors			9,768	8,675
Other Debtors			8,641	7,707
Long Term				
PFI Finance Lease			31,940	31,893
Registered Providers			39,272	41,121
Mortgage Scheme Debtors			5,500	3,500
Total Debtors			**95,121**	**92,896**
Total			**121,049**	**142,210**

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

The Council does not generally allow any credit for customers but some of the current balance is past its due date for payment. Although the Council has robust procedures for the collection of debt, the debtors have increased slightly. The past due but not impaired amount can be analysed by age as follows:

Short Term Debtor Age Analysis	31/03/2015 £'000	31/03/2016 £'000
Less than three months	6,104	3,460
Three to six months	561	568
Six months to one year	559	1,258
More than one year	2,544	3,389
	9,768	**8,675**

Warrington during 2015/16 obtained a credit rating from Moody's, one of the world's leading credit rating agencies. Moody's awarded the Council the second highest credit rating possible of Aa2.

The Aa2 issuer and debt ratings assigned to Warrington Borough Council reflects:

a) a track record of increasing own source revenues and reducing dependence on declining central government grants;
b) a strong regulatory framework, which allows the central government to effectively monitor financial performance;
c) expected increase in debt levels resulting from WBC's movement into two areas outside of the traditional local government service - economic development program and a programme of lending money to housing associations;
d) a high exposure to changes in interest rates in the debt portfolio; and
e) a diversified local economy.

The Aa2 rating also reflects our assessment of support from the UK government (Aa1 stable) and the high likelihood it would intervene in the event that the Council were to face acute liquidity stress.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this extent rates are monitored to ensure that limits are adhered to regarding the maturity structure of Fixed Rate Debt to negate against a significant proportion of the debt portfolio being repayable at any one time. The maturity analysis of financial liabilities is as follows:

Financial Assets	31/03/2015 £'000	31/03/2016 £'000
Less than three months	9,177	18,299
Three to six months	-	-
Six months to one year	-	-
More than one year	20,893	36,635
	30,070	**54,934**

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

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 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 financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investment 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.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

Financial Liabilities Age Analysis	Approved Minimum Limit	Approved Maximum Limit	31/03/2015 £'000	31/03/2015 % Portfolio	31/03/2016 £'000	31/03/2016 % Portfolio
Less than 1 year	0%	25%	22,896	11%	35,007	13%
Between 1 and 2 years	0%	25%	17,143	9%	20,000	7%
Between 2 and 5 years	0%	35%	15,000	8%	15,000	6%
Between 5 and 10 years	0%	30%	278	0%	278	0%
Between 10 and 20 years	40%	100%	443	0%	488	0%
Between 20 and 30 years	40%	100%	74,419	37%	78,885	29%
Between 30 and 40 years	40%	100%	12	0%	50,555	19%
Between 40 and 50 years	40%	100%	778	0%	20,222	8%
More than 50 years	40%	100%	68,500	34%	48,500	18%
			199,469	**100%**	**268,935**	**100%**

Note (i): Group of loans 10 years and above would be 40% to 100% of portfolio
Note (ii): £108m LOBO could be called within six months (and so could be included in < 1 year), detailed above as full maturity of loan
Note (iii): £2.018m interest accrual not included in the above portfolio (Total Fin Liabilities £270.955 - £268.936).

Lender Option Borrow Option Loans (LOBO's)
A Lenders Option Borrowers Option (LOBO) loan has certain additional characteristic above and beyond an ordinary loan. With these loans, after an initial period at a fixed rate, the lender has an option to change the rate of the loan; if this is unacceptable to the borrower they have the option to repay the loan without penalty. These loans could potentially be called by the lender within the next six month period but they are unlikely to do so due to the current low interest rate environment. The money market loans consist of £108.6m of LOBO loans. The LOBO portfolio carries an average rate of interest of 4.4%.

The Council's exposure to this risk has been mitigated by a number of actions:

- The Council has spread the risk by having eleven LOBO's with six different lenders over a number of years.
- The Council's portfolio of LOBO's is structured so that the call dates (the date a lender can exercise their option to review rates) are staggered with the next call date on each LOBO falling at different times and at different frequencies. Therefore, the Council is not exposed to all Lenders wanting to exercise their option at a similar time or to short term fluctuations in the financial markets.
- The Council has investments of a significant element of which is very short term and could be called upon to provide significant funding very quickly if it did need to repay a LOBO.
- The Council also has access to the PWLB to take out new borrowing to refinance the repayment of any LOBO's if unacceptable rate increases were being requested.
- The Council has worked hard to obtain its Aa2 credit rating that will also allow it to have access to the best rates available in the wider market if it did need to refinance any LOBO.

Therefore, given all these factors it is unlikely the Council would need to renew a LOBO if the terms were unfavourable. The loans are monitored and reported to the Audit and Corporate Governance Committee on a quarterly basis.

The Council is currently benefitting from slightly lower interest rates on its standard LOBO's than what was available from PWLB at the time the LOBO was taken out and has mitigated the risk if any lender exercises an option to increase rates to an unacceptable level.

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

Market Risk
The Council is exposed to market risk in terms of the value that an instrument will fluctuate due to changes in:

Interest Rate Risk
The Council is exposed to risk in terms of interest rate movements in its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the 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 other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rates loans will be repaid early to limit exposure to losses. The risk of loss is mitigated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

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

If interest rates had been 1% higher throughout the year, based on the transactions undertaken in year and all other variables constant, the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement would have benefited by £0.277m, comprising of £0.132m additional interest income on investments and £0.409m extra interest payments on borrowing costs.

The decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement) would have been £74.826m. A 1% fall in interest rates would result in movements being reversed.

Price Risk

The Council does not generally invest in equity shareholding but does have a £2.738m investment in three companies (i.e. Warrington Sports Holding Limited, Warrington Rugby and Local Capital Finance Company Limited), as unquoted long term investment. Also £16.897m invested in Available for Sale Financial Assets (i.e. Churches, Charities and Local Council and Joint Venture with Wire Regeneration). Consequently the Council is not exposed to losses arising from movements in share prices.

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

Collateral
The Council has not pledged any financial assets as collateral for liabilities or contingent liabilities in 2015/16 as this is not permitted under Section 13 of the Local Government Act 2003.

Collateral held
Where the Council is permitted to sell or re-pledge collateral in the absence of default by the owner of the collateral, the Code requires its fair value to be disclosed. At 31 March 2016 this was £137.779m, a breakdown of which is given below. The figures exclude collateral held for council tax and non-domestic rates as permitted by the Code. Collateral held for Right to Buy Discounts is also excluded because the amount receivable is determined by the selling price of properties.

Deferred Care Charges
These are charges against private properties for receiving adult social care packages. The Council initially meets the cost of the care package and the costs are then met by the eventual sale of the client's property. The value for 2015/16 is £3.894m (£5.158m 2014/15).

Loans to Registered Providers (RP's)
The Council has given loans to RP's to promote housing development in the Borough. Collateral is held against the organisations properties to the value of the loan plus 10%. The total loans for 2015/16 were £40.714m with the value of collateral of £133.885m (for 2014/15 the total loans were £37.0m and the value of collateral was £40.051m).

34 Contingent Assets and Liabilities

Contingent Assets
A contingent asset is an asset that may be received but only if a certain future event occurs. The Council has identified the following contingent assets as at 31 March 2016.

- Following the transfer of its Housing Stock to Golden Gates Housing Trust the Council entered into an agreement to reclaim the VAT on Improvement Works to dwellings. The estimated value of these works is £276m over the next 25 years and so it is expected that £55m of VAT would be recoverable. The agreement put in place, means that WBC would expect to receive up to £28m. The Council received £0.753m of such receipts in 2015/16.

- The Council has entered into an agreement with Golden Gates Housing Trust relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants until November 2040. The Council will receive capital receipts at the end of each financial year for any dwellings sold within the year. The only exclusion to this agreement is former Commission for New Town dwellings where the sale proceeds must be passed onto the Homes and Community Agency. The Council will receive 100% of the receipt generated net of administrative costs and the net income foregone that is detailed in Schedule 13 of the Transfer Agreement. The Council received £1.281m of right to buy receipts in 2015/16.

- The Council has contingent assets in relation to Section 106 Agreements.

- Contingent Rents (contingent rent is such amount that is paid as part of lease payments but is not fixed or agreed in advance at the inception of the lease rather the amount to be paid is dependent on some future event) for 2015/16 amounted to £0.052m.

Contingent Liabilities

A Contingent Liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2016.

- A Contingent Liability of £330k has been recognised in relation to future termination costs.

- A number of Property Research Companies are seeking to claim refunds of fees paid to local authorities to access land charges data. This litigation has been largely settled though costs are still being quantified.

- The Council have legal proceedings (in licensing in childcare and in criminal prosecution) where costs could be awarded against the Council.

- A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers, associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council, then amounts would become repayable to developers.

- The Municipal Insurance Scheme of Arrangement was enacted in 2012/13. The liability upon the Council, as a scheme creditor, cannot be fully estimated at this stage in respect of unknown claims incurred, but not reported, between 1974 and 1992. Whilst the council has considered the financial impact in producing its Statement of Final Accounts, there is a risk that the Council's financial liability could increase from this level.

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

- On 19 March 2014, the Supreme Court handed down its judgment in the case of "P v Cheshire West and Chester Council and another" and "P and Q v Surrey County Council". This judgement held that a deprivation of liberty can occur in domestic settings where the State is responsible for imposing such arrangements. Anything that the courts regard as a deprivation of liberty that has occurred, without authorisation pursuant to legal process, will attract common law damages. At this stage it is unclear whether there are any such cases to be brought within Warrington.

- The Council have invested £200k in the Local Government Municipal Bonds Agency. If, in the future, the Council takes out borrowing via a bond from the agency it will need to sign a Joint and Several Guarantee. This will make the Council liable if another bond holder defaults on their repayment. The agreement ensures that the call on a council is proportional to its share of local authorities' borrowing via the Agency.

- A Supreme Court ruling in May 2015 has changed the assessment of vulnerability for single homelessness. Previously vulnerability was compared with "an ordinary homeless person" and the court ruling has changed this to "an ordinary person if made homeless". This ruling is likely to increase the number of single people accepted as statutory homeless and the demand for temporary accommodation. It is not possible at the moment to quantify the financial impact on the Council.

- The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given pension guarantees to the following organisations, Livewire, Culture Warrington, Catalyst, Lafarge and Your Housing Group. This guarantee means that if an admitted body fails to pay its pension obligations then the Council will be responsible for taking on those obligations.

35 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/15 £'000		**Note(s)**	**31/03/16 £'000**
(4,136)	Interest received		(4,994)
6,216	Interest paid		6,367
2,080			**1,373**

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31/03/15 £'000		Note(s)	31/03/16 £'000
(12,571)	Depreciation	20	(13,463)
1,043	Revaluation (loss)/gain		(15,472)
(773)	Amortisation		(77)
(559)	Increase/decrease in impairment for bad debts		1,418
(1,827)	Increase/decrease in creditors		(5,547)
40,631	Increase/decrease in debtors		4,376
(237)	Increase/decrease in inventories		(13)
(6,993)	Movement in pension liability		(11,851)
(13,824)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		(3,627)
(2,789)	Other non-cash items charged to the net surplus or deficit on the provision of services		(8,274)
2,101			**(52,530)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

31/03/15 £'000		Note(s)	31/03/16 £'000
2,670	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		2,354
-	Proceeds from sale of property, plant and equipment, investment property and intangible assets		2,029
16,760	Any other items for which the cash effects are investing or financing cashflows		21,965
19,430			**26,348**

36 Cash Flow Statement – Investing Activities

31/03/15 £'000		Note(s)	31/03/16 £'000
58,113	Purchases of property, plant & equipment, investment propert and intangible assets		77,339
4,631	Purchase of short-term and long-term investments		21,301
(2,670)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets		(2,354)
-	Proceeds of short-term and long-term investments		(2,029)
(16,146)	Other receipts for investing activities		(25,658)
43,928			**68,599**

37 Cash Flow Statement – Financing Activities

31/03/15 £'000		Note(s)	31/03/16 £'000
(49,620)	Cash receipts of short-term and long-term borrowing		(93,060)
170	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		130
232	Repayments of short-term and long-term borrowing		29,993
(49,218)			**(62,937)**

38 Related Parties

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

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Materiality
Materiality has been assessed with regards to the Council and the related party.

Central Government
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, housing benefits). Grants received from Government departments are set out in the subjective analysis in Note 17 Amounts Reported for Resource Allocation Decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 19. Any debtors and creditors relating to Central Government are shown in Notes 25 and 27, respectively.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2015/16 is shown in Note 13.

Members are required to complete a declaration of interests, disclosing any party where they, or their spouse, have control or influence.

The register of Members' interests is available for public inspection at the Town Hall upon request.

Members also have to declare interests in any matter on Committee/Executive Board agendas and any offers of hospitality.

Business Activities

In 2015/16 twenty eight Members held material interests in the following organisations with whom the Council carried out business. Asterisks* indicate that the organisation was not a related party in the relevant year.

Payments to Organisations where Members or their spouse hold a personal interest	Expenditure 2014/15 £	Expenditure 2015/16 £	Creditors 31 Mar 2016 £
Bridgewater High School Academy	85,837	317,517	0
Cheshire Day Nursery	160,509	146,793	0
Community 2000 Ltd	38,871	*	*
Culture Warrington	1,048,913	1,744,437	3,090
Golden Gates Housing Trust	535,883	1,778,846	0
HC One Ltd (Callands)	2,362,035	1,808,144	0
Healthwatch Warrington	193,333	160,000	0
Helena Partnerships	6,000	0	0
Keate House Residential Home	531,227	*	*
Langtree Group plc	5,637	482	0
Livewire	3,265,934	5,901,773	4,633
Lymm High Academy	111,739	43,075	0
Mersey Forest	0	2,000	0
North West Employers	70,711	38,300	1,845
Pentel Contracts Ltd	786	13,102	0
Seashell Trust	406,845	648,449	0
Warrington 2000+	31,199	25,397	0
Warrington Borough Transport	666,406	614,391	0
Warrington Collegiate	459,031	355,062	-2,565
Warrington Community Transport	167,945	128,100	0
Warrington Disability Partnership	*	157,849	0
Warrington Housing Association	740,998	669,012	0
Warrington Labour Group	18,124	16,656	0
Warrington Wolves Foundation	51,652	56,645	0
Warrington YMCA	74,776	*	*
Wire Regeneration Ltd	*	2,705	0

Receipts from Organisations where Members or their spouse hold a personal interest	Income 2014/15 £	Income 2015/16 £	Debtors 31 March 2016 £
Beamont Collegiate Academy	195,472	128,179	0
Bridgewater High School Academy	3,251	291,865	5,371
Culture Warrington	22,473	204,502	135,253
Golden Gates Housing Trust	1,549,972	1,370,187	0
Helena Partnership	46,471	733,979	5,000
Livewire	156,454	1,043,543	0
Lymm High Academy	371,951	120,402	0
Mersey Forest	15,754	9,900	0
Urban Building & Development	0	734	384
Warrington Borough Transport	343,128	343,381	16,902
Warrington Collegiate	65,442	61,192	29,308
Warrington Housing Association	44,228	211,580	3,649
Warrington Wolves Foundation	2,577	1,992	1,992
Warrington YMCA	367	*	*
Wire Regeneration	0	1,200	1,200

In each of these cases, Members are not involved in the commissioning of services from these organisations, and the level of activity with each party is not unusual.

Also Golden Gates Housing Trust, Helena Partnerships and Warrington Housing Association have loans with Warrington Borough Council, which are classed as long term debtors and shown in Note 33 Financial Instruments.

Grants Made

The following grants were made to local voluntary groups where Members have a level of influence; however, grants were not awarded by Members directly.

Grants to Organisations where Members or their close relatives hold a personal interest	Expenditure 2014/15 £	Expenditure 2015/16 £	Creditors 31 Mar 2016 £
Friends of Longbarn Park	*	5,485	0
Lancashire East Ward Forum	0	6,000	0
Lumb Brook Millennium Green	2,560	0	0
Risley Moss Action Group	2,000	0	0
St. Rocco's Hospice	*	481	96
Warrington Credit Union	0	200	0
Warrington District Citiziens Advice Bureau	632,810	549,857	0

Officers

All Executive Directors of the Council, plus Assistant and Operational Directors were required to complete a declaration of interests. Individual Departmental Management Teams also had discretion to cascade the forms down to lower levels of budget holder if deemed appropriate.

Most of the officers' declarations were immaterial, or it could not be demonstrated that the officer had influence over the transactions.

There were twelve material declarations, but none were pecuniary interests.

Payments to Organisations where Officers or their spouse hold a personal interest	Expenditure 2014/15 £	Expenditure 2015/16 £	Creditors 31 Mar 2016 £
AECOM Ltd	152,384	39,040	0
Alternative Futures	1,426,146	1,592,141	4,112
Catalyst Choices	2,636,227	9,249,410	445,737
CGS Consult Ltd	60,497	64,887	0
Marketing Cheshire	84,344	*	*
MT Dawe Ltd	77,952	80,070	0
NS Surveys	2,110	0	0
Priestley College	236,359	208,809	0
Rainhill High School	1,900	0	0
VMA Global Resourcing Group Ltd	0	40,465	8,366
Warrington Wolves Foundation	51,652	56,645	0
Wire Regeneration Ltd	*	2,705	0

The Chief Executive is a Director of the Warrington Wolves Rugby League Club but plays no part in the commissioning of services or awarding of grants. He is also a director of Wire Regeneration, a joint venture between Warrington BC and Langtree.

The Climate Change manager is the shareholder of AECOM Ltd, a consultant for infrastructure projects.

Two consultants are under a long term contract payments represent their remuneration – MT Dawe Ltd and GCS Consult Ltd.

The Head of Adult Assessment and Care Management has a relative involved with Alternative Futures, however the contract between the Council and the related party predates any involvement of the member of staff and their relative.

The Assistant Director of Transport is a governor at Rainhill High School.

The Assistant Chief Executive's partner is the director of NS Surveys.

The Solicitor to the Council is a co-opted governor at Priestley College.

Catalyst Choices were previously part of Warrington Borough Council, and the Council have provided services on their behalf since February 2015.

Receipts from Organisations where Officers or their spouse hold a personal interest	**Income 2014/15 £**	**Income 2015/16 £**	**Debtors 31 March 2016 £**
Catalyst Choices	12,621	1,570,850	33,038
Priestley College	20,522	17,124	1,249
Warrington Wolves (Foundation)	51,652	2,783	238
Winwick Athletic FC	0	4,578	1,026
Wire Regeneration	0	1,200	1,200

Officers' remunerations are detailed in Note 14.

Other Public Bodies
The following table shows the precepts and levies during the year 2015/16.

Precepting & Levying Bodies	**Precepts/ Levies 2014/15 £**	**Other Expenditure 2014/15 £**	**Precepts/ Levies 2015/16 £**	**Other Expenditure 2015/16 £**
Police & Crime Commissioner for Cheshire	9,642,080	295,585	10,152,388	379,595
Cheshire Fire Authority	5,378,803	-	5,569,695	250
Town and Parish Councils	1,627,378	4,225	1,712,594	3,282
Cheshire West and Chester Council	780,324	5,206,260	771,276	7,604,581
Manchester Port Health Authority	17,566	-	16,687	-
Environment Agency	116,302	809,745	119,368	59,536

The precepts paid to the Cheshire Fire Authority, Cheshire Police Authority and the Town and Parish Councils are to distribute Council Tax collected on behalf of the related party.

The levy paid to Cheshire West and Chester Council is with regard to historic Pension costs. There were various other payments made to Cheshire West and Chester Council, with for Concessionary Travel reimbursements, being the most significant.

The payment to the Environment Agency is the Flood Defence levy, where there was some other expenditure primarily for drainage works.

Three Council Members sit on the Board for Cheshire Fire Authority, and two Members sit on the Board for Cheshire Police Authority.

The Council also provided Treasury Management services to the Cheshire Fire Authority during 2015/16.

Entities Controlled or Significantly Influenced by the Council
The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council had interests in one limited company during the financial year:

- Warrington Borough Transport

Warrington Borough Transport is wholly owned by Warrington Borough Council but has not been consolidated into the Group Accounts due to immateriality.

Pension fund
Warrington Borough Council is a member of the Cheshire Pension Fund but is not an administering Council.

One Member sits on the Board of Cheshire Pension Fund.

Details of the Fund can be found in Note 31.

39 Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £446,872 of borrowing costs in year in relation to qualifying assets. This was calculated using the Council's average borrowing rate in the year expenditure was incurred. This was 3.06% in 2015/16.

40 Pooled Budgets

In 2015/16 Warrington Borough Council entered into a s75 agreement with NHS Warrington Clinical Commissioning Group, with the Council acting as the host. The breakdown of revenue expenditure by relevant scheme and the contributions by the pool members are as follows:

	2014/15 £'000	2015/16 £'000
Pooled Schemes		
Collaborative Care	-	776
Intermediate Care	-	6,489
Protecting Social Care	-	4,312
Carers	-	153
Mental Health and Joint funded packages	-	8,808
Joint Commissioning/ Other support	-	853
Total Better Care Fund Revenue Expenditure	**-**	**21,391**
Funding Provided to the Pooled Budget		
Warrington Borough Council	-	7,006
NHS Warrington Clinical Commissioning Group	-	14,472
Total Funding Provided to the Pooled Budget	**-**	**21,478**
Net Surplus Arising on the Pooled Budget During the Year	**-**	**87**

41 Consolidated and Non-consolidated Entities

Introduction
The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, or where it would better understanding of partnership arrangements, it should prepare Group Accounts. The aim of these accounts is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities. Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity

Classification of Group Entities
The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary
An entity is a subsidiary of the reporting Council, if the Council is able to exercise control over the operating and financial policies of the entity and the Council is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

The following entity is classified as a subsidiary of the Council:

Warrington Borough Transport (WBT)
Warrington Borough Transport is a company set up in accordance with the provision of the Transport Act 1985 to take over the Council's passenger transport undertaking. Warrington Borough Council wholly owns WBT but is not liable for any losses that it may make.

Copies of the audited accounts can be obtained from the following address when available:

Warrington Borough Transport Ltd
Wilderspool Causeway
Warrington
WA4 6PT

Associates
An entity is an associate of the reporting Council, if the Council has significant influence over the entity.

The following entities are classified as associates of the Council:

Livewire and Culture Warrington
Livewire is a Community Interest Company created by the Council for the provision of libraries and leisure centres within the borough. Culture Warrington is a charitable trust for the provision of the boroughs museum, and the two arts centres, Pyramid and Parr Hall.

Catalyst Choices Community Interest Company
In February 2015 the Council created an employee owned mutual Community Interest Company for the provision of adult social care in the borough.

Joint Venture
An entity in which the reporting Council has an interest on a long term basis and which is jointly controlled by the reporting Council and one or more other entities under a contractual or other binding arrangement.

On March 3rd, 2014 Warrington Borough Council (WBC) and Langtree Land and Property PLC (Langtree) entered into an agreement to create a joint venture company (JVC) “Wire Regeneration Limited”. Both WBC and Langtree were issued 3,701,870 £1 Shares in the JVC. Each party has a total of three directors on the board, with WBC being represented by elected members. In accordance with paragraph 9.1.1.6 of the Code, the JVC has been not consolidated into the Group Accounts and the Council’s holdings are deemed to be immaterial.

Determining the Group Boundary
To ensure that the Group entities incorporated into the Group Accounts are correct, a detailed exercise was carried out, but no companies, other than those detailed above, were determined to be a Group Entity.

Please note that although Warrington Borough Council does have an investment in Warrington Wolves, it was determined that there is no Group Relationship as WBC does not have a significant influence over the organisation as our shareholding is less than 14% and we only have one board member who has a connection with the Council.

Consolidation of Group Entities
All of the arrangements and entities previously outlined have been found to be Group Entities and would normally be consolidated into a set of Group Accounts.

However for Wire Regeneration Limited, their financial transactions have been found to be immaterial to the single entity financial statement, in accordance with paragraph 9.1.1.6 of the Code they have not been consolidated into Group Accounts.

The three Associates would normally be consolidated into Group Accounts using the equity method of consolidation. But, as the Council does not have any equity in any of the three entities there is no need to consolidate them into Group Accounts.

Therefore the only consolidation for Group Accounts is with the subsidiary, Warrington Borough Transport.

Group Accounts
The Group Accounts present the main statements and only the notes that are materially different to the Single Entity Accounts (in line with IFRS 12), in this case the Resources Note. All other notes are not materially different to the Single Entity Accounts.

Collection Fund

2014/15				2015/16		
Business Rates £'000	**Council Tax £'000**	**Total £'000**		**Business Rates £'000**	**Council Tax £'000**	**Total £'000**
1,572	**(968)**	**604**	**Opening fund Balance**	**7,560**	**(2,183)**	**5,377**
1,637	26	1,663	Adjustment to Opening fund Balance	-	-	-
3,209	**(942)**	**2,267**	**Revised Opening fund Balance**	**7,560**	**(2,183)**	**5,377**
			Amounts required by statute to be credited to the Collection Fund:			
-	(91,848)	(91,848)	Council Tax (net receivable)	-	(95,400)	(95,400)
(106,007)	-	(106,007)	Non-domestic rates (net receivable)	(110,188)	-	(110,188)
1,208	-	1,208	Transitional protection payments non-domestic rates	817	-	817
(790)	-	(790)	Contributions towards previous year's Collection Fund deficit - non-domestic rates	(3,356)	-	(3,356)
			Amounts required by statute to be debited to the Collection Fund:			
			Precepts and demands from major preceptors and the authority - council tax			
-	9,575	9,575	*- Cheshire Police Authority*	-	10,024	10,024
-	4,318	4,318	*- Cheshire Fire Service*	-	4,521	4,521
-	75,304	75,304	*- Warrington Borough Council and Parishes*	-	78,854	78,854
			Shares of non-domestic rating income to major preceptors and the authority - non-domestic rates			
1,039	-	1,039	*- Cheshire Fire Service*	1,125	-	1,125
50,921	-	50,921	*- Warrington Borough Council and Parishes*	55,101	-	55,101
51,960	-	51,960	Payment with respect to central share of the non-domestic rating income to be paid to central government by billing authorities	56,226	-	56,226
			Impairment of debts/appeals for council tax:			
-	-	-	*- write-offs of uncollectable amounts*	-	2,178	2,178
-	810	810	*- allowance for impairment*	-	(1,347)	(1,347)
			Impairment of debts/appeals for non-domestic rates:			
-	-	-	*- write-offs of uncollectable amounts*	1,359	-	1,359
(596)	-	(596)	*- allowance for impairment*	(1,589)	-	(1,589)
307	-	307	Charge to General Fund for allowable collection costs for non-domestic rates	308	-	308
6,309	-	6,309	Other transfers to General Fund in accordance with non-domestic rates regulations	1,719	-	1,719
-	600	600	Contributions towards previous year's Collection Fund surplus - council tax	-	1,400	1,400
4,351	**(1,241)**	**3,110**	**Movement on fund balance**	**1,522**	**230**	**1,752**
7,560	**(2,183)**	**5,377**	**Closing fund Balance**	**9,082**	**(1,953)**	**7,129**
			Attributed to:			
3,704	(1,838)	1,866	Warrington Borough Council	4,450	(1,644)	2,806
-	(238)	(238)	Cheshire Police Authority	-	(213)	(213)
76	(107)	(31)	Cheshire Fire Authority	91	(96)	(5)
3,780	-	3,780	Government	4,541	-	4,541
7,560	**(2,183)**	**5,377**	**Total**	**9,082**	**(1,953)**	**7,129**

Notes to the Collection Fund Statement

1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands by estimating 1 April 1991 values. Individual charges are set by calculating the amount of income to be achieved from Council Tax and dividing this by the Council Tax Base (the total number of properties in each band converted to an equivalent number of Band D properties). The tax for a Band D property is multiplied by the appropriate ratio to give an amount due for properties in each band.

Band	Value Range	Number of Dwellings after Discounts and Exemptions	Ratio	Band D Equivalents
Disabled A	Up to £40,000	27	5/9	15
A	Up to £40,000	22,617	6/9	15,078
B	£40,000 - £52,000	17,719	7/9	13,781
C	£52,000 - £68,000	17,289	8/9	15,368
D	£68,000 - £88,000	10,683	9/9	10,683
E	£88,000 - £120,000	6,429	11/9	7,858
F	£120,000 - £160,000	4,179	13/9	6,036
G	£160,000 - £320,000	2,468	15/9	4,113
H	£320,000 and over	163	18/9	326
		81,574		**73,259**

The total number of Band D Equivalents is then adjusted for non-collection, new properties and other adjustments to produce the Council Tax Base.

Calculation of Tax Base	
Total properties converted to Band D equivalent	73,259
Change in assumptions	161
	73,420
Less allowance for non-collection	(733)
Increase due to decrease of second home discount	155
Council Tax Base for Tax Setting	**72,842**

2 National Non-Domestic Rates (NNDR)

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Government specifies a rate in the pound (49.3p for 2015/16 and 48.0p for small businesses) which is then multiplied by the rateable value to produce a charge to each business. The aggregate rateable value or total value of properties for Warrington is £256,927,611.

The business rates shares payable for 2015/16 were estimated before the start of the financial year as £56.226m to Central Government, £1.125m to Cheshire Fire Council and £55.101m to Warrington 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 Council 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 payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Warrington Borough Council paid a tariff to Central Government in 2015/16 to the value of £23.468m.

As from 1st April 2014, Warrington, Halton and St Helens Councils formed a business rates pooling arrangement, known as the Mid Merseyside Pool. This arrangement allows the pool to keep any excess growth that had previously paid over to the government as a levy. But, it also means that any breach of the safety net arrangements by the pool would be met by the pool authorities, rather than Central Government. Warrington Borough Council is the administrating Council for the pool.

Group Accounts

The Group Accounts presented on the next few pages are a consolidation of the single entity accounts with accounts from Warrington Borough Transport.

Group Movement in Reserves Statement for the Year Ended 31 March 2016	Note(s)	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves of the Authority £'000	Subsidiary Reserves £'000	Group Reserves £'000
Balance as at 1 April 2014		**1,702**	**37,106**	**588**	**10,154**	**49,550**	**236,942**	**286,492**	**2,174**	**288,666**
Movement in Reserves during the year										
Surplus or (deficit) on provision of services	**CIES**	(6,151)	-	-	-	**(6,151)**	-	**(6,151)**	61	**(6,090)**
Other Comprehensive Income and Expenditure										
Surplus or (deficit) on revaluation on non-current assets	**32**	-	-	-	-	**-**	13,021	**13,021**		**13,021**
Surplus or (deficit) on revaluation of financial assets	**32**	-	-	-	-	**-**	1,317	**1,317**		**1,317**
Actuarial gains or (losses) on pensions reserve	**31**	-	-	-	-	**-**	(41,310)	**(41,310)**		**(41,310)**
Total Comprehensive Income and Expenditure		**(6,151)**	**-**	**-**	**-**	**(6,151)**	**(26,972)**	**(33,123)**	**61**	**(33,062)**
Adjustments between accounting basis & funding basis under regulations	**6**	12,511	-	2,618	(1,820)	**13,309**	(13,309)	**-**		**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**6,360**	**-**	**2,618**	**(1,820)**	**7,158**	**(40,281)**	**(33,123)**	**61**	**(33,062)**
Transfers (to) or from Earmarked Reserves	**7**	(6,165)	6,165	-	-	**-**	-	**-**		**-**
Increase or (Decrease) in Year		**195**	**6,165**	**2,618**	**(1,820)**	**7,158**	**(40,281)**	**(33,123)**	**61**	**(33,062)**
Balance as at 31 March 2015		**1,897**	**43,271**	**3,206**	**8,334**	**56,708**	**196,661**	**253,369**	**2,235**	**255,604**
Movement in Reserves during the year										
Surplus or (deficit) on provision of services	**CIES**	(17,234)	-	-	-	**(17,234)**	-	**(17,234)**	49	**(17,185)**
Other Comprehensive Income and Expenditure										
Surplus or (deficit) on revaluation of non-current assets	**32**	-	-	-	-	**-**	3,748	**3,748**		**3,748**
Surplus or (deficit) on revaluation of financial assets	**32**	-	-	-	-	**-**	742	**742**		**742**
Actuarial gains or (losses) on pensions reserve	**31**	-	-	-	-	**-**	94,689	**94,689**		**94,689**
Total Comprehensive Income and Expenditure		**(17,234)**	**-**	**-**	**-**	**(17,234)**	**99,179**	**81,945**	**49**	**81,994**
Adjustments between accounting basis & funding basis under regulations	**6**	21,787	-	2,208	(2,345)	**21,650**	(21,650)	**-**		**-**
Net Increase or (Decrease) before Transfers to Earmarked Reserves		**4,553**	**-**	**2,208**	**(2,345)**	**4,416**	**77,529**	**81,945**	**49**	**81,994**
Transfers (to) or from Earmarked Reserves	**7**	(5,386)	5,386	-	-	**-**	-	**-**		**-**
Increase or (Decrease) in Year		**(833)**	**5,386**	**2,208**	**(2,345)**	**4,416**	**77,529**	**81,945**	**49**	**81,994**
Balance as at 31 March 2016		**1,064**	**48,657**	**5,414**	**5,989**	**61,124**	**274,190**	**335,314**	**2,284**	**337,598**

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15 Gross Expenditure £'000	2014/15 Gross Income £'000	2014/15 Net Expenditure £'000		Note(s)	2015/16 Gross Expenditure £'000	2015/16 Gross Income £'000	2015/16 Net Expenditure £'000
77,702	(69,390)	8,312	Central Services to the Public		91,889	(72,264)	19,626
13,790	(1,888)	11,902	Cultural and Related Services		13,822	(2,058)	11,763
19,076	(5,133)	13,943	Environment and Regulatory Services		20,066	(4,889)	15,177
6,574	(4,474)	2,100	Planning Services		5,512	(4,020)	1,492
193,462	(154,306)	39,156	Children and Education Services		209,595	(161,859)	47,736
27,681	(14,232)	13,449	Highways, Roads and Transport Services		25,474	(11,549)	13,924
7,145	(1,285)	5,860	Other Housing Services		6,778	(1,193)	5,585
84,706	(32,463)	52,243	Adult Social Care		84,558	(30,551)	54,007
10,189	(11,773)	(1,584)	Public Health		12,135	(12,963)	(829)
3,893	(1,777)	2,116	Corporate and Democratic Core		4,674	(485)	4,189
(655)	-	(655)	Non-Distributed Cost		115	-	115
443,563	**(296,721)**	**146,842**	**Cost of Services**		**474,616**	**(301,831)**	**172,785**
		12,897	Other Operating Expenditure	**9**			1,021
		9,152	Financing & Investment Income and Expenditure	**10**			8,014
		(162,801)	Taxation and Non-specific Grant Income	**11**			(164,635)
		6,090	**(Surplus) or Deficit on Provision of Services**				**17,185**
		(13,021)	(Surplus) or Deficit on revaluation of non-current assets	**32**			(3,748)
		(1,317)	(Surplus) or Deficit on revaluation of financial assets				(742)
		41,310	Remeasurement of the net defined benefit liability	**31**			(94,689)
		26,972	**Other Comprehensive Income and Expenditure**				**(99,179)**
		33,062	**Total Comprehensive Income and Expenditure**				**(81,994)**

Group Balance Sheet as at 31 March 2016

	Notes	31st March 2015 £000	31st March 2016 £000
Property, Plant & Equipment	**20**	529,015	574,635
Heritage Assets	**21**	14,653	15,369
Investment Property	**22**	29,993	31,243
Intangible Assets		247	195
Long Term Investments	**33**	20,005	35,747
Long Term Debtors	**24**	78,408	78,483
Long Term Assets		**672,321**	**735,672**
Short Term Investments		2,460	6,296
Inventories		855	848
Short Term Debtors	**25**	38,030	40,897
Cash and Cash Equivalents	**26**	9,006	14,647
Current Assets		**50,351**	**62,688**
Cash and Cash Equivalents	**26**	(1,624)	(3,933)
Short Term Borrowing	**33**	(22,936)	(36,978)
Short Term Creditors	**27**	(37,719)	(40,533)
Provisions	**28**	(4,741)	(6,151)
Current Liabilities		**(67,020)**	**(87,595)**
Long Term Creditors	**27**	(6,336)	(5,498)
Deferred Tax		(71)	(71)
Grants Receipts in Advance - Capital		(69)	(537)
Grants Receipts in Advance - Revenue		(12,693)	(15,588)
Provisions	**28**	(2,234)	(2,626)
Long Term Borrowing	**33**	(180,937)	(233,977)
Long Term Pension Liabilities	**31**	(197,708)	(114,870)
Long Term Liabilities		**(400,048)**	**(373,167)**
Net Assets		**255,604**	**337,598**
Usable Reserves	**8**	58,943	63,408
Unusable Reserves	**32**	196,661	274,190
Total Reserves		**255,604**	**337,598**

Group Cash Flow Statement for the year ended 31 March 2016

2014/15 £'000		Note(s)	2015/16 £'000
6,090	Net (surplus) or deficit on the provision of services		17,185
1,333	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**35**	(51,763)
19,200	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	**35**	26,348
26,623	**Net Cash Flows from Operating Activities**		**(8,230)**
44,208	Investing Activities	**36**	68,754
(48,836)	Financing Activities	**37**	(63,856)
21,995	**Net (increase) or decrease in cash and cash equivalents**		**(3,332)**
(29,377)	Cash and cash equivalents at the beginning of the reporting period		(7,382)
(7,382)	**Cash and cash equivalents at the end of the reporting period**	**26**	**(10,714)**

Notes to the Group Accounts

1 Accounting Policies

Warrington Borough Transport prepares their accounts using FRS102, which is not materially different from the Code of Practice from which the single entity accounts were prepared.

Therefore, please refer to Appendix 1 for more detailed accounting policies.

2 Intra-group Transactions

During the consolidation of Warrington Borough Transport with the single entity accounts any intra-group transactions have been eliminated. These include debtors, creditors, any intra-group contracts like concessionary travel, and also the shares owned in the company.

3 Amounts Reported for Resource Allocation Decisions

Directorate Analysis

2015/16	Economic Regeneration Growth & the Environment £'000	Families & Wellbeing £'000	Resources & Strategic Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000	Warrington Borough Transport £'000	Group Net Expenditure/ (Income) £'000
Income							
Fees, charges & other service income	(15,196)	(78,785)	(11,475)	(2,530)	**(107,986)**	(10,512)	**(118,498)**
Government Grants	(109)	(133,395)	(1,508)	(56,861)	**(191,873)**	-	**(191,873)**
Interest and Investment Income	-	-	(3)	(4,367)	**(4,370)**	-	**(4,370)**
Income in relation to Investment Properties	(2,412)	-	-	-	**(2,412)**	-	**(2,412)**
Internal Recharges	(17,349)	(121,794)	(17,847)	(3)	**(156,993)**	-	**(156,993)**
	(35,066)	**(333,974)**	**(30,833)**	**(63,761)**	**(463,634)**	**(10,512)**	**(474,146)**
Expenditure							
Employee expenses	19,270	131,469	19,876	2,765	**173,380**	4,736	**178,116**
Other Service Expenditure	19,522	176,128	1,273	67,641	**264,564**	4,669	**269,233**
Depreciation, amortisation and impairment	-	-	-	-	**-**	746	**746**
Interest Payable	-	-	-	6,778	**6,778**	-	**6,778**
Expenditure in relation to Investment Properties	714	-	-	-	**714**	-	**714**
Internal Recharges	17,349	121,794	17,847	3	**156,993**	-	**156,993**
	56,855	**429,391**	**38,996**	**77,187**	**602,429**	**10,151**	**612,580**
Net	**21,789**	**95,417**	**8,163**	**13,426**	**138,795**	**(361)**	**138,434**

2014/15	Economic Regeneration Growth & the Environment £'000	Families & Wellbeing £'000	Resources & Strategic Commissioning £'000	Corporate Financing £'000	Net Expenditure/ (Income) £'000	Warrington Borough Transport £'000	Group Net Expenditure/ (Income) £'000
Income							
Fees, charges & other service income	(14,909)	(62,326)	(10,045)	(2,803)	**(90,083)**	(11,111)	**(101,194)**
Government Grants	(361)	(135,693)	(2,099)	(58,196)	**(196,349)**	-	**(196,349)**
Interest and Investment Income	-	-	-	(3,681)	**(3,681)**	-	**(3,681)**
Income in relation to Investment Properties	(2,531)	-	-	-	**(2,531)**	-	**(2,531)**
Internal Recharges	(18,418)	(109,409)	(17,653)	(5)	**(145,485)**	-	**(145,485)**
	(36,219)	**(307,428)**	**(29,797)**	**(64,685)**	**(438,129)**	**(11,111)**	**(449,240)**
Expenditure							
Employee expenses	19,724	137,612	19,506	506	**177,348**	6,092	**183,440**
Other Service Expenditure	20,606	154,035	2,318	65,717	**242,676**	3,621	**246,297**
Depreciation, amortisation and impairment	-	-	-	-	**-**	1,137	**1,137**
Interest Payable	-	-	-	6,276	**6,276**	-	**6,276**
Expenditure in relation to Investment Properties	545	-	-	-	**545**	-	**545**
Internal Recharges	18,418	109,409	17,653	5	**145,485**	-	**145,485**
	59,293	**401,056**	**39,477**	**72,504**	**572,330**	**10,850**	**583,180**
Net	**23,074**	**93,628**	**9,680**	**7,819**	**134,201**	**(261)**	**133,940**

Reconciliation of Directorate Analysis to Cost of Services in CIES

	2014/15 £'000	**2015/16 £'000**
Net Expenditure in the Directorate Analysis	133,940	138,434
Net expenditure of services and support services not included in the Directorate Analysis	15,041	42,237
Amounts included in the Directorate Analysis but not in the Cost of Services	(2,139)	(7,886)
Cost of Services (as per CIES)	**146,842**	**172,785**

Reconciliation to Subjective Analysis

2015/16	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income							
Fees, charges & other service income	(118,498)	-	-	-	**(118,498)**	(21,090)	**(139,588)**
Government Grants	(191,873)	-	-	-	**(191,873)**	(63,501)	**(255,374)**
Interest and Investment Income	(4,370)	-	6,175	-	**1,805**	(6,176)	**(4,371)**
Income in relation to Investment Properties	(2,412)	-	604	-	**(1,808)**	(604)	**(2,412)**
Internal Recharges	(156,993)	-	-	62,352	**(94,641)**	-	**(94,641)**
Income from Council Tax	-	-	-	-	**-**	(80,043)	**(80,043)**
	(474,146)	**-**	**6,779**	**62,352**	**(405,015)**	**(171,414)**	**(576,429)**
Expenditure							
Employee expenses	178,116	11,489	(6,414)	-	**183,191**	-	**183,191**
Other Service Expenditure	269,233	1,616	(124)	-	**270,725**	71	**270,796**
Depreciation, amortisation and impairment	746	28,497	-	-	**29,243**	(876)	**28,367**
Interest Payable	6,778	-	(6,778)	-	**-**	7,030	**7,030**
Expenditure in relation to Investment Properties	714	635	(1,349)	-	**-**	1,349	**1,349**
Internal Recharges	156,993	-	-	(62,352)	**94,641**	-	**94,641**
Parish Precepts	-	-	-	-	**-**	1,713	**1,713**
Precepts & Levies	-	-	-	-	**-**	124	**124**
(Gains)/losses on the disposal of non-current assets	-	-	-	-	**-**	(11)	**(11)**
Pensions interest cost and expected return on pension assets	-	-	-	-	**-**	6,414	**6,414**
	612,580	**42,237**	**(14,665)**	**(62,352)**	**577,800**	**15,814**	**593,614**
Net	**138,434**	**42,237**	**(7,886)**	**-**	**172,785**	**(155,600)**	**17,185**

2014/15	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts reported but not included in Cost of Services £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Income							
Fees, charges & other service income	(101,194)	-	-	-	**(101,194)**	(19,380)	**(120,574)**
Government Grants	(196,349)	-	-	-	**(196,349)**	(69,034)	**(265,383)**
Interest and Investment Income	(3,681)	-	2,228	-	**(1,453)**	(4,038)	**(5,491)**
Income in relation to Investment Properties	(2,531)	-	2,531	-	**-**	(719)	**(719)**
Internal Recharges	(145,485)	-	-	145,485	**-**	-	**-**
Income from Council Tax	-	-	-	-	**-**	(75,429)	**(75,429)**
	(449,240)	**-**	**4,759**	**145,485**	**(298,996)**	**(168,600)**	**(467,596)**
Expenditure							
Employee expenses	183,440	1,114	-	-	**184,554**	-	**184,554**
Other Service Expenditure	246,297	2,140	(77)	-	**248,360**	-	**248,360**
Depreciation, amortisation and impairment	1,137	11,787	-	-	**12,924**	510	**13,434**
Interest Payable	6,276	-	(6,276)	-	**-**	6,437	**6,437**
Expenditure in relation to Investment Properties	545	-	(545)	-	**-**	545	**545**
Internal Recharges	145,485	-	-	(145,485)	**-**	-	**-**
Parish Precepts	-	-	-	-	**-**	-	**-**
Precepts & Levies	-	-	-	-	**-**	116	**116**
(Gains)/losses on the disposal of non-current assets	-	-	-	-	**-**	13,824	**13,824**
Pensions interest cost and expected return on pension assets	-	-	-	-	**-**	6,416	**6,416**
	583,180	**15,041**	**(6,898)**	**(145,485)**	**445,838**	**27,848**	**473,686**
Net	**133,940**	**15,041**	**(2,139)**	**-**	**146,842**	**(140,752)**	**6,090**

Glossary of Terms

AAA FITCH RATING
Highest credit quality - ‘AAA’ ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Very high credit quality - ‘AA’ ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - ‘A’ ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period of time covered by the accounts; normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Council’s financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BOND
A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

BORROWING
Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure, which adds to and not merely maintains the value of an existing non-current asset.

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Council, i.e. it is "clawed-back" by the Government.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY
The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that Local Authorities engage in specifically because they are elected, multi-purpose Authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDIT RATING
An assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. A credit rating can be assigned to any entity that seeks to borrow money. Credit assessment and evaluation for companies and governments is generally done by a credit rating agency such as Standard & Poor's, Moody's or Fitch.

CREDITOR
Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS
Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by Authorities and subsidised by central Government.

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT
A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT
The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS
Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVENTORIES
Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Council’s income is higher than its expenditure, a “negative subsidy” situation arises. In this case the Council must pay an amount equivalent to the deficit, from its Housing Revenue Account to the Government.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT
The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS
Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT
The levy made by precepting Authorities by billing Authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting polices or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in IAS 24. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

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

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves are reported in two categories – usable and unusable. Usable reserves are those the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. Unusable reserves are those the Council may not use to provide services and are technical adjustments or specific capital reserves.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

REVENUE SUPPORT GRANT
A grant paid by Central Government to Authorities contributing towards the general cost of their services.

S106 AGREEMENTS
A Section 106 agreement is a legal agreement between the Council and a developer, concerning specific planning obligations. A contribution by the developer is sometimes made to the Council for the Council to perform the obligation on the developer’s behalf. If the obligation is not met, then the contribution is then repaid to the developer.

SOFT LOAN
A soft loan is a loan with a below market rate of interest.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Council will derive benefits form the use of a non-current asset.

WORK IN PROGRESS (WIP)
The cost of work performed on an uncompleted project at the year end.

Annexe A

STATEMENT OF ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at 31 March 2016. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code), the 2015/16 Code update and Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts are prepared on a going concern basis.

As permitted under the Code, the concept of materiality has been utilised when determining appropriate disclosures to be made in the financial statements. Information is not material if omitting or misstating it would not influence the decisions of an informed user of the statements.

1.2 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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.

1.3 Cash and Cash Equivalents

Cash includes all bank credit balances and overdrafts held by the Council as part of its normal cash management, including all deposit accounts accessible without notice.

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash Equivalents include investments with a fixed maturity of three months or less from the date of acquisition and available for sale assets such as cash placed in money market funds.

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.

1.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise council tax to 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.

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.

1.5 Exceptional Items

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

1.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. 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.

The Council does not award long term employee benefits i.e. those which are not expected to be paid or settled within 12 months of the balance sheet date.

Termination Benefits

Termination benefits, whether they are 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, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

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 such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme is an unfunded scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, known as the Cheshire Pension Fund and administered by Cheshire West and Chester Council.
- Public Health employees transferred from the NHS – this scheme is administered on behalf of the NHS by NHS Pensions.

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

Teachers' and NHS Pension Schemes

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

The Local Government Pension Scheme

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

- The liabilities of the Cheshire Pension Fund scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (based on the indicative rate of return on iBoxx Sterling Corporate Index, AA over 15 years)
- The assets of Cheshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value
- The change in the net pensions liability is analysed into the following 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 cost* – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; 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 deferred liability (asset)* i.e. net interest expense for the Council the charge during the period is the net deferred liability (asset) that came 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 net defined liability (asset) at the beginning of the period taking into account any changes to the net

defined benefit liability (asset) during the period as a result of the contribution and benefit payments.

- *Remeasurements comprising:*
    - *the return on fund assets excluding amounts included in net interest on the net defined benefit liability (asset) charged to the Pension Reserve as Other Comprehensive Income and Expenditure.*
    - *actuarial gains and losses* – changes on the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions; charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- *contributions paid to the Cheshire 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Employer contribution rates are reviewed every three years. The last review took place at 31 March 2013; effective from 1 April 2013. The employer contribution rate set for the Council was 21.6% for 2015/16 (21.1% in 2014/15). In accordance with current regulations the actuary set the rate at a level sufficient to enable the Pension Fund to meet 100% of existing prospective liabilities, including pension increases.

Discretionary Benefits
The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events after the Reporting Period

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

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

- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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.

1.8 Financial Instruments

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The bonds issued by the Council in previous years are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders as a material amount of costs incurred in its issue which is being financed over the life of the stock.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets
Financial assets are classified into two types:

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the 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 de-recognition 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 Council 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 Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. 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 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, the payments due under the contract will not be made (fixed or determinable payments). Also if fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income 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 de-recognition 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).

1.9 Government Grants and Contributions

Revenue, Revenue Expenditure Funded from Capital under Statute (REFCUS) and Capital grants with conditions attached are held as receipts in advance on the Balance Sheet until such time as the condition no longer applies, at which point the grant is recognised as income in the Comprehensive Income and Expenditure Statement. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset or service 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.

Specific revenue and REFCUS grants are accrued and credited to income within service revenue accounts when the conditions regarding their use are met. Any income credited to service revenue accounts in excess of the expenditure they are intended to fund are, subject to approval, appropriated to revenue grants and contributions unapplied earmarked reserves from the General Fund Balance in the Movement in Reserves Statement until the expenditure is incurred. When the expenditure is incurred, the grant is appropriated back to the General Fund in the Movement in Reserves Statement to ensure that there is no adverse impact on the council tax position. REFCUS grants are reversed out of the General Fund Balance in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

Non-specific revenue grants, including Revenue Support Grant are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

General revenue grants are subject to the normal carry-forward processes attributable to General Fund balances.

Grants relating to the funding of non-current asset (capital) expenditure are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement when the conditions regarding their use are met. These charges are reversed out in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

1.10 Interest in Companies and Other Entities

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce group accounts.

The Council had interests in five other entities during the financial year:

- Warrington Borough Transport
- Wire Regeneration Limited

- LiveWire and Culture Warrington
- Catalyst Choices

Warrington Borough Transport is wholly owned by Warrington Borough Council and is categorised as a Subsidiary of the Council. This has been consolidated into Group Accounts see Note 41.

Wire Regeneration Limited is a Joint Venture Company with Langtree Land and Property PLC, with each investor owning a 50% share in the joint venture. The Council's investment is shown as an available for sale investment asset on the single entity balance sheet.

Livewire is a Community Interest Company created by the Council for the provision of libraries and leisure centres within the borough. Culture Warrington is a charitable trust for the provision of the boroughs museum, and the two arts centres, Pyramid and Parr Hall. Both companies are categorised as Associates of the Council

Catalyst Choices Community Interest Company is an employee owned mutual Community Interest Company created in February 2015 by the Council for the provision of adult social care in the borough, and is categorised as an Associate of the Council.

For more details regarding the consolidation of the Group Entities, please see Note 41.

1.11 Interest Receivable or Payable

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at amortised cost, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

1.12 Internal Interest

Interest earned is recorded initially in the Comprehensive Income and Expenditure Statement. Subsequent allocations are made to certain other individual funds based on individual cash flows and an average rate of interest.

1.13 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, in accordance with IFRS 13. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date (year-end). Gains and losses on revaluation are recorded in 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 recorded in the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.14 Joint Ventures

A Joint Venture is an arrangement under which two or parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties. The Council has one joint venture with Langtree Land and Property PLC, which is not material and thus group accounts have not been produced, for more detail see Note 41.

1.15 Leases

In accordance with IAS 17 all leases are assessed and classified as to whether they are finance leases or operating leases. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lesser 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 and 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 in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the 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 debtor) 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 recorded 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 for 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 non-current 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.

1.16 Overheads and Support Services

The cost of Overheads and Support Services are charged to those that benefit from the supply of services based on use and in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Service Reporting Accounting 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 multifunctional democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties

These two 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.

1.17 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 the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

A change in accounting policy generally requires the disclosure of three Balance Sheets to reflect the impact on the current period, the end of the preceding period and the impact on the opening Balance Sheet of the previous period.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change, there is no prior period adjustment.

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

1.18 Property, Plant and Equipment

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

Recognition

Assets are capitalised in accordance with the Council's capitalisation and componentisation policies.

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

The Council does not have a formal de minimis level for capital expenditure. However in normal circumstances, individual items of expenditure below £10,000 would be treated as revenue expenditure, except in regard to vehicles, which by their nature can be purchased at an amount lower than £10,000. Where a specific case can be made for capitalising the expenditure where it relates to a capital grant, where there are many items below the de minimis limit that in aggregate are above the limit or where not capitalising expenditure would present a pressure on the revenue budget, items under £10,000 can be capitalised.

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 capitalises borrowing costs incurred whilst material assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current 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 carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- 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 fair 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 regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. All PPE Assets are formally revalued over a 5 year period. Any PPE asset that is not formally valued in a financial year will have a desktop valuation undertaken at the end of the Accounting period to determine if there is any material difference that requires further consideration.

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:

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

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

Revaluations
The Council carries out a rolling programme of revaluations that ensures all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. If material capital expenditure takes place on a capital scheme, the scheme in question will be revalued upon completion of the additional capital expenditure. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second–hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values of the PPE property assets were for those assets valued on the Depreciated Replacement Cost method whereby they were valued by adopting the "instant build" approach as set in the Government Financial Reporting Manual. The Council carries out a revaluation of property assets classed as investment assets every year.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset
- evidence of obsolescence or physical damage of an asset
- a commitment by the Council to undertake a significant reorganisation
- a significant adverse change in the statutory or other regulatory environment in which the Council operates

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 as follows:

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (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 basis:

- dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset or where the item is in fact a component of a land and building asset the asset is depreciated on a straight line basis over the useful life as estimated by the valuer
- infrastructure – straight line allocation over 40 years

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

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.

Componentisation Policy

Component accounting is a concept involving the splitting of assets into significant component parts.

The main purpose of component accounting is to produce accurate primary statements with the cost of the use of an asset correctly reflected in the Comprehensive Income and Expenditure Statement by carrying the correct depreciation associated with non-current assets and also with the correct values of non-current assets presented in the Balance Sheet.

Components have also been depreciated over different lives than the host (main) asset and recognised where they have a significant value when compared to the value of the host assets.

The Council has adopted a policy that recognises that material assets when revalued i.e. assets that have a building value of over £500,000 are to be recognised separately. The component has to have a value of at least 20% of the building value and a useful life which is at least 20% lower than the asset as a whole.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset (or disposal group) 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 (or disposal group) 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 recorded 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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

A ‘disposal group’ is a group of assets, possibly with some associated liabilities, which the Council intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

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. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts

Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Heritage Assets

Heritage Assets are tangible assets with historic, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Due to the cost of obtaining valuations for Heritage Assets outweighing the accounting benefit, especially in the current climate of local government funding cuts, the policy adopted is to carry these assets at their insured value.

A de minimis level of £10,000 has been established for inclusion of Heritage Assets on the asset register. Any assets with a value of less than the de-minimis are not significant, e.g. fossils, minor water-colour paintings etc. The Council does not hold any Heritage Assets which have a value in excess of the de minimis which are not disclosed on the Balance Sheet.

Any new Heritage Assets will be recognised and subsequently measured at valuation or cost. For significant Heritage Assets donated to the Council a valuation will be obtained where possible, at which value the asset shall be recognised. If a valuation cannot be obtained, the asset will not be recognised on the Balance Sheet but will be disclosed in the notes to the core financial statements, along with the reason why a valuation cannot be given.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

No depreciation is charged on these assets as they are deemed to have indeterminable lives.

Any disposals will follow the Council's de-recognition of Non-Current Asset Policy, including the legislative arrangements to ensure no impact on the General Fund for gains and losses on disposal.

Further details on Heritage Assets can be found in note 21 to the accounts.

1.19 Private Finance Initiative (PFI)

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

The Council has two housing PFI schemes. Anson and Blenheim Close where the operator was responsible for constructing 105 new dwellings for social housing, the maintenance of the properties and tenancy management services. John Morris House is the second scheme where the operator was responsible for constructing 38 new self-contained flats for social housing and the maintenance of the properties together with a tenancy management service. These PFI schemes have been accounted for as in the paragraph above.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For John Morris House the liability was written down by an initial capital contribution of £395k. No applicable contribution was recorded for Anson and Blenheim Close.

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 5.718% for John Morris House and 9.040% for Anson and Blenheim Close on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and is recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

With both the Council's PFI schemes the operator is allowed to retain third party income (the operator keeps all the rental income from the dwellings). This is accounted for by the credit side of the PFI scheme being pro-rated between a finance lease creditor and a deferred income balance. Essentially, the deferred income balance represents the benefits that the Council is to receive over the life of the contract. This balance is then released to the Comprehensive Income and Expenditure Statement over the life of the contract.

The MRP charged on the Council's two PFI schemes will be reversed out of the accounts via the Capital Adjustment Account.

1.20 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. In accordance with the Code, provisions are made when the Council has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefit will be required to settle it; and a reliable estimate can be made of the financial obligation. If it becomes probable that a transfer of economic benefit is no longer required to settle the obligation, the provision is reversed.

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

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 Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

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

1.21 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The appropriate reserve amount 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, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.22 Self Insurance

The Council maintains an Insurance Fund to meet the excess amount of any insurance claims not covered by its external insurers and to self-insure for a number of risks. The Fund consists of an Insurance Provision to cover known actual claims made and an Insurance Reserve which provides an additional contingency to meet further claims.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

1.24 Revenue Recognition

The revenue recognition policy covers the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the rendering of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on provision of services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to council tax and business rates, and therefore these transactions are measured at their full amount receivable.

1.25 Trade and Other Creditors

Trade and other creditors are not recognised when the Council becomes committed to purchase the goods or services but when the ordered goods or services have been delivered or rendered. With the exception of financial instruments, creditors are recognised and measured in accordance with the revenue recognition policy.

1.26 Trade and Other Debtors

Trade and other debtors are not recognised when the Council becomes committed to supply the goods or services but when the goods or services have been supplied or rendered. With the exception of financial instruments, debtors are recognised and measured in accordance with the revenue recognition policy.

1.27 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.

1.28 Local Taxation

The Council is a Council Tax and Business Rates Billing Council collecting on behalf of other authorities as well as itself. The collection on behalf of other authorities is treated as being on an agency basis and thus only the elements of Council Tax and Business Rates that relate to the authorities are included in its main financial statements. The collection fund account covers all local taxation collected by the Council on behalf of itself, other local authorities and the government.

1.29 Schools

Schools
As per Appendix E of the 2015/16 Code, schools are to be classified as entities in their own right and as such should be consolidated into the Council's Statement of Accounts. The Code allows local authorities to consolidate the schools into their single entity accounts, rather than prepare group accounts.

The number of maintained schools that are held on the Council's asset register are:

Category	Number of Schools
Infant School	2
Junior School	2
Nursery School	1
Pupil Referral Unit	1
Primary School	33
Secondary School	4
Special School	6
Total	**49**

Asset Transactions Relating to Voluntary Aided Schools
The Council has assessed the rights, benefits and obligation of Voluntary Aided (VA) Schools and has determined that although the school assets is owned by the Diocese, the school as an entity in its own right, receives all of the benefit of the school building for its finite useful life and should therefore be consolidated into the Council's Balance Sheet in a similar fashion to PFI assets. The Council does not consolidate, however the school land as this has an indefinite useful life and could be used by the Diocese in the future for other purposes.

1.30 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments 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 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 authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants' acts in their economic best interest.

When measuring the fair value of a non-financial asset, the authority 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 authority 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 authority's financial statements are categorised within the fair value hierarchy, as follows:

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

1.31 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 Authority is currently in one joint operation arrangement with NHS Warrington Clinical Commissioning Group (CCG), as such the Authority as a joint operator recognises:

- Its expenses, including its share of any expenses incurred jointly
- Its income, including its share of any income received jointly.

For more details see Note 40 – Pooled Budgets.