ST. HELENS COUNCIL
STATEMENT OF ACCOUNTS
2015-2016

APPROVAL OF ACCOUNTS

I confirm that these Accounts were approved by the Audit and Governance Committee meeting held on 19 September 2016.

Chair of meeting approving the Accounts

Date: 19 September 2016

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NARRATIVE REPORT BY THE DEPUTY CHIEF EXECUTIVE & STRATEGIC DIRECTOR OF CORPORATE SERVICES

The Statement of Accounts which follow demonstrate the Council's financial performance for the year ended 31 March 2016 and present its overall financial position at the end of that period. To assist the reader, an explanation of the various sections contained within the Statement of Accounts is set out below:

Statement of Main Principles, Accounting Policies and Estimation Techniques
Details and explains the Accounting Policies adopted by the Authority.

Statement of Responsibilities for the Statement of Accounts
This outlines the responsibilities of both the Authority and Deputy Chief Executive & Director of Corporate Services.

Annual Governance Statement
This statement explains the effectiveness of the governance framework operating during the financial year.

Movement in Reserves Statement
This statement shows the changes in reserves held by the Authority and splits them into usable and unusable reserves. Usable reserves can be used to fund expenditure or reduce the Council Tax; unusable reserves cannot. The reserves represent the Council's net worth.

Comprehensive Income and Expenditure Statement (CIES)
This statement is fundamental to the understanding of the Authority's activities, in that it reports the net cost for the year of all the functions for which the Authority is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. The CIES is prepared in accordance with International Financial Reporting Standards and the detail will differ from the Council's internal reports (e.g. Corporate Financial Report). However, the Council's overall financial position, i.e. working balances and reserves, will be the same.

Balance Sheet
This shows the Authority's financial position at the financial year-end, including balances and reserves, the assets employed in carrying out the Authority's functions and its liabilities.

Cash Flow Statement
This statement summarises the flows of cash arising from transactions with third parties for both revenue and capital purposes during the year and shows the changes to the Council's cash and 'cash equivalents' during the financial year.

Notes to the Core Financial Statements
These notes provide additional information concerning items included within the core financial statements.

Supplementary Financial Statements – Collection Fund
This statement shows the income received from Council Taxpayers and Non-Domestic Ratepayers and how the income is distributed between St Helens Council, the Police & Crime Commissioner for Merseyside, Merseyside Fire & Rescue Authority and Central Government.

Each account within the Statement of Accounts contains an explanatory note covering the purpose of the account and more detailed notes explaining key items. The statements have been prepared in accordance with all relevant prescribed guidance, Codes of Practice and Reporting Standards.

REVENUE 2015-2016

The original budget was set in March 2015, with Council Tax levels increased by 1.99% when compared to 2014-2015. The comparison of actuals against this budget is summarised below:-

	Original Budget £000	Actual £000	Variance £000
Spending on St. Helens Services	103,456	114,395	10,939
Precepts and Levies	22,972	22,972	-
Treasury Costs	10,605	6,163	(4,442)
Expenditure	137,033	143,530	(6,497)
Revenue Support Grant	(36,085)	(36,085)	-
Retained Non-Domestic Rates & Top-up receipts	(41,727)	(41,727)	-
Income from Council Tax	(59,052)	(59,052)	-
New Homes Bonus	(2,587)	(2,722)	(135)
Section 31 Grants	(1,414)	(1,826)	(412)
Income	(140,865)	(141,412)	(547)
Transfers to/(from) Earmarked Balances	3,832	4,486	654
Net Contribution (to)/from General Fund Balances	-	6,604	6,604

The Council has declared a contingent liability in previous Statements of Accounts in relation to equal pay claims lodged by Unions on behalf of some of their members. In setting the budget for 2015-2016, the Council recognised the high financial risk associated with the claims and the significant costs that could arise if the scheduled Employment Tribunal were to find in favour of the claimants. In so doing, it approved an increase in the underlying level of General Fund balances to cover such an eventuality.

The Council was subsequently advised that the decision of the Tribunal was against the Council's defence and no grounds were found to appeal that decision on a point of law. Both parties have entered into 'without prejudice' settlement discussions and these continue to be had. Pending agreement of the total amount to be settled, these Financial Statements recognise a provision of £10.2m based on a reasonable estimate of sums due, and for which General Fund balances had been identified.

The variations in expenditure can be broadly analysed as follows:

	£m
- Provision for Equal Pay	10.2
- Early implementation of savings proposals for the 2016-2017 Budget Strategy, recruitment freeze, spending moratorium and other managed underspends arising during 2015-2016	(2.7)
- Managed underspends subject to carry forward (to 2016-2017)	(1.4)
- Debt Repayment Costs (see ' Borrowing')	(3.9)
- Other Treasury Management savings	(0.5)
- Dividend from Yorkshire Purchasing Organisation	(0.3)

- Managed underspends and use of earmarked balances approved as carry forward (from 2014-2015)	2.2
- Budget pressures - Looked After Children	1.0
- Budget pressures – Urban Regeneration	0.4
- Budget pressures – Adult Social Care	2.4
- Restructuring Costs	0.4
- Utilisation of additional Public Health Grant Funding	(0.8)
- Utilisation of additional NHS Contributions	(0.5)
Net Increase in Expenditure	6.5

The net transfer to Earmarked Balances includes:

(i) The creation of a £0.4m Special Educational Needs Reserve to target new duties placed on the Council and to help improve outcomes for children and young people, and increase choice and control for parents.

(ii) The earmarking of an additional £0.9m in the Service Development Fund to support the Council in relation to its 2020 Vision and the associated change management agenda.

(iii) A £0.4m reduction in relation to Pensions Fixed Costs as a consequence of revised staffing profiles.

(iv) A net £0.2m reduction in relation to other in-year decisions.

RESERVES & BALANCES

The resultant position in relation to General Fund Balances is shown below:

	£m
General Fund Balances 1 April 2015	24.357
Net Contribution from General Fund Balances 2015-2016	(6.604)
General Fund Balances 31 March 2016	17.753

In addition to the General Fund Balances, the Council has other usable Reserves & Balances in the form of the following:-

	£m
North West Regional Leaders Board Balances (previously 4NW)	0.973
Schools Balances	10.780
Capital Receipts	29.419
Unapplied Capital Grants	9.036
Earmarked Reserves	44.589

A detailed list of Earmarked Reserves is shown in the Notes to the Core Statements.

CAPITAL 2015-2016

The Council spent £13.906m in 2015-2016 on capital items. This included over £2.8m of investment in the Council's Schools Infrastructure. The schemes reflect the Authority's responsibilities in relation to health and safety; the need to ensure the existence of sufficient pupil places; and priorities identified within school asset management plans.

Other significant items of capital investment included:-

Capital Programme Schemes	£m
Highways & Transportation Schemes	6.300
Disabled Facilities Grants	2.008
Vehicle Replacement	0.843

The financing of the 2015-2016 capital expenditure was as detailed below:-

Type of Funding	£m
Grants & Other Contributions	9.988
Capital Receipts	3.191
Revenue Contribution	0.727
TOTAL	13.906

RETIREMENT BENEFITS

The net liability for retirement benefits shown in the Balance Sheet is as follows:

	31 March 2015 £m	31 March 2016 £m	Change £m
Local Government Pension Scheme (LGPS)	232.3	219.4	(12.9)
Teachers' Pension Scheme (TPS)	27.7	25.8	(1.9)
TOTAL	260.0	245.2	(14.8)

The overall net liability for retirement benefits has reduced significantly during the 12-month period to 31 March 2016. Two principal factors have contributed to this movement:

(i) the favourable movement in discount rates (which are a key component of the measurement of future scheme liabilities) during the 12 month period. These contrast with the significant unfavourable movements experienced in 2014-2015; and

(ii) the remeasurement losses relating to scheme assets, whereby investment returns achieved are below those forecast by the actuary at the start of the year.

The Government has previously resolved to implement a fundamental structural change to public service pensions, and legislation was provided during 2013 to introduce a framework for reforms that seek to significantly reduce costs in the longer term.

LGPS2014 was launched on 1 April 2014 and this introduced a number of changes to the LGPS, including a new career average pensions scheme and revised rates for employee contributions.

More recently, the Government has signalled its intent to pool the existing 89 local authority pension funds and create 7 British Wealth Funds, with the aim of reducing costs and enhancing returns.

The employer's contribution (rates and lump sums) for the three years commencing 1 April 2014 were determined arising from the 2013 Actuarial Valuation and have been calculated having regard to the Funding Strategy Statement as agreed by the Pensions Committee in November 2013. This has resulted in a single lump sum of £18.352m payable in 2014-2015. No lump sums fall as due in 2015-2016 and 2016-2017 under this arrangement. The Council is currently awaiting the 2016 Actuarial Valuation and the implications arising from it.

This approach supports the Administering Authority's long-term funding objective for the Fund to achieve, and then maintain, sufficient assets to cover 100% of projected accrued liabilities (the "funding target"), with a maximum deficit recovery period of 22 years for scheme employers.

BORROWING

At 31 March 2016, the Council's level of borrowing was £73.4m, which is at a similar level to the previous year and remains considerably below the underlying need for borrowing, as a result of long-standing strategy decisions to use available resources to negate the need to incur additional borrowing.

This strategy also serves to reduce the Council's exposure to Treasury risk by reducing the levels of investments held. In keeping with previous years, no new borrowing was undertaken in 2015-2016, while no economic opportunity arose for rescheduling or repayment of existing debt.

The Council's debt portfolio includes £23.0m of market debt where there are certain 'options' on the part of both the borrower (St. Helens Council) and the lender at specified points in the loans' existence. During the course of 2015-2016, £15.5m of this debt was subject to 'options' that the lenders opted not to trigger. Debt to the value of £5.0m is subject to options during 2016-2017 and it remains to be seen whether the lenders exercise these. The Council has the option to repay the borrowing in full should that be the case.

During the year, the Council reviewed the methodology by which it makes provision for repayment of its borrowings and approved revisions to its Annual Revenue Provision policy. The revised policy provides a stronger link between annual charges and the benefits received from its non-current assets, and offers a significantly lower net present value of cash flows whilst providing for the repayment of the whole of the debt portfolio over the longer term. The revised policy resulted in savings of some £3.9m in 2015-2016.

2015-2016 PERFORMANCE AND THE DELIVERY OF COUNCIL OBJECTIVES

During 2015-2016, in response to significant challenges, the Council has begun to embark on a programme of organisational change and transformation to achieve its 2020 vision of being an adaptive and innovative organisation capable of improving the lives of local people and communities.

In moving towards 2020, the Authority has continued to build on its strengths as a well-managed, effective and efficient Council, at the heart of which are strong leadership and governance arrangements, supported by a robust approach to strategic planning and financial and performance management.

The Council's performance management framework in 2015-2016 has been driven by the objectives and key measures of success within the St Helens Plan 2015-18, with the twin aims of improving people's lives and creating a better place.

Critical to the achievement of the Council's desired outcomes for both the organisation and the community is the strong link that exists between budgets, service planning and delivery and performance targets. A proportionate, but comprehensive, set of performance indicators exist to measure progress against key objectives and operational areas. An annual review of measures and targets is conducted to ensure their ongoing relevance, a process subject to internal challenge. Performance targets are set to be challenging, but realistic and commensurate with the available level of resource.

Budget and Performance Monitoring is conducted monthly, with reports to Cabinet detailing, by portfolio, analysis of spend against budgets, progress against service delivery and performance against targets. Commentary on action required to ensure portfolio budgets remain within allocated cash limits or to address any identified concerns in relation to performance or service delivery is included within the reports. Reports are also reviewed by the Audit and Financial Monitoring Overview and Scrutiny Panel, allowing the opportunity for examination of any specific areas of under-performance or concern.

The provisional performance outturn at March 2016 indicates that 52% of the Council's performance measures reported to Cabinet over the course of 2015-2016 achieved or exceeded target. The Council's performance outturn report demonstrates areas of both strong performance against targets and good progress in terms of service delivery across all portfolios. The report also highlights some areas in which the Council is not yet meeting ambitious targets and delivering its high aspirations. An overview of some of the key points in relation to performance and delivery of strategic objectives are set out below.

- Joint working with Merseyside neighbour authorities secured the devolution agreement for the Liverpool City Region, which transferred a range of powers and responsibilities focussed on skills, transport, planning and economic development to the sub-region.
- Renewed support continued for economic development and growth within the Borough. Work continued through the joint venture company on the redevelopment of Parkside into a major employment site. The first phase of the West Point retail and leisure site was completed. 2015-2016 saw significant progress in the creation of employment land with over 700,000 square foot of land either completed, under construction, with planning approval or with a live planning application. The Council's £1 million Business Grant Programme continued to support business development and job creation. Since its launch in July 2014 and to March 2016, the programme has supported 70 business start-ups with a project value of £163,000, allocated micro-grants to 40 existing businesses with a project value of over £700,000 and provided business support grants to a total of 63 companies to support their growth and development.
- Support for the Town Centre continued with the appointment of a Town Centre Manager and a study undertaken by consultants to assist in shaping its future. Despite fluctuations over the year, the percentage of retail vacancies met target and improved on the previous year's performance.

- £4.9 million of external funding for the 'Ways to Work' programme was secured to support adults and young people into employment, with a focus on those residents at a distance from the labour market. Numbers of people claiming out of work benefits fell and met target. The target for numbers of people in employment was not met, although the employment rate increased and St Helens' gap on the North West and England averages reduced for both benefit claimants and numbers in employment.
- Strong support continued to improve the connectivity of the Borough and its transport infrastructure. Approval for the provision of new long-distance direct rail services from St Helens stations to key economic centres was gained and good progress was made on a number of major schemes to improve the local transport infrastructure. Road safety targets were met and showed improvement on the previous year.
- Effective support to developers resulted in 575 net housing completions in 2015-2016, building on strong performance over a number of years, and demonstrating an ongoing upturn in the local housing market and growing confidence in the area. Performance in relation to planning processes remained very strong throughout the year.
- Adult Social Care, in a challenging financial climate, effectively provided personalised care and support services to over 9,000 of the Borough's most vulnerable people.
- Strong performance was maintained across the national Adult Social Care Outcomes Framework and high levels of user satisfaction continued. Local safeguarding arrangements were strengthened and performance remained positive. A number of indicators did not meet challenging targets, but comparative performance remains, on the whole, very positive. Admissions to permanent residential or nursing care did not meet target and showed an increase on the previous year's low numbers. Admissions continue to be very closely monitored and Care Management work closely with service users and families to explore all appropriate community options before a decision is taken to admit to a residential or nursing home on a permanent basis.
- Phase 1 of the Care Act continued to be delivered effectively. The national Care Act stock-takes over the year showed that performance in St Helens compared well with both neighbour and comparator authorities in respect of safeguarding, assessments, eligibility, support for carers, and advocacy amongst other areas. Which? Magazine positively identified St Helens as one of the best performing councils in the country in terms of information for carers.
- Further progress continued in the integration of health and care services through joint working with St Helens Clinical Commissioning Group. The delivery of 7-day services is steadily being implemented across social care and a number of joint initiatives are delivering efficiencies and better outcomes.
- A Peer Review of Children's Services identified a number of positives, including a strong family of schools within the Borough and strong foundations to build on in children's social care. In response to a number of issues acknowledged across children's services, a new departmental structure was agreed and implemented in March 2016, along with a methodology to demonstrate assurance and effectiveness.
- Standards within school, as judged by Ofsted, have shown significant improvement during 2015/2016, although further improvement is required at secondary level. 100% of special schools and 67% of secondary schools are now judged to be 'good' or 'outstanding'. High standards within primary schools and attainment levels at Key Stage 2 have been maintained. Key Stage 4 results remained broadly in line with

the previous year's performance and some schools showed strong results. However, the target for Key Stage 4 attainment results were not met and performance remains below the regional average. The appointment of a Virtual Head has seen improvements in educational outcomes for children in care. However, the performance of a number of gap reduction indicators, measuring the attainment of vulnerable groups compared to their peers across the Key Stages and Level 3, are areas for improvement. Aspirations and targets have also not been fully met in relation to the required national development of Special Educational Needs and Disability Services. Commissioned school improvement work and the School Improvement Board continue to provide challenge and support to schools to further raise standards. The profile of vulnerable groups continues to be raised with schools to ensure that the needs of pupils are met and the performance gap narrowed. Additional capacity will be invested in the area of Special Educational Needs and Disability to ensure that statutory requirements are being met.

- In respect of children's social care, particular issues around high volumes in areas of referrals, child protection and children looked after have remained during the year, with a number of indicators not meeting target. Work has continued over the year to deliver the actions within the improvement plan for Children's Social Care and the Local Safeguarding Children's Board. A revised approach to planning and prioritisation of work, governance arrangements and service delivery across the People's Services Department was agreed early in the new financial year. This will be taken forward over the course of 2016/2017 and beyond to ensure that effective outcomes are being delivered for all children and young people.
- The 2015 Short Quality Screening Inspection of Youth Offending Services (YOS) by HM Inspectorate of Probation showed many positives. The number of first-time entrants to the youth justice system continued to improve and showed a further fall. The level of youth re-offending represents the greatest area of challenge for the service. A multi-agency reducing re-offending sub-group has been established by the YOS Partnership Board and the group is currently under review to ensure its future effectiveness in reducing re-offending.
- In the area of public health there were significant developments in terms of service delivery and commissioning over the course of the year. Positive outcomes include a further reduction in the 3-year teenage conception rate, reductions in childhood obesity at year 6 and a further narrowing of the gap compared with the regional and national average for obesity at reception year. Achievement of the mortality rate indicators was challenging, with the rate sensitive to changes in many factors such as the economy, environment, lifestyle and health care service and it can therefore be difficult to ensure a consistent reduction. Work is ongoing across a number of areas to reduce mortality rates.
- The Council's Green House Gas Emissions showed a further in-year reduction and emissions are now 22% lower than the 2009/2010 baseline. The Council will continue to address emissions through measures including improvements in energy management practice and investment in green technology.
- Household recycling rates did not achieve the expected outturn performance. However, the trend over the past 4 years has been very positive, increasing by over 10%, performance remains strong compared to authorities across the Liverpool City Region. Further work will be undertaken to educating households to recycle more and areas of low participation will be targeted through enforcement strategies.

- There was strong performance against target across a range of housing services indicators, including support provided to address homelessness, fuel poverty, energy efficiency and vacant properties returned to occupation.
- Performance pressures were encountered over the course of the year around some of the community safety indicators, with changes in police recording practices accounting for increases in levels of crime recorded. However, crime rates remain below or around the average for St Helens' comparator group and there was also some strong performance, with increasing numbers of residents feeling safe and reductions in acquisitive crime, secondary fires and re-offending rates.

Further details of the Council's performance, including the Outturn Report, Annual Report and the monthly Budget and Performance reports may be found on the performance pages of St Helens Council website.

RISK MANAGEMENT

Risk management is embedded in the culture of the Council, a Risk Management Policy exists along with strong arrangements and processes for identifying, evaluating and managing risks to the delivery of the Council's strategic objectives. Strategic Directors take the lead for identifying risks in their respective areas and an electronic corporate risk register exists to further identify the likelihood, potential impact and means of mitigation. Each risk has a review timeline linked to severity and likelihood. The Register has been reviewed during 2015-2016 and re-formatted incorporating a detailed process for continual re-assessment of risks by risk owners. The process is overseen by the Safety and Risk Management Group which meets quarterly and is chaired by the Deputy Chief Executive and Strategic Director of Corporate Services. The Risk Register is reported to members via the Audit & Governance Committee on a periodic basis. Key strategic risks contained within the Corporate Risk Register include:

- Failure to cope with sudden increases in service demand
- Failure to manage budget pressures
- Failure to safeguard children from significant harm
- Significant failure of adult social care practice
- Ineffectiveness of the school improvement service
- Failure of key IT systems and services
- Failure to respond to emergency events

FUTURE OUTLOOK

Looking ahead to 2020 and beyond, the requirement for further transformation and change is an accepted reality if the Council is to address its future challenges and continue to successfully meet the needs of the community.

This requirement is driven by a number of factors, at the forefront of which is the financial reality the Council is facing. Over a number of years on the back of significant cuts in government funding, the Council has delivered significant savings, whilst maintaining the range and quality of essential services. However, an ongoing programme of austerity and fundamental changes to the way in which local government is funded in the future sees the Council facing unprecedented financial pressures.

The latest Local Government Grant Settlement continues support for the Government's austerity plan into its 10th year until 2020. The Council faces an £8.9 million reduction in its general grant for 2016-2017 and an anticipated further £15.9 million over the course of the following 3 years, bringing equivalent grant funding reductions in the period 2010 to 2020 to £90 million. This equates to £510 for every person living in the Borough and comes on top of significant reductions in capital investment support and the loss of other key funding programmes.

The Grant Settlement of 2016 to 2017 confirmed the offer of a 4-year budget for local government, which if accepted through the presentation of an 'Efficiency Plan', would allow councils to plan ahead and bring a level of financial certainty. However, this position is offset against a number of other factors which bring significant additional risk and uncertainty to the Council's income and overall financial position. These include:

- the removal of the Revenue Support Grant by 2020;
- general uncertainty caused by an as yet fragile economic climate;
- the move to the complete localisation of Business Rates and their revaluation;
- the transfer of additional responsibilities from central to local government, such as the impact of the Care Act;
- the reduction in specific funding streams (e.g. Public Health Grant);
- the significant liabilities to arise from Equal Pay/Value claims;
- the increasing cost implications of the National Living Wage, the Apprenticeship levy and re-evaluation of the Pension Fund contributions;
- significant demand pressures on care services stemming from an ageing population and the Council's duty to ensure that children and young people are adequately protected from harm and neglect.

To partially offset the financial implications of service demand pressures within Adult Social Care, the Government allowed Councils with social care responsibilities to increase Council Tax levels by an additional 2% on the condition that the additional funds are given over to supporting care provision. However, given St Helens' demographic of a population ageing faster than many other authorities and the scale of demand on services, the relief afforded by the additional funding is limited.

As in previous years, work will be ongoing to examine the implications of future cuts and the actions necessary to deliver the required savings. The Authority will again consult widely through its Budget Consultation and Budget Simulator exercise, encouraging stakeholders and interested parties to advise on the most valued areas of spend. At the same time work will continue in the form of Zero-Based Reviews of portfolio budgets and reviews of specific service areas. Savings proposals will be developed and agreed in a responsible and targeted way before finalisation of the portfolio budgets in the final quarter of 2016-2017.

At the same time, the Council will take forward a programme of transformation that focuses on the organisation, as well as reaching out to partners and communities within St Helens. Key work programmes will include:

- To fully implement and embed the Council's structural review, whilst further reshaping specific service areas;
- To create a transformation team to drive forward a programme of change and service redesign;
- To create a revitalised Borough-wide partnership, that redefines the concept of joint working and broadens engagement and the role of Members to effectively meet needs and improve people's lives;
- To agree a long-term Communities Plan for St Helens with a shared vision and priorities capable of driving and sustaining future partnership working;
- To produce a new Council Operational Plan and Delivery Plan that clearly sets out the direction that the Council will take to achieve its 2020 vision.

CONCLUSION

Over the course of 2015-2016, despite significant ongoing constraints, the Council has continued to successfully manage its finances and achieve all required savings, whilst continuing to invest in, and deliver, strong performance and outcomes for the community.

Significant additional efficiencies have been achieved and the Council's comparatively sound financial platform has been maintained.

Spending pressures due to increased demand for services and the cost of their provision will remain and as reductions in funding continue we will have to do more with less. We must now make the most of the opportunities before us, particularly promoting greater growth and investment within our local economy which will be a key driver in our future. Our starting position as an effective well-managed Council leaves us in a strong position to deliver our programme of change and achieve our 2020 vision.

I would like to thank all Members and Officers for the commitment shown in making 2015-2016 a successful year and would particularly like to thank colleagues in the Finance function for the dedication and hard work shown in completing this Statement of Accounts and all the supporting information.

IAN ROBERTS
Deputy Chief Executive & Strategic Director of Corporate Services

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST HELENS METROPOLITAN BOROUGH COUNCIL

We have audited the financial statements of St Helens Council (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Deputy Chief Executive & Strategic Director of Corporate Services and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Deputy Chief Executive & Strategic Director of Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Deputy Chief Executive & Strategic Director of Corporate Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 24 of the Act; or
- we make a written recommendation to the Authority under section 24 of the Act; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects *the Authority* has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of the Authority in accordance with the requirements of the Act and the Code.

Robin Baker

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

27 September 2016

STATEMENT OF MAIN PRINCIPLES, ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

GENERAL

The Statement of Accounts summarise the Authority's transactions for the financial year 2015-2016 and the position at the year-end 31 March 2016. The Authority is required to prepare an annual Statement of Account 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 Authority Accounting in the United Kingdom 2015/16* and the *Service Reporting Code of Practice 2015/16*, supported by International Financial Reporting Standards (IFRS).

The following accounting policies and estimation techniques have been adopted and they are consistent with the Council's overarching accounting concepts and, where appropriate, the relevant accounting standards.

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:

- Council Tax and Non-Domestic Rates income is accrued in accordance with the assessed liability for the period to 31 March;
- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- 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 are recorded as expenditure when the services are received rather than when the payments are made;
- interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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;
- Capital Receipts from non-current asset disposals are recorded on completion of the asset sale.

The one exception which merits comment occurs where no apportionment of wages' costs is made at 31 March where that date does not coincide with the end of the 'wages week'.

In accordance with IAS18 *Revenue Recognition*, revenue should be measured at the fair value of the amount payable or receivable. In practice, this is the amount that the Council has invoiced, or for which it has been invoiced.

ASSETS HELD FOR SALE – see Property, Plant and Equipment

CAPITAL RECEIPTS

Capital Receipts on non-current asset disposals are initially credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, with a subsequent appropriation to the Usable Capital Receipts Reserve made via the Movement in Reserves Statement.

Usable Capital Receipts are classed as a usable Reserve in the Balance Sheet.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents are represented by:

- (i) cash-in-hand/cash overdrawn;
- (ii) un-presented cheques or other un-presented methods of payment;
- (iii) investments repayable on demand without penalty or change in value.

CHANGES IN ACCOUNTING POLICIES, ESTIMATIONS, ERRORS AND PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of changes in accounting policies, to correct material errors or to provide a consistent representation of current and prior period activity/positions.

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

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

CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

(i) depreciation attributable to the assets used by the relevant service;

(ii) revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve (specific to the individual asset) against which they can be written off;

(iii) amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover these items. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (see "Redemption of Debt"). The items detailed above 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.

CONTINGENT LIABILITIES – see Provisions and Contingent Liabilities

DEPRECIATION – see Property, Plant and Equipment

EMPLOYEE BENEFITS

(i) Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, and paid annual leave for employees, and in accordance with IAS 19 *Employee Benefits* and the provisions of the Code, are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of accumulating compensated absences earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but reversed out through the Movement in Reserves Statement to the Accumulating Compensated Absences Adjustment Account.

(ii) Termination Benefits

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

(iii) Post Employment Benefits

As part of the terms and conditions of employment of its Officers and other employees, the Authority offers retirement benefits to those individuals and participates in three Pension Plans:-

(i) the Local Government Pension Scheme (LGPS) for staff employed under NJC terms and conditions – this is a defined benefit plan where the Authority and the employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities investment assets. This plan is administered by the Merseyside Pension Fund;

(ii) the Teachers' Pension Scheme (TPS) for those employed under Teachers' terms and conditions, administered by Teachers' Pensions on behalf of the Department for Education. The TPS is a statutory scheme subject to the *Teachers' Pensions Regulations 1997 (as amended)*. It provides Teachers with defined benefits upon their retirement, and the Authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries;

(iii) the NHS Pension Scheme (NHSPS) for those Public Health staff who have compulsorily transferred from the PCT's as a result of the Council's Public Health responsibilities. The NHSPS is a statutory scheme administered by NHS pensions and provides its members with defined benefits upon retirement, with the Authority contributing based on specified percentages of members' pensionable pay.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work/worked for the Authority. These benefits are related to a combination of pay and service.

However, the arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. In accordance with IAS 19 *Employee Benefits*, the schemes are therefore accounted for as if they were defined contribution schemes and, consequently, no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year, whilst the Public Health line is charged with payments relating to the NHS scheme members.

<u>The LGPS</u>

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet using the Projected Unit Credit actuarial cost method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds of currency and term appropriate to the currency and term of the scheme's liabilities;

- The assets of Merseyside Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value;

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

    - current service cost;
    - past service cost (including curtailments);
    - pensions administration expenses;
    - net interest expense (interest on plan assets and plan liabilities);
    - remeasurement gains and losses;
    - contributions paid to the Merseyside Pension Fund.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This is achieved via the Movement in Reserves Statement, by way of appropriations to/from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners (and any such amounts payable but unpaid at the balance sheet date).

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme. No such awards have been made for a number of years.

Pensions Reserve

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the particular pension plans in which the Authority participates. However, accounting for employees' pensions is in accordance with prevailing accounting standards, subject to any interpretations set out in the Code.

Where the payments made for the year in accordance with the Plan requirements do not match the Authority's recognised operating and finance costs for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. An appropriation to or from the pensions reserve, which equals the net difference is recognised through the Movement in Reserves Statement.

Remeasurement gains and losses during the year, which impact on the net surplus or deficit of the Fund, will also be subject to a corresponding appropriation to/from the Pensions Reserve.

FAIR VALUES

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

- In the principal market for the asset or liability;
- Or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interests).

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

The Council uses appropriate valuation techniques for each circumstance, maximizing the use of relevant known data and minimizing the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 – quoted prices;
- 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 assets or liabilities.

FINANCIAL INSTRUMENTS – ASSETS

All investments used by the Council are of the type whereby they are classed as 'Loans and Receivables' and are initially recognised on the basis of Fair Value, and subsequently accounted for using the Amortised Cost basis. In doing so, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset, multiplied by the effective interest rate for the instrument. The interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. For most loans that the Council has made, this means that the amount presented on the face of the Balance sheet is the outstanding principal receivable plus accrued interest.

However, the Council has made a number of loans to other parties at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of interest that will be foregone over the life of the loan, resulting in a lower amortised cost than the outstanding principal. Interest is thereafter credited at a higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

There are two types of arrangements undertaken by the Council which fall to be classified as soft loans: Housing loans and Residential Care deferred payments.

The Housing loans are offered to provide financial assistance to owners and occupiers within the private rented and owner occupied sectors to improve the quality of privately-owned homes for those most in need. Financial assistance is available following a detailed assessment of client circumstances, including finances, medical conditions and health impact of housing conditions.

Deferred payments arise as a consequence of the Council entering into agreements with clients in relation to specific Social Care services, as permitted by the Care Act 2014.

Statutory provisions require that there should be no impact on the Council Taxpayer arising from these accounting transactions, and a transfer to or from the Financial Instruments Adjustment Account (via the Movement in Reserves Statement) achieves this requirement.

FINANCIAL INSTRUMENTS – LIABILITIES

The provisions within the Code are derived from the same Accounting Standards as detailed in the policy on Financial Assets.

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure part of 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. For all of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (adjusted for accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts on the repurchase or early settlement of borrowing 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/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.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments, or in arrears, government grants and third party contributions are recognised as due when there is reasonable assurance that the Council will comply with the conditions attached to the payments (if any) and that the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Revenue or Capital Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant line in the Comprehensive Income and Expenditure Statement.

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

HERITAGE ASSETS

Heritage Assets are recognised and measured, including treatment of revaluation gains and losses, broadly in line with the Council's accounting policies on Property Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets and these are detailed below.

The Council's Heritage Assets can be categorised into three different sub-groups:

- Fine art and museum collection;
- Civic regalia; and
- Statues and monuments.

<u>Fine Art and Museum Collection</u>

The Council's art collection is comprised of the paintings held by the Council on display within the Town Hall, those paintings held on display in the World of Glass, a number of sculptures that are displayed on various Council buildings and a collection of small value artefacts held as a museum collection at the World of Glass. The collection of artefacts, paintings and sculptures, which are located in a number of premises across the Borough, have been accessioned to or acquired by the Council and its predecessor Authorities.

The fine art collection held at the World of Glass and that held within the Council comprises of various types of paintings (oil, watercolour and pen and ink). Records of all paintings are stored on a database, a copy of which is held by the Council's Insurance Section. The paintings held within the Council's collection are included on the Balance Sheet and have been valued based on their insurance valuations. External valuations for the Council's fine art collection were carried out by Bonham and these have been used as the basis upon which to establish the value of individual items within the collection. There are over 300 items within the fine art collection.

The collection held at the World of Glass comprises of around 2,500 artefacts. The collection comprises of diverse items that have been deemed to be of historical interest. External valuations for these items have not been obtained for this collection on the grounds of materiality: as no individual items within the collection are deemed to have significant values it is believed that the cost of obtaining valuations would outweigh the benefit gained. An inventory of all items within the collection is maintained by the museum curator and a hard copy of this is retained within the Insurance Section.

The Council has a local history and archives library which contains a number of public records relating to local institutions which the National Archives deems to be records of national significance. In addition, the library houses a number of collections relating to St. Helens which includes correspondences, deeds and plans that are unique and are of historical importance. Whilst these collections are recognised to have local historical significance, they do not have a material value and for this reason have not been valued or included on the Balance Sheet.

Civic Regalia

The Council's civic regalia comprises of various mayoral chains and jewels, a mace and a variety of pieces of civic silverware. The value at which the civic regalia has been recognised in the Balance Sheet is based on the valuations obtained by the Insurance Section. Insurance valuations for these items were provided by Outhwaite and Litherland.

Statues and Monuments

The Council has a number of statues and monuments located across the Borough which fall to be recognised in the accounts as Heritage Assets. The most valuable items within this sub-category of Heritage Assets are the Saints Tribute statue and the Big Art Project: Dream. All material items classified as statues and monuments have been recognised at historic cost. This is deemed to be appropriate as this reflects the amount that has been spent on these assets since their construction.

No depreciation is charged on the Council's Heritage Assets, since the Council believes that the assets it currently holds as Heritage Assets will have infinite lives and as such any depreciation charge calculated would be immaterial.

INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured at cost and the balance is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement on a straight-line basis typically over a period of 5 years. These amortisation charges are not permitted to have an impact on the General Fund Balance and are reversed to the Capital Adjustment Account via the Movement in Reserves Statement.

INVENTORIES

Inventories are included in the Balance Sheet at the lower of actual cost and net realisable value. The cost of inventories is assigned using an average costing formula.

INVESTMENT PROPERTIES

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

Investment properties are measured, initially, at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms length. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

JOINT ARRANGEMENTS

Joint Arrangements are arrangements in which two or more parties have joint control bound by a contract. A Joint Arrangement can be classified as:

(i) A Joint Venture

This is an arrangement under which two or more parties contractually agree to share control, such that decisions about activities of the entity require consent from all parties. Material interests in Joint Ventures would ordinarily necessitate the completion of group accounts using the equity method of consolidation.

(ii) A Joint Operation

This is an arrangement under which parties that have joint control have the rights to the assets and obligations for the liabilities relating to the arrangement. Under such arrangements the Council recognises the assets and liabilities it controls on the Balance Sheet and debits/credits the Comprehensive Income and

Expenditure Statement for its proportion of any expenditure incurred/income received.

LEASES

Under the requirements of IAS 17 *Leases*, the Council is required to consider/review all its lease arrangements and apply the primary and secondary tests detailed in the standard to determine the extent to which the risks and rewards incidental to ownership lie with the lessor or lessee and therefore whether leases should be classified as operating or finance leases, with the subsequent accounting treatment being in accordance with the standard.

Authority as Lessee – operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service(s) benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

Authority as Lessor – operating leases

Where the Authority grants an operating lease over an item of Property, Plant or Equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

OVERHEADS AND SUPPORT SERVICES

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

PENSIONS – see Employee Benefits

PRIVATE FINANCE INITIATIVE (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the assets needed to provide those services passes to the PFI contractor. However, as the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contract for no additional charge, the Council is required to carry the assets used under the contract on its Balance Sheet as part of Property, Plant and Equipment.

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 operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet under PFI schemes will be subject to revaluation and depreciation in the same way as Property, Plant and Equipment owned by the Council.

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

- Fair value of services received during the year – debited to the relevant services in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge is raised on the outstanding Balance Sheet liability and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The interest rate is calculated for the scheme so that the Balance Sheet liability is zero at the end of the contract. The interest rate applicable for the Authority's PFI scheme is 9.8897%;
- Contingent rent – increases in the amount to be paid for the property arising during the contract;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI;
- Lifecycle replacement costs – are split between revenue and capital costs. Revenue lifecycle costs are debited to the relevant service in the Comprehensive Income and Expenditure Statement in the year in which they are incurred. Any capital lifecycle costs are debited to Property, Plant and Equipment to reflect enhancements to the PFI asset. In the early years of the scheme no lifecycle costs are incurred.

PROPERTY, PLANT AND EQUIPMENT

Recognition

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

In line with the requirements of IAS 16 *Property Plant and Equipment*, the Council recognises and accounts separately for any components where the value of the asset is of sufficient materiality and the component costs are significant in relation to the total cost of the asset.

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 that does not add to, an asset's potential to deliver future economic benefits (repair and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, which includes:

- the purchase price; and
- 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 Council does not capitalise borrowing costs incurred while the asset is under construction.

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

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

- school buildings – current value but due to their specialist nature depreciated replacement cost is used as an estimate of current value;
- surplus assets – the current value measurement is fair value which is estimated as the highest and best use from a market participant's perspective; and
- all other assets – fair 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, which is, as a minimum, every 5 years. Revaluations are carried out as part of a rolling programme by a qualified internal Valuer, in accordance with guidance issued by the Royal Institute of Chartered Surveyors (R.I.C.S.). The effective date of the revaluation is the date on which the revaluation was produced.

Key assumptions used in revaluing the assets include:

- good title can be shown and the properties are not subject to any unusual or onerous restrictions, encumbrances or outgoings;
- the land and properties are not contaminated;
- there are no prevailing environmental factors that would alter the valuations provided.

Increases in valuations are generally matched by credits to the Revaluation Reserve to recognise unrealised gains. In some circumstances, gains may 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, the appropriate accounting treatment is dependent on whether the asset has been previously revalued upwards and there is a corresponding gain on the Revaluation Reserve. Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance on the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

<u>Impairment</u>

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

Where an impairment loss is identified, the appropriate accounting treatment is dependent upon whether the asset has been previously revalued upwards and there is a corresponding gain on the Revaluation Reserve. Where there is a balance of revaluation gain for the asset in the Revaluation Reserve, then the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains). Where there is no balance on the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any subsequent reversal of impairment loss 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 life (e.g. freehold land and certain Community Assets) and assets that are not yet available for use (assets under construction).

Depreciation on all Property, Plant and Equipment assets is calculated by allocating the asset value over the period expected to benefit from their use on a straight-line basis. All assets are assessed individually in relation to their asset lives for the purpose of calculating depreciation. Conditions relative to each asset are considered in arriving at this determination.

The Authority will apply component accounting (i.e. major components of the asset are depreciated over their respective estimated economic lives) to assets with a book value in excess of £3m where the impact of component accounting is considered material to the Financial Statements. The Council has adopted a policy in which assets are split into five component parts. The assets are split using standard percentages of the building. Each of the component categories have standard average lives, which are then used for the purpose of calculating the depreciation charge.

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

Assets Disposal and Non-Current Assets held for Sale

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

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

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 gains or loss on disposal. Receipts from disposal (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 of a non-current asset are categorised as capital receipts and credited to the Capital Receipts Reserve and then can be set aside either for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to this Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

PROVISIONS AND CONTINGENT LIABILITIES

The Council sets aside provisions for any liabilities of uncertain timing or amount that have been incurred in accordance with the requirements of the Code and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Provisions are disclosed as separate balance sheet items, whilst provisions for bad and doubtful debts are netted off the carrying amount of debtors.

Provisions are recognised when:

(i) the Authority has a legal or constructive obligation as a result of a past event;

(ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority 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. Where payments for expenditure are incurred to which the provision relates, they are charged direct to the provision carried in the Balance Sheet.

Provisions are reviewed at each Balance Sheet date to reflect the current best estimate, taking into account the risks and uncertainties surrounding the events. Where it is subsequently assessed that it becomes less than probable that a transfer of economic benefits will now be required (or a lower provision is required), the provision is reversed and credited back to the relevant service.

In contrast, Contingent Liabilities are not accrued in the accounting statements. They are disclosed by way of notes if there is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority; or

(ii) a present obligation that arises from past events, but where it is not certain that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

REDEMPTION OF DEBT

Provision for the redemption of debt is made in accordance with the requirements contained in the *Capital Finance and Accounting Regulations 2008*. The Council calculates its annual revenue provision with reference to assumed lives of its assets. For borrowing incurred under the prudential arrangements (i.e. unsupported by Government funding), the charge is calculated on a straight line basis over the estimated life of the asset. For its PFI scheme and that element of the CFR that was prior to the prudential regime supported by Central Government, the Authority calculates a revenue provision using the annuity method. Whilst this calculation is still broadly based on a charge over the asset's life, the resultant profile for revenue provision is more closely aligned with the flow of economic benefit which, it is felt, is more appropriate for PFI schemes.

RESERVES

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

The purpose and usage of each reserve is disclosed in notes accompanying the Core Statements.

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 Authority 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.

These items are generally grants and expenditure on assets not owned by the Authority.

SCHOOLS

The *Code of Practice on Local Authority Accounting the United Kingdom* confirms that the balance of control for local authority maintained schools (those categories of schools identified in the *Schools Standards and Framework Act 1998*) lies with the local authority. The Code stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority single entity financial statements. Therefore these schools' transactions, cash flows and balances are recognised in the financial statements as if they were transactions of the local authority.

TAX INCOME (COUNCIL TAX, NON-DOMESTIC RATES)

<u>Non-Domestic Rates</u>

The Council acts both as an agent (collecting Non-Domestic Rates on behalf of the Merseyside Fire & Rescue Authority and Central Government) and as a principal (collecting Non-Domestic Rates for itself). Non-Domestic Rates transactions and balances are therefore allocated between the Council, Merseyside Fire & Rescue Authority and Central Government, applying accepted agent and principal treatments as appropriate. Under the legislative framework for the Collection Fund, all three parties share proportionately the risks and rewards that the amount of Non-Domestic Rates collected could be more or less than predicted.

<u>Council Tax</u>

Similarly, the Council acts both as an agent (collecting Council Tax on behalf of the Police and Crime Commissioner for Merseyside and the Merseyside Fire & Rescue Authority) and as a principal (collecting Council Tax for itself). Council Tax transactions and balances are therefore allocated between the Council and the major preceptors, applying accepted agent and principal treatments as appropriate. Under the legislative framework for the Collection Fund, all three parties share proportionately the risks and rewards that the amount of Council Tax collected could be more or less than predicted.

The Council's proportionate share of both Non-Domestic Rates and Council Tax will be recognised in the Comprehensive Income and Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority, the difference between the Non-Domestic Rates and Council Tax income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund, shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

For both Council Tax and Non-Domestic Rates, the Council's proportionate share of assets and liabilities (debtors, receipts in advance, provision for doubtful debt, etc.) are recognised individually within the Balance Sheet. The net asset/liability in relation to the other parties is shown as a single debtor/creditor figure, as appropriate.

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.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

(i) to make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Deputy Chief Executive & Strategic Director of Corporate Services;
(ii) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
(iii) to approve the Statement of Accounts.

RESPONSIBILITIES OF THE DEPUTY CHIEF EXECUTIVE & STRATEGIC DIRECTOR OF CORPORATE SERVICES

The Deputy Chief Executive & Strategic Director of Corporate Services is responsible for the preparation of the Authority'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 of Practice').

In preparing this Statement of Accounts, the Deputy Chief Executive & Strategic Director of Corporate Services has:

(i) selected suitable accounting policies and then applied them consistently;

(ii) made judgements and estimates that were reasonable and prudent;

(iii) complied with the Code of Practice.

The Deputy Chief Executive & Strategic Director of Corporate Services has also:

(i) kept proper accounting records which were up-to-date;

(ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE

I certify that this Statement of Accounts gives a true and fair view of the financial position of St. Helens Council at 31 March 2016 and its income and expenditure for the year then ended. In doing so, I authorise the Statement for issue and confirm that it is this date up to which events after the Balance Sheet date have been considered in preparing the Statement.

Ian Roberts

Ian Roberts
Deputy Chief Executive &
Strategic Director of Corporate Services — Date: 19 September 2016

ANNUAL GOVERNANCE STATEMENT

2015-2016

1. Scope of Responsibility

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

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 The Council approved and adopted a Code of Corporate Governance in September 2008 based on the principles in the CIPFA /SOLACE Framework and in line with the revised framework, *"Delivering Good Governance in Local Government*". A copy of the Code of Corporate Governance is held on the Council's Intranet.

1.4 This statement explains how St.Helens Council complies with the Code and meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2015.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads our communities. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

2.3 The governance framework at St.Helens Council has continued to operate and will remain subject to ongoing review in order to ensure its operational effectiveness in the future.

3. The Governance Framework

3.1 Overview

3.1.2 Detailed below are the systems and processes that the Council has put in place and demonstrates the extent to which the governance framework is robust and fit for purpose.

3.1.3 Good governance builds on the principles for the conduct of people in public life, known as the Nolan Principles, and the Local Government Act 2000. The framework establishes how the arrangements meet the six core principles of effective governance as outlined in the CIPFA / SOLACE Delivering Good Governance in Local Government Framework.

3.2 Strategic Planning

3.2.1 The Council prides itself in its role as a community leader in shaping, articulating and giving effect to the ambitions of the community. Led by the Council, and supported by our Local Strategic Partners the Council pursues its ambitious vision to make St.Helens a modern, distinctive, economically prosperous and vibrant Borough.

3.2.2 Our vision is articulated in the St Helens Plan 2015-18, which has been developed by the Council and the wider partnership and stakeholders. The Plan contains our shared priorities for the Borough, summary details of the actions that we will take to deliver our vision, and a proportionate number of key indicators, which we will monitor to measure our progress.

3.2.3 St. Helens Plan has six primary aims and these are:-

i. Healthy and Active People
ii. Skilled and Educated People
iii. Independent and Empowered People
iv. A Safer and Stronger Place
v. A Cleaner, Greener and Accessible Place
vi. A Thriving, Vibrant and Competitive Place

3.2.4 Each of the above aims has a small number of priorities. It is the priorities within the St Helens Plan that drive the Council's annual service planning process, ensuring appropriate activity is undertaken to deliver our long-term vision and goals for the community. A proportionate number of plans covering all service functions and key areas of expenditure are produced each year by the Departments. The Divisions of Service and the Sub Divisions of Service contained in the CIPFA Service Reporting Code of Practice are linked to plans through the Financial Information System (FIS) allowing close monitoring of budgets and service expenditure. An annual process of quality assurance and on-going monitoring and review of plans ensures a continued focus on the effectiveness and value for money of Council services.

3.3 The Decision Making Framework

3.3.1 The Council has adopted and approved a Constitution that establishes an efficient, transparent and accountable decision-making structure. Member and Officer roles are clearly defined within the Constitution.

3.3.2 The Cabinet is the main decision making Body. Meetings are open to the public except where personal or confidential matters are being discussed. It comprises the Leader of the Council and eight Cabinet members with portfolios. The portfolios for 2015/16 were:

i. Corporate Services, Strategy, Governance and External Affairs;
ii. Transport, Housing, and Community Safety;
iii. Children, Families and Young People;
iv. Education and Lifelong Learning;
v. Adult Social Care and Health;
vi. Green Smart & Sustainable Borough;
vii. Employment, Planning & Growth;
viii. Public Health and Wellbeing.

3.3.3 Supporting this is an effective scheme of delegation which is well understood and adhered to. These arrangements are clearly established in the Constitution and supporting documents, particularly financial and contract procedure rules.

3.3.4 The Assistant Chief Executive – Legal and Administrative Services is the appointed Monitoring Officer for the Council whose primary function is to ensure that the Council operates in a lawful manner.

3.3.5 The Council actively involves local residents and young people in shaping the Borough's future and in providing direction to the Council and its partners in the development of local services. Strong consultation and engagement mechanisms enable the Council to understand the views, needs and preferences of all its stakeholders. Particular effort is made to reach the views of those who tend to be excluded from the decision making process or who have very specific needs.

3.4 **Overview and Scrutiny Commission**

3.4.1 The Council's Overview and Scrutiny Commission consists of fifteen Members of the Council alongside two Church representatives. Members of the Overview and Scrutiny Commission are independent of the Cabinet.

3.4.2 The Overview and Scrutiny Commission is supported in its work by a number of specific Overview and Scrutiny Panels. These are:-

i. Audit and Financial Monitoring;
ii. Children and Young People's Services;
iii. Health and Adult Social Care;
iv. Environment, Regeneration, Housing, Culture and Leisure;
v. Safer Communities.

3.4.3 The Overview and Scrutiny Commission and Panels have the authority to request the relevant Cabinet Members and officers to attend meetings to provide further information on issues of performance in their area of responsibility. Health partners and other partners are also invited to attend to review performance. The Panels also prepare reports for direct consideration by the Cabinet. A detailed Action Plan is produced of recommendations made by Scrutiny, and monitoring arrangements are in place to monitor progress.

3.4.4 Dedicated resources have been made available to support the Scrutiny function, including a dedicated Scrutiny Support Manager role.

3.5 **Financial Management**

3.5.1 The Deputy Chief Executive and Strategic Director of Corporate Services is the responsible Officer to the Council for the proper management of its financial affairs in order to meet the statutory requirements of Section 151 of the Local Government Act 1972, and complies with the requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'.

3.5.2 Financial management is recognised as strength in St.Helens and the Council's medium term financial strategy is aimed at maximising resources for priority areas, while minimising the burden on local taxpayers through the achievement of value for money.

3.6 **Codes of Conduct for Members and Officers**

3.6.1 The Council has a Code of Conduct for both Officers and Members together with a range of policies and procedures that includes:-

i. Risk Management Strategy;
ii. Health and Safety;
iii. Equalities and Diversity;
iv. Finance;
v. ICT and Information Management;
vi. Service Standards;
vii. Procurement;
viii. Declaration of interests by Members and Officers;
ix. Member / Officer relationships;
x. Confidential Reporting (Whistleblowing);
xi. Code of Recommended Practice on Local Authority Publicity;
xii. Anti-fraud, Bribery and Corruption.

3.6.2 These policies and procedures are underpinned by an ongoing programme of training for Officers and Members providing coverage on a wide range of topics ensuring awareness on new and developing issues.

3.6.3 The Council's Standards Committee seeks to promote and maintain high standards of conduct of Council Members, and meets to discuss matters of ethical standards. The Monitoring Officer provides reports to the Standards Committee in relation to the operation of the Code of Conduct and the maintenance of high ethical standards.

3.7 **Equality and Diversity**

3.7.1 The Council has effective arrangements in place to ensure it is able to meet its duties in relation to the Equality Act 2010 and the Council's Comprehensive Equality Policy through the impact assessment of decisions, services and employment.

3.8 **Performance Management**

3.8.1 The Council continues to recognise the importance of closely managing and monitoring performance. Ensuring a strong link between budgets, service delivery and performance targets is critical to the achievement of our desired outcomes both for the organisation and wider community, particularly given the scale of government cuts and the impact on the availability of resources.

3.8.2 A proportionate set of performance indicators exists to cover those areas the organisation feels it is important to measure, monitor and report. An annual review of indicators is conducted to ensure their continued relevance. Three-year targets, linked to the medium term Budget Strategy, are set annually. Targets are challenging, but realistic and commensurate with the available level of resource. All targets are approved annually by Cabinet. Benchmarked performance information is collated and examined to ensure that there is challenge to the robustness of the target setting process.

3.8.3 Financial and service planning are fully integrated and joint financial and performance reporting ensures that resources are concentrated on achieving priority outcomes. Monthly meetings between the Deputy Chief Executive and Strategic Director of Corporate Services and Strategic Directors of Departments are held to discuss budgets, progress against key performance measures, significant issues of service delivery and action required to address any identified concerns. Monthly Budget and Performance Monitoring Reports are presented to Cabinet and individual monthly performance briefings are provided for Cabinet Portfolio holders. Joint targets are shared and incorporated into partners key plans.

3.9 Risk Management

3.9.1 The Council's risk management arrangements have traditionally been effective with strong commitment from Members and Officers of the Council supported by significant staff training.

3.9.2 Risk management is embedded in the culture and operation of the Council. The Council's corporate risk register identifies threats and risks to the achievement of its strategic priorities set out in the St Helens Plan 2015-18. Service Plans contain an assessment of the likelihood and impact of service level risk, along with control measures. The development of the Council's business continuity and disaster recovery arrangements has been informed by the Civil Contingencies Act.

3.9.3 A Safety and Risk Management Forum, convened on a quarterly basis, is a strategic group chaired by the Deputy Chief Executive and Strategic Director of Corporate Services and attended by the Strategic Directors of Services and Chief Officers together with Trade Union and Human Resources representation. It considers occupational health, organisational safety and risk management issues including civil claims and losses.

3.10 Data Protection and Information Management

3.10.1 The Council takes its Data Protection and Information Management responsibilities very seriously and has a corporate Information Management Group in place to ensure that standards, training and monitoring arrangements are robust and effective.

3.10.2 Information management policies governing how data is accessed and protected are regularly reviewed, and subject to consultation prior to amendments to reflect current and emerging practice.

3.11 **Workforce Planning**

3.11.1 The Council recognises the benefits of having a committed, capable, skilled and diverse workforce. There is a requirement for workforce planning and the implications thereof to be considered within departmental service planning and associated action plans.

3.11.2 The Council places great importance on the quality of its workforce, and was especially pleased to achieve the Investors In People (IIP) Gold Award accreditation for the whole Council initially in 2009, and has been subsequently re-accredited.

3.11.3 The Council maintains an effective appraisal system that links individual targets and performance to its shared and corporate priorities and which, in turn informs its corporate training programme.

3.12 **Transparency**

3.12.1 The transparency guidelines are complied with and information is provided from the website on procurement, payment to suppliers, allowances and pay, grants, fees and charges, assets and fraud.

3.12.2 All agendas and minutes are published on the Council's website together with any Delegated Executive Decisions taken by Chief Officers and approved by the relevant Cabinet Member in accordance with the Council's Constitution. Administrative Decisions are also published on the Council's website

4. Assurance

4.1 The Council's Audit and Governance Committee has a key role as the "body charged with governance" and within its Terms of Reference is required to gain and monitor the necessary assurances in respect of the Council's control, governance, financial management and reporting framework.

4.3 All Chief Officers of the Council are required, on an annual basis, to provide written assurance as to the adequacy and effectiveness of management arrangements based on specified criteria.

4.4 In assessing the performance of services, the Council actively seeks the views of its community and places great emphasis on customer satisfaction. The Council has established standards of service, particularly at the front line, which are regularly monitored.

4.5 An open and transparent complaints procedure is available to the community and complaints are closely monitored together with the quality of the complaint handling processes. The Council conducts regular surveys to assess the levels of satisfaction with its services and their accessibility, and feeds these into service reviews.

5. The Primary Assurance Group

5.1 The Primary Assurance Group consists of senior officers of the Council and undertakes a detailed annual self-assessment of the effectiveness of our governance arrangements based on the CIPFA/SOLACE six core principles. It also considers emerging risks to the Council's ability to meet its objectives and drafts the Annual Governance Statement for subsequent challenge, consideration and approval by the Audit and Governance Committee.

5.2 The Primary Assurance Group is chaired by the Deputy Chief Executive and Strategic Director of Corporate Services and includes senior representatives with responsibilities covering all the elements of the overall framework.

5.3 The remit of the Primary Assurance Group is:

i. to obtain, document and evaluate the Council's internal control and governance framework using a robust and evidence-based methodology on which to form an opinion;

ii. to evaluate assurances received from services regarding Directors assessments of the internal control environment and corporate governance arrangements for individual services;

iii. to review the internal audit outturn report;

iv. to advise the Council of any significant internal control issues that may have implications for the Annual Governance Statement;

v. to recommend actions for improvement where appropriate; and

vi. to review and monitor the implementation of any actions for improvement that arise from the annual assessment of the governance framework.

5.4 The Primary Assurance Group has evaluated the outcomes of the self-assessment and the assurances from Strategic Directors and Chief Officers and have produced an Action Plan of issues which need to be addressed to ensure the governance framework is not compromised. Of particular concern were aspects of non-compliance with the governance framework within the Children and Young Peoples Department. Action Plans for Improvement have been developed by the Strategic Director of People's Services to address the weaknesses.

5.5 During 2015/16 the Primary Assurance Group also undertook a review against the governance issues that were identified following the Statutory Inspection of Rotherham Council (Casey Report) and an Action Plan for improvement areas has been produced as a result.

6. Reviewing the Effectiveness of the Governance Framework

6.1 Overview

6.1.1 The annual review of the effectiveness of governance has reviewed information and assurances from a number of sources, both internal and external, and a detailed self-assessment has been undertaken by members of the Primary Assurance Group and the conclusions and sources of assurance documented.

6.1.2 During 2015/16 the Council has embarked on a programme of organisational change and transformation in order to meet its future needs and aspirations and deliver the

‘2020 Vision for St. Helens’. This process will be continually reviewed and any impact on the governance arrangements considered as part of decision making.

The principle sources of assurance are as follows:-

6.2 **Formal Review of the Constitution**

6.2.1 The Assistant Chief Executive responsible for legal services conducts an annual, formal review of the Council’s Constitution. The objective of this review is to ensure that the aims and principles within the Constitution are given full effect and that it continues to be relevant and appropriate.

6.2.2 This review was conducted in May 2015 when amendments to the Constitution were approved by Council.

6.3 **The Standards Committee**

6.3.1 The Standards Committee monitors adherence to proper standards of conduct by Members of the Council. The activities of the Standards Committee form a part of our governance framework and are part of our assessment of effectiveness.

6.3.2 The changes to the ethical framework brought about by provisions in the Localism Act 2011 has reduced the need for the Committee to meet as often as previously. The Standards Committee continues to monitor the behaviour of elected members within its remit to maintain high standards in accordance with the Nolan Principles.

6.4 **Audit and Governance Committee**

6.4.1 The Audit and Governance Committee reviews the Council’s progress in the implementation of recommendations arising from internal and external audit and inspection reviews. This includes the Council’s progress in addressing any issues arising from previous Annual Governance Statements.

6.4.2 The Committee has also considered the Statement of Accounts, matters raised by the external auditor, risk management, and the arrangements for fraud, bribery and corruption.

6.5 **Overview and Scrutiny**

6.5.1 The Overview and Scrutiny Commission and Panels have delivered their work programme to provide scrutiny of a range of Council activities, and have presented their findings and recommendations for consideration by Cabinet.

6.5.2 The review work has also incorporated proposed Policy changes and responding to formal consultation on strategic issues affecting the Borough including Health services, and participating in joint scrutiny reviews.

6.5.3 The role of the Commission also involves scrutiny of the Council’s annual budget process, and the Audit and Financial Monitoring Overview and Scrutiny Panel also review internal audit reports and the implementation of actions arising from them.

6.6 **Internal Audit**

6.6.1 The findings arising from the delivery of the annual Internal Audit Plan, and from any unplanned activity relating to fraud, management or other issues are used to assess the effectiveness of the governance framework. This includes the review of the Council's Corporate Governance and Risk Management arrangements.

6.6.2 In the Internal Audit annual outturn report for 2015/16 the Assistant Treasurer has confirmed that, based on work undertaken in the year, the control environment was operating effectively and there were no significant issues required to be brought to the attention of Members. There were however a range of system and operational control weaknesses identified, which in all cases have been resolved by the agreement of action plans for improvement with management.

6.6.3 The implementation of agreed audit recommendations is monitored and reported to the Audit and Financial Monitoring Overview and Scrutiny Panel. During the year there have been some issues identified with unsatisfactory progress being made, and these issues have been highlighted, and assurances sought from the Strategic Director on a robust process to implement outstanding recommendations.

6.6.4 Internal Audit undertook a self-assessment against the Public Sector Internal Audit Standards (2013) in 2015, and this has been reported to the Audit & Governance Committee along with progress against the Action Plan for full compliance with the Standards.

6.6.5 A self-assessment has also been undertaken against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, which identified that key policies are in place and overall arrangements are robust. An Improvement plan has been identified to further enhance compliance and performance.

6.7 **Strategic Risk Register**

6.7.1 The Council's Corporate Strategic Risk Register is regularly reviewed by risk owners to ensure that it continues to be relevant, comprehensive and appropriate. The Risk Register is reported to members via the Audit & Governance Committee on a periodic basis. The Register has been reviewed during 2015/16 and reformatted incorporating a detailed process for continual re-assessment of risks by risk owners.

6.7.2 New and emerging risks that are identified within decisions taken by Cabinet, or Delegated Executive Decisions are also incorporated within the Corporate Risk Register.

6.8 **Corporate Financial and Performance Reporting**

6.8.1 There is a formal reporting cycle of reports, which incorporates financial and performance information on a portfolio basis. Reports are produced on a monthly, quarterly and annual cycle, and are available to all elected members: are formally presented to Cabinet for consideration; and are published on the Council's website.

6.8.2 Financial and performance monitoring reports provide for alignment with the corporate meeting cycle and a strategic approach to the reporting of financial and performance issues. Monthly budget and performance monitoring reports to Cabinet focus not solely on the performance of indicators, but also on wider aspects of service delivery and performance.

6.8.3 The service planning process provides for a fully electronic approach to monitoring of progress, annual review, and quality assurance of plans.

6.9 External Assessment and Inspection

6.9.1 The Council's external auditors, Grant Thornton, fulfil their statutory audit obligations to include the production of an Annual Audit Management Letter which considers the quality of our governance arrangements and the veracity of our published financial statements of accounts.

6.9.2 The findings of our external auditors are included in Section 7.1 below.

6.9.3 The Council is also subject to external inspection from statutory inspectorates including Ofsted and the Care Quality Commission. The findings of these are considered in Section 7.2 below.

7. <u>External Audit and Inspection</u>

7.1 External Audit Opinion

7.1.1 Grant Thornton, in their Annual Audit Letter dated October 2015, confirmed for the financial year 2014/15 that the Council received:

i. an unqualified opinion on our financial statements;
ii. an unqualified conclusion in respect of our arrangements for securing economy, efficiency and effectiveness in our use of resources;
iii. an unqualified opinion on our Whole of Government Accounts submission.

7.1.2 In respect of the Council's Annual Governance Statement (AGS), Grant Thornton found that it fairly reflects the Councils risk assurance and governance framework and were able to confirm that there they were not aware of any significant risks that are not disclosed within the AGS.

7.1.3 In respect of the Council's financial resilience the Audit report stated that the the Council continues to demonstrate good financial performance and has good financial planning and review processes in place, and a track record of delivering financial plans and savings.

7.2 Ofsted/CQC and other Statutory Inspection Bodies

7.2.1 The Care Quality Commission (CQC) inspected the Council's Reablement Service, which is a jointly funded intermediate care service that aims to promote independence so that people can remain living in their own homes, help people recover from illness and prevent unnecessary admission to hospital and long-term care facilities. The results of the inspection were very positive with the CQC concluding that overall the service was 'Good', being effective, safe, caring responsive to needs and well led.

7.2.2 A Local Government Association Peer Review was undertaken of the Safeguarding function within the Adult Social Care and Health Department as part of the Council's commitment to sector led improvement. The findings were overwhelmingly positive, acknowledging clear policies and procedures, statutory responsibilities being met and a mature partnership with strong relationships. In conclusion no significant areas were highlighted for further development.

7.2.3 The 2014 Ofsted inspection of the Council's services for Children in Need of Help and Protection, Children Looked After and Care Leavers and a review of the Local Safeguarding Children's Board (LSCB) found the services to be 'Requiring Improvement.' The inspection was carried out under a revision to the Single Inspection Framework and combined case tracking, case sampling, observations of practice and interviews – with the aim of understanding the experiences of children and young people.

7.2.4 An improvement plan for each element of the inspection was developed and update reports presented to Cabinet during the year. Following the establishment of the new People's Services Department the actions have been reviewed and the implementation plans reassessed to ensure the necessary improvements are achieved.

7.2.5 A Peer Review of Children's Services was conducted through the North West Directors of Children's Services body as a further means of constructive challenge. In schools and education it was noted the appointment of a Virtual Head Teacher and the focus on supporting vulnerable groups is strong, along with a 'family' of schools who are willing to work together to improve performance for pupils. In social care it was noted that there is a strong foundation to build on but there are particular problems around high volumes in areas of referrals, child protection and children looked after. A number of recommendations for improvement were made including the need for a fuller understanding of the origins of demand pressures, the strengthening of quality assurance processes and ensuring that the impact of the voice of children and families is evident in terms of service development. The findings subsequently influenced and fed into a number of action plans.

7.2.6 The Short Quality Screening Inspection of Youth Offending Work in St. Helens by HM Inspectorate of Probation found that overall the quality of work with children and young people in the St. Helens Youth Offending Service (YOS) was good and had improved since the past inspection in 2009. A number of strengths were highlighted, notably the strong engagement and relationships the Service had developed with children, young people and their parents/carers. The key area of challenge was to reduce reoffending and it was acknowledged that to achieve this, children and young people required further support from a range of partner agencies to allow the YOS to focus on specific direct offending behavior work.

8. Conclusion

8.1 It is our opinion, based on the self-assessment undertaken and the assurances provided above, that our systems of internal control and governance are fit for purpose and are in accordance with the framework.

8.2 On this basis we can report that whilst there are no significant governance issues that require addressing by the Council, improvements to existing arrangements necessary to assure full compliance and mitigate exposure of the Council have been identified and are addressed by improvement plans. More detail of the evidence is provided against the relevant core principles in the corporate assessment and the Summary Action Plan appended to this report.

8.3 The Council continues to face significant funding challenges in response to Central Government's year on year funding reductions. The Council has successfully delivered significant savings whilst maintaining efficient services and responding to increasing service demands.

8.4 The Local Government Grant Settlement, localisation of Business Rates and Council Tax support also have transferred additional financial risks and uncertainty to the Council. These changes increase the financial risk profile of the Council as any national or local economic downturn directly impacts on the Council's revenue generation through business rates and additional direct cost of increased numbers of Council Tax rebate claimants.

8.5 The Council is committed to improving the lives of local people and communities and fostering strong partnerships to become an adaptive and innovative organisation. We are working with our partners to deliver integrated service delivery models and business support within the local economy to support local employment initiatives.

8.6 At the same time, the Council continues to face many ongoing challenges and rising service demands which impacts on its resources. The ability to manage Adult Social Care demand remains a key priority given the demographics of St. Helens and the requirements and responsibilities associated with the Care Act 2014. The ability to raise additional funds from the additional 2% Council Tax increase for 2016/17 will support the cost of rising demand but not wholly.

8.7 Addressing the issues outlined in the Ofsted inspection of services for children in need of help and protection, children looked after and care leavers and to improve the effectiveness of the Local Safeguarding Children's Board is of critical importance for the Council. The improvement plans have been reassessed by the Strategic Director and the actions strengthened along with clear lines of accountability. The plans have been subject to approval by Cabinet and review by Scrutiny members. The departmental governance arrangements to support and deliver this program of work have also been subject to internal review to ensure that the objectives are achieved.

8.8 To meet the increasing financial challenge and deliver necessary service improvements and redesign a new Transformation Service has been created which will lead and support this priority. Alongside this, the governance framework to support the program will be subject to on-going review and improvement.

8.9 The Council's commitment to consultation and wider engagement with our residents and stakeholders continues, with the continuation of the Budget Consultation and Simulator exercise. This is becoming increasingly important as the future decisions about service priorities are being taken.

8.10 The Council is working closely with Health Partners, in particular the Clinical Commissioning Group (CCG) to further develop governance arrangements in respect of decision making for prioritised local services, to ensure that our collective needs are met.

8.11 Ensuring that the Borough benefits from increased economic growth is central to the Council's ambitions as is the continuation of joint working through the Liverpool City Region Combined Authority(CA), the Liverpool City Region Local Enterprise Partnership (LEP), and through the Devolution Agreement with Government which was signed in November 2015. Under the Agreement the pooled powers over economic development, regeneration and transport policy assigns new responsibilities and powers, and significant funds of £900m over a 30-year period. The Council continues to support the strategic management and establishment of governance arrangements for the Combined Authority.

8.12 The Council has a strong track record of promoting and maintaining high standards of behaviour and will remain committed to doing so by all available means.

8.13 The Council remains committed to seeking continuous improvement and will continue to review and strengthen the control, risk and governance environment wherever appropriate.

Signed: ______________________ **Date: 15 June 2016**
Chief Executive

Signed: ______________________ **Date: 15 June 2016**
Leader of the Council

APPENDIX 1

Annual Governance Statement Action Plan 2015/16

Action Ref.	Issue	Action	Lead Officer	Completion Date
1	Revised Organisational Structure	Completion and implementation of the structural review	Chief Executive & Strategic Directors	September 2016
2	Delivery of 2020 Vision	Identification and delivery of a program of work for the new 2020 Transformation service	Chief Executive	September 2016
3	Strategic and Operational Planning approach revised	Produce new Communities and Operational Delivery Plans	Chief Executive	March 2017
4	Partnership arrangements to be enhanced	Review current arrangements and redefine integrated service delivery and partnership model	Chief Executive	December 2016
5	The Council's Code of Corporate Governance needs updating	A review of the Council's Code of Corporate Governance is to be undertaken to ensure it accurately describes the Council's governance framework (CIPFA SOLACE 2016 Guidance)	Assistant Chief Executive – Legal Services	December 2016
6	Governance arrangements for the Liverpool City Region Combined Authority and Devolution Deal need to be agreed	Governance arrangements to be determined and Constitution amended	Assistant Chief Executive – Legal Services	March 2017
7	Delivery of budget savings	Robust budget monitoring and reporting	Deputy Chief Executive & Director of Corporate Services	March 2017
8	Improved service and performance for Children's Services	Monitoring delivery of Action Plans for Ofsted improvements, and Governance improvements	Director of People's Services	March 2017
9	Enhanced governance arrangements in response to Casey Review	Monitoring delivery of Action Plan	Deputy Chief Executive & Director of Corporate Services/Director of People's Services/ Primary Assurance Group	September 2016

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

NOTES		General Fund Balance	Schools Balances	NW Regional Leaders Board	Other Earmarked Gen. Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	Notes		7	7	7	8	9		6	
	Balance at 31 March 2014 (Restated)	21,289	8,038	1,034	48,239	32,195	8,366	119,161	76,986	196,147
Movement in Reserves during 2014-2015 Restated										
CIES	Surplus or (Deficit) on the Provision of Services	(1,208)	-	-	-	-	-	(1,208)	-	(1,208)
CIES	Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(59,710)	(59,710)
CIES	**Total Comprehensive Income and Expenditure**	(1,208)	-	-	-	-	-	(1,208)	(59,710)	(60,918)
5	Adjustments between accounting basis and funding basis under Regulations	(4,153)	-	-	-	(1,485)	(612)	(6,250)	6,250	-
	Net Increase/(Decrease) before Transfers to Earmarked Reserves	(5,361)	-	-	-	(1,485)	(612)	(7,458)	(53,460)	(60,918)
7	Transfers to/from Earmarked Reserves	8,429	1,525	(26)	(9,928)	-	-	-	-	-
	Increase/(Decrease) in 2014-2015	3,068	1,525	(26)	(9,928)	(1,485)	(612)	(7,458)	(53,460)	(60,918)
	Balance at 31 March 2015 carried forward	24,357	9,563	1,008	38,311	30,710	7,754	111,703	23,526	135,229
Movement in Reserves during 2015-2016										
CIES	Surplus or (Deficit) on the Provision of Services	(32,103)	-	-	-	-	-	(32,103)	-	(32,103)
CIES	Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	39,840	39,840
CIES	**Total Comprehensive Income and Expenditure**	(32,103)	-	-	-	-	-	(32,103)	39,840	7,737
5	Adjustments between accounting basis and funding basis under Regulations	32,958	-	-	-	(1,291)	1,282	32,949	(32,949)	-
	Net Increase/(Decrease) before Transfers to Earmarked Reserves	855	-	-	-	(1,291)	1,282	846	6,891	7,737
7	Transfers to/from Earmarked Reserves	(7,460)	1,217	(35)	6,278	-	-	-	-	-
	Increase/(Decrease) in 2015-2016	(6,605)	1,217	(35)	6,278	(1,291)	1,282	846	6,891	7,737
	Balance at 31 March 2016 carried forward	17,752	10,780	973	44,589	29,419	9,036	112,549	30,417	142,966

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

NOTES	2014-2015 (Restated) Gross Expenditure	Gross Income	Net Expenditure		2015-2016 Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000		£000	£000	£000
	6,115	(4,734)	1,381	Central Services to the Public	5,943	(3,803)	2,140
	12,682	(3,225)	9,457	Cultural and Related Services	11,041	(2,936)	8,105
	12,599	(9,134)	3,465	Environmental and Regulatory Services	12,911	(5,274)	7,637
	5,598	(2,520)	3,078	Planning Services	5,328	(2,538)	2,790
10	186,062	(146,321)	39,741	Children's and Education Services	185,014	(146,455)	38,559
	70,129	(23,434)	46,695	Adult Social Care	73,723	(30,080)	43,643
	16,857	(6,051)	10,806	Highways and Transport Services	14,094	(2,791)	11,303
	82,663	(74,412)	8,251	Housing Services	77,773	(70,300)	7,473
	2,517	(16)	2,501	Corporate and Democratic Core	2,643	(29)	2,614
11	1,437	-	1,437	Non-Distributed Costs – Pensions	1,291	-	1,291
	407	-	407	Non-Distributed Costs – Other	5,869	-	5,869
	11,441	(12,060)	(619)	Public Health	14,670	(14,369)	301
3,37	-	-	-	Provision for Equal Pay	10,204	-	10,204
15, 16	408,507	(281,907)	126,600	**COST OF SERVICES**	420,504	(278,575)	141,929
12			26,086	Other Operating Expenditure			23,641
13			10,436	Financing and Investment Income and Expenditure			17,440
14			(161,914)	Taxation and Non-Specific Grant Income			(150,907)
15			1,208	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			32,103
			(12,843)	(Surplus) or Deficit on Revaluation of Non-current Assets			(10,146)
11			72,553	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(29,694)
			59,710	**OTHER COMPREHENSIVE INCOME AND EXPENDITURE**			(39,840)
			60,918	**TOTAL COMPREHENSIVE INCOME AND EXPENDITURE**			(7,737)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services (unusable reserves). Unusable reserves include:

(i) reserves that hold unrealised gains and losses, particularly in relation to the revaluation of Property, Plant and Equipment;

(ii) adjustment accounts that absorb the difference between proper accounting practices and the requirements of statutory arrangements for funding expenditure.

NOTES	Restated 31 March 2014 £000	Restated 31 March 2015 £000		31 March 2016 £000
25, 26	384,168	391,416	Property, Plant and Equipment	389,871
27	3,529	3,529	Heritage Assets	3,191
28	25,675	24,440	Investment Property	20,384
29	2,082	1,709	Intangible Assets	1,368
30	29,041	10,033	Long Term Investments	25
31	12,146	12,609	Long Term Debtors	12,606
	456,641	443,736	**Long Term Assets**	427,445
30	80,637	84,491	Short Term Investments	98,108
33	8,123	7,990	Assets held for Sale	3,377
34	20,777	19,323	Short Term Debtors	17,646
	636	410	Inventories	441
39	34,883	15,392	Cash and Cash Equivalents	24,398
	145,056	127,606	**Current Assets**	143,970
35	(1,114)	(1,112)	Short Term Borrowing	(1,117)
4(b)(ii),36	(35,882)	(38,602)	Short Term Creditors	(37,103)
16	(1,507)	(1,135)	Capital Grants Receipts in Advance	(1,438)
16	(5,177)	(5,865)	Revenue Grants Receipts in Advance	(6,076)
37	(3,269)	(3,582)	Provisions	(14,631)
	(46,949)	(50,296)	**Current Liabilities**	(60,365)
11	(194,580)	(260,081)	Pensions Liability	(245,161)
16	-	-	Capital Grants Receipts in Advance	-
16	(4,094)	(5,559)	Revenue Grants Receipts in Advance	(6,809)
35	(73,363)	(73,357)	Long Term Borrowing	(73,351)
37	(6,057)	(6,001)	Provisions	(5,789)
38	(80,507)	(40,819)	Other Long Term Liabilities	(36,974)
	(358,601)	(385,817)	**Long Term Liabilities**	(368,084)
	196,147	135,229	**Net Assets**	142,966

			Financed by:	
MIRS	119,161	111,703	Usable Reserves	112,549
6	76,986	23,526	Unusable Reserves	30,417
	196,147	135,229	**Total Reserves**	142,966

In preparing this Statement, events up to 19 September 2016 have been considered. This is the date when the Deputy Chief Executive & Strategic Director of Corporate Services authorised the Statement for issue.

CASH FLOW STATEMENT

The Cash Flow Statement summarises the flows of cash that have taken place into and out of the Authority's bank accounts over the financial year.

NOTES	2014-2015 £000		2015-2016 £000
CIES	(1,208)	Net Surplus or (Deficit) on the Provision of Services	(32,103)
42	4,357	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	45,768
43	(2,989)	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(3,103)
44	160	Net Cash Flows from Operating Activities	10,562
45	(20,555)	Investing Activities	(1,871)
46	904	Financing Activities	315
	(19,491)	Net Increase or Decrease in Cash and Cash Equivalents	9,006
	34,883	Cash and Cash Equivalents at the start of the Reporting Period	15,392
39(d)	15,392	Cash and Cash Equivalents at the end of the Reporting Period	24,398

INDEX OF NOTES TO THE 'CORE' FINANCIAL STATEMENTS 2015-2016

NOTES TO THE 'CORE' FINANCIAL STATEMENTS

1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The *CIPFA Code of Practice on Local Authority Accounting* (the Code) requires disclosure of information related to the anticipated impact of changes in accounting standards that have been issued, but not yet adopted. The 2016-17 Code incorporates several changes to accounting standards that will apply from 1 April 2016.

The *CIPFA Code of Practice on Transport Infrastructure Assets* (the Infrastructure Code) takes effect from 1 April 2016. The change of accounting policy will be applied prospectively from 2016-17, as the 2016-2017 Code includes an adaptation to IAS 1, removing the requirement for a full retrospective restatement of the accounts and, as such, the change will be accounted for as an adjustment to the opening balance as at 1 April 2016.

Under the Infrastructure Code a new class of asset, Highways Network Asset, will be established which will be measured at depreciated replacement cost. The new class of asset will have seven components: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. However, this will be recorded on the Balance sheet as a single asset. The creation of the new Highways Network Asset will require a transfer of assets from the existing Infrastructure Asset category. The transfer of assets is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost.

There are a number of other amendments to International Financial Reporting Standards that will apply from 1 April 2016, however these are not expected to have a material impact on the Council's accounts. The most significant changes arising in the next reporting period are those relating to the changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of a new Expenditure and Funding Analysis, which will require a restating of the 2015-16 Comprehensive Income and Expenditure Statement and Movement in Reserves Statement to reflect the new reporting requirements.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are detailed below. Critical estimation uncertainties are described in Note 3.

Funding

The Government has taken the unprecedented step of offering a 4-year settlement "to any council that wishes to plan ahead with confidence". Despite this offer there are many other variables that are subject to change and volatility and that add up to a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty does not present a significant risk to the Council's ability to operate as a going concern.

Leases

The Council has examined its significant leases to determine whether they should be classified as operational or finance leases. In certain instances the application of IAS17 tests for the assessment of lease transactions is not conclusive and the Council has used its judgement in determining whether or not the lease is a finance or operating lease.

As part of the review of leases and arrangements that may be deemed to contain a lease, the Council's PFI arrangement has been considered and deemed to have an implied finance lease within the agreement. In calculating the finance lease, the Council has estimated the interest rate implicit within the lease to calculate the interest and principal repayment schedule.

Investment Properties

Investment properties have been categorised as such, based on careful consideration of the criteria for recognition identified in *IAS40 Investment Property*. As a result, the Council has determined that it holds assets with a value of £20.4m that it judges are held for capital appreciation or for the generation of investment income, or both.

Schools

In determining the accounting treatment to be applied to the various types of school within the Borough, the Council has had due regard to the application of IFRS 10, which means that for the purposes of the accounts, maintained schools (all schools excluding academies and free schools) are treated as entities for the purpose of assessing control. This assessment has indicated that the balance of control of these entities lies with the local authority and that, therefore, the income and expenditure assets and liabilities and reserves of these schools are recognised within the single entity accounts of the local authority.

In respect of the recognition of schools' land and buildings and equipment assets, these should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for that type of property. To this end, the Council recognises schools' land and buildings on its Balance Sheet where it has direct ownership of the assets, there is formal agreement or evidence that the rights of ownership have been transferred, or that these are no longer substantive.

The Council has undertaken an assessment of the different types of maintained schools within the Borough to determine the arrangements in place and the appropriate accounting treatment to be applied to the schools' land and buildings. The assessment has been based on a composition of information obtained in respect of legal title and information provided by the relevant dioceses. On the basis of this assessment, a judgement has been formed on each of the schools and a conclusion reached that only those land and building assets in respect of community schools should be included on the Council's Balance Sheet. For all of the voluntary controlled and aided schools within the Borough, legal title for the schools rests with the relevant diocese and in all instances no formal agreements exist between the school and the diocese which would indicate a transfer of rights and obligations. As such, all schools are occupied under a 'mere licence' and therefore it is judged that the land and building should not be included on the Council's Balance Sheet.

Joint Arrangements

During 2013-2014, the Council entered into an arrangement with Langtree Group to regenerate the former Parkside Colliery site. A limited liability partnership was established as the vehicle through which the site would be acquired, developed and the necessary planning permissions obtained to allow the site to be used for business, thus achieving the Council's aim of economic development and job creation.

This arrangement has been assessed under the relevant accounting standards to determine how this should be accounted for within the Council's accounts. Based on this assessment it has been determined that this arrangement falls to be classified as a joint venture which would ordinarily necessitate the completion of group accounting statements. Having reviewed the companies' financial statements, it has been determined that, on the grounds of materiality, group accounting statements are not required for 2015-2016. To this end, the Council's interest of £6m in the company continues to be reflected within the Council's single entity accounts as a long-term Debtor (see Note 31). Further detail about the Council's interest in the joint venture is included with the Related Parties (see Note 22).

The Council is party to two Section 75 Arrangements with the St Helens Clinical Commissioning Group (CCG); a pooled budget in respect of Continuing Health Care assessments and a pooled budget covering the Better Care Fund. Both arrangements have been assessed under the relevant accounting standards and it has been determined that they fall to be classified as joint operations, which require that the Council account for the assets and liabilities it controls on its Balance Sheet, together with its elements of income and expenditure within the Comprehensive Income and Expenditure Statement.

3. 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 Authority 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 Balance Sheet, where there is a risk of material adjustment in the forthcoming financial year, are as follows:

Debtors

The Council makes provision for bad and doubtful debts on the basis of historic collection rates, experience, and any specific circumstances that may apply to any of its individual material sums due. However, pressures arising from the current economic climate and changes to benefits may result in a deterioration in collection rates. Should that be the case, additional impairment of the doubtful debts may be required.

Pensions Liability

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Further detail on the assumptions used is provided in Note 11 to the Core Financial Statements.

Equal Pay Provision

The Council has included a provision of £10.204m for the settlement of claims lodged against the Council in respect of Equal Pay. The Council has made a provision for the settlement of claims based on the number of claims received and estimates of the claims received.

Other Provisions

Notwithstanding the fact that the Insurance provision is based on a consultancy opinion, which combines a scientific modelling process and expert advice, it may be that the prevailing economic, environmental or physical conditions give rise to more claims against the Authority than have been built into the assumption model. If this should occur, then increases to future provisions will be required.

Public Finance Initiative (PFI)

In estimating the future payments to be made to the PFI contractor through the unitary charge, the Council has assumed that increases in RPI over the life of the contract will remain constant at 2.5%. Whilst it is acknowledged that the current rate of inflation is running below this level, it is believed that it is appropriate to maintain this rate of inflation over the long term, as this is broadly in line with the level of inflation that the Bank of England seeks to maintain over the longer term and which it seeks to achieve through its powers to set interest rates.

Non-Domestic Rates

On 1 April 2013 the Government introduced the Non-Domestic Rates Retention Scheme, under which Local Authorities are directly impacted from successful appeals against Non-Domestic rates by ratepayers. Although the rates retention scheme only became operational from the start of 2013-2014, the Council is liable to meet 49% of the financial impact of any outstanding appeals against both the 2005 and 2010 Rating Lists. A provision has therefore been created to meet the cost to the Council of these backdated appeals. The estimate has been calculated based on an analysis of information provided by the Valuation Office Agency detailing all appeal transactions (settled and outstanding) relating to the 2005 and 2010 list. Using the data on settled appeals, average success and rateable value reduction, factors have been calculated for each category of appeal and applied to the outstanding appeals to arrive at an annual reduction in rateable value and consequently converted into a cash figure.

Fair Value Measurement

Where the fair values of assets and liabilities cannot be measured using Level 1 inputs, fair value must be calculated using valuation techniques. Where possible the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair values of the Authority's assets and liabilities. Where Level 1 inputs are not available, the Authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value.

4. CHANGES IN ACCOUNTING AND OPERATIONAL POLICY AND OTHER SIGNIFICANT MATTERS CONSIDERED IN PRODUCING THE 2015-2016 STATEMENT OF ACCOUNTS

(a) Changes in Accounting Policy

(i) Annual Revenue Provision

During 2015-2016, the Council reviewed its approach to the calculation of its Annual Revenue Provision for its previously supported borrowings, moving from the Capital Financing Requirement (CFR) method of calculation (a charge of 4% on the balance of the supported CFR) to applying the annuity method. In doing so it was considered more appropriate and prudent to apply the annuity method of calculating the Revenue Provision as it matched the charge to the flow of economic benefits from the assets and ensured that over a period of 50 years the debt was extinguished in full. By applying this approach, the Council was able to reduce its Revenue Provision charge in the year by £3.68m.

(ii) Schools

In previous periods, the Council's accounting policy in respect of the de-recognising schools that have transferred (or are to transfer) to academy status, has been to recognise the asset on the Council's Balance Sheet until such time as the formal lease arrangement between the Council and the Academy Trust has been signed. Following a review of the Council's accounting policies, it has been determined that academies should be de-recognised when it is clear that the Council no longer controls the economic benefit and that whilst legal title may not have passed to the Academy Trust, the substance of the transaction is such that the Council no longer controls the service potential associated with the asset.

Applying the substance over form argument has led to the Council de-recognising the Hope and Sutton Academies from its Balance Sheet. The Council's prior period financial statements and applicable notes have been amended to reflect this change in accounting policy. The impact of these changes has been summarised below.

Summary Movement in Reserves Statement

	Usable Reserves (Original) £000	Unusable Reserves (Original) £000	Academies Restatement £000	Restated Unusable Reserves £000	Restated Total Authority Reserves £000
Balance at 31 March 2014	119,161	120,195	(43,209)	76,986	196,147
Surplus/(Deficit) on the Provision of Services	(1,208)	-	-	-	(1,208)
Other Comprehensive Income and Expenditure	-	(61,119)	1,409	(59,710)	(59,710)
Total Comprehensive Income and Expenditure	(1,208)	(61,119)	1,409	(59,710)	(60,918)
Adjustments between accounting basis and funding under Regulations	(6,250)	6,250	-	6,250	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(7,458)	(54,869)	1,409	(53,460)	(60,918)
Transfers to/from Earmarked Reserves	-	-	-	-	-
Increase/(Decrease) in 2014-2015	(7,458)	(54,869)	1,409	(53,460)	(60,918)
Balance at 31 March 2015 Carried Forward	111,703	65,326	(41,800)	23,526	135,229

Summary Comprehensive Income and Expenditure Statement

	Original 31 March 2015 £000	Academies Adjustment £000	Restated 31 March 2015 £000
(Surplus) or Deficit on Provision of Services	1,208	-	1,208
(Surplus) or Deficit on Revaluation of Non-Current Assets	(11,434)	(1,409)	(12,843)
Remeasurement (Gains)/Losses on Pension Assets/Liabilities	72,553	-	72,553
Other Comprehensive Income and Expenditure	61,119	(1,409)	59,710
Total Comprehensive Income and Expenditure	62,327	(1,409)	60,918

Summary Balance Sheet

	31 March 2014 (Original) £000	Academies Restatement £000	Restated 31 March 2014 £000	31 March 2015 (Original) £000	Academies Restatement £000	Restated 31 March 2015 £000
Long Term Assets	499,850	(43,209)	456,641	485,536	(41,800)	443,736
Current Assets	145,056	-	145,056	127,606	-	127,606
Current Liabilities	(46,949)	-	(46,949)	(50,296)	-	(50,296)
Long Term Liabilities	(358,601)	-	(358,601)	(385,817)	-	(385,817)
Net Assets	**239,356**	**(43,209)**	**196,147**	**177,029**	**(41,800)**	**135,229**
Usable Reserves	(119,161)	-	(119,161)	(111,703)	-	(111,703)
Unusable Reserves	(120,195)	43,209	(76,986)	(65,326)	41,800	(23,526)
Total Reserves	**(239,356)**	**43,209**	**(196,147)**	**(177,029)**	**41,800**	**(135,229)**

Unusable Reserves

	31 March 2014 (Original) £000	Academies Restatement £000	Restated 31 March 2014 £000	31 March 2015 (Original) £000	Academies Restatement £000	Restated 31 March 2015 £000
Revaluation Reserve	57,081	(1,243)	55,838	61,429	(1,243)	60,186
Capital Adjustment Account	261,891	(41,966)	219,925	268,283	(40,557)	227,726
Financial Instruments Adjustment Account	(2,181)	-	(2,181)	(2,062)	-	(2,062)
Pension Reserve	(194,580)	-	(194,580)	(260,081)	-	(260,081)
Collection Fund Adjustment Account	395	-	395	1,099	-	1,099
Deferred Capital Receipts	398	-	398	368	-	368
Accumulating Compensated Absences Adjustment Account	(2,809)	-	(2,809)	(3,710)	-	(3,710)
TOTAL	**120,195**	**(43,209)**	**76,986**	**65,326**	**(41,800)**	**23,526**

(b) Other significant matters considered in producing the 2015-2016 Statement of Accounts

(i) Pensions Lump Sum

Arising from the Merseyside Pension Fund Triennial Valuation 2013, the Fund issued a valuation schedule requiring the Council to pay a sum of £18.352m in 2014-2015 in relation to deficit contributions. Under this arrangement, no deficit contributions are required in 2015-2016 or 2016-2017. This contrasts with previous periods, whereby deficit contributions have been payable each year.

The Fund did provide the Council with an alternative option of continuing to pay deficit contributions on an annual basis. However, the Council opted to make a single payment on the basis that it would offer the Council better value for money and reduce its exposure to credit risk. The indicative sums that would have been payable are as follows:

2014-2015	£6.278m
2015-2016	£6.544m
2016-2017	£6.813m

The Capital Accounting and Financing Regulations state that charges to the revenue account must be equal to the contributions payable for that financial year. As a consequence, the whole £18.352m was included as a cost in the Movement in Reserves Statement in 2014-2015.

(ii) Long Term Liabilities

The Council's statements have been amended so as to recognise that part of the repayment of capital for the Rainford High Technology College PFI Scheme that falls due within one year as a short term creditor. Previously the sums had been classified as Long Term liabilities on the face of the Balance Sheet. The adjustments are as follows:

	Short Term Creditors			Long Term Liabilities		
	Original £000	Adjustment £000	Revised £000	Original £000	Adjustment £000	Revised £000
31 March 2014	(35,325)	(557)	(35,882)	(81,064)	557	(80,507)
31 March 2015	(37,985)	(617)	(38,602)	(41,436)	617	(40,819)

Notes 26, 36 and 38 provide additional detail.

(iii) Financial Instruments – Credit Risk Note

In previous years the Council has included a figure within its credit risk note for customers. On reconsidering the requirements for disclosure in respect of credit risk this figure has been removed from the 2015/2016 statements. The focus of this note is to provide the reader of the accounts with an understanding of the Council's exposure to credit risks with institutions with whom the Council invests its surplus cash balances. By its nature the customers figure was a composite of amounts owed to the Council as part of its day to day business and on reflection it was felt that this did not assist in the understanding of the Council's credit risk and was therefore removed.

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2015-2016	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 Comprehensive Income and Expenditure Statement):				
Charges for Depreciation and Impairment of Non-Current Assets	16,221	-	-	(16,221)
Revaluation losses on Property, Plant and Equipment	6,258	-	-	(6,258)
Movement in the fair value of Assets held for Sale	-	-	-	-
Movements in the fair value of Investment Properties	7,045	-	-	(7,045)
Amortisation of Intangible Assets	394	-	-	(394)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(6,948)	-	-	6,948
Revenue expenditure funded from capital under Statute	2,997	-	-	(2,997)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,031	-	-	(2,031)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	11	-	-	(11)
Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):				
Provision for the repayment of debt	(2,731)	-	-	2,731
Capital expenditure charged against the General Fund balance	(727)	-	-	727
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(4,323)	-	4,323	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(3,041)	3,041
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,739)	1,402	-	337
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(3,191)	-	3,191
Amount of Deferred Capital Receipts and Long Term Debtors received	-	499	-	(499)
Transfer from the Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	1	(1)	-	-

2015-2016	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(228)	-	-	228
Adjustments involving the Pensions Reserve: Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	14,775	-	-	(14,775)
Adjustments involving the Collection Fund Adjustment Account: Amount by which Council Tax income and Non-Domestic Rates credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(79)	-	-	79
Adjustment involving the Accumulating Compensated Absence Adjustment Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Total Adjustments 2015-2016	32,958	(1,291)	1,282	(32,949)

2014-2015 Comparative Figures	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 Comprehensive Income and Expenditure Statement):				
Charges for Depreciation and Impairment of Non-Current Assets	16,236	-	-	(16,236)
Revaluation losses on Property, Plant and Equipment	2,697	-	-	(2,697)
Movement in the fair value of Assets held for Sale	-	-	-	-
Movements in the fair value of Investment Properties	940	-	-	(940)
Amortisation of Intangible Assets	426	-	-	(426)
Capital Grants and Contributions applied credited to the Comprehensive Income and Expenditure Statement	(10,391)	-	-	10,391
Revenue expenditure funded from capital under Statute	4,846	-	-	(4,846)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,084	-	-	(2,084)
Other items debited or credited to the Comprehensive Income and Expenditure Statement	27	-	-	(27)
Adjustments involving the Capital Adjustment Account (Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement):				
Provision for the repayment of debt	(6,853)	-	-	6,853
Capital expenditure charged against the General Fund balance	(2,557)	-	-	2,557
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(3,500)	-	3,500	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(4,112)	4,112
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,138)	772	-	366
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,870)	-	2,870
Amount of Deferred Capital Receipts and Long Term Debtors received	-	617	-	(617)
Transfer from the Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	4	(4)	-	-

2014-2015 Comparative Figures	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Financial Instruments Adjustment Account: Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(118)	-	-	118
Adjustments involving the Pensions Reserve: Amount by which pension costs calculated in accordance with the Code are different from contributions due under the pension scheme regulations	(7,053)	-	-	7,053
Adjustments involving the Collection Fund Adjustment Account: Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulations	(704)	-	-	704
Adjustment involving the Accumulating Compensated Absence Adjustment Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	901	-	-	(901)
Total Adjustments 2014-2015	(4,153)	(1,485)	(612)	6,250

6. UNUSABLE RESERVES

Restated Movements in year 2014-2015 £000	Restated 31 March 2015 £000		Movements in year 2015-2016 £000	31 March 2016 £000
4,348	60,186	Revaluation Reserve (a)	7,625	67,811
7,801	227,726	Capital Adjustment Account (b)	(15,929)	211,797
119	(2,062)	Financial Instruments Adjustment Account (c)	227	(1,835)
(65,501)	(260,081)	Pensions Reserve (d)	14,920	(245,161)
704	1,099	Collection Fund Adjustment Account (e)	79	1,178
(30)	368	Deferred Capital Receipts (f)	(31)	337
(901)	(3,710)	Accumulating Compensated Absences Adjustment Account (g)	-	(3,710)
(53,460)	23,526	TOTAL	6,891	30,417

(a) Revaluation Reserve

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

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

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

2014-2015 (Restated)			2015-2016	
£000	£000		£000	£000
	55,838	Balance brought forward at 1 April		60,186
11,416		Upward Revaluation of Assets	13,153	
(5,012)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/ Deficit on the Provision of Services	(4,184)	
	6,404	Surplus or Deficit on Revaluation of Non-Current Assets not posted to the Surplus or Deficit on the Provision of Services		8,969
(1,057)		Difference between Fair Value Depreciation and Historical Cost Depreciation	(1,059)	
(999)		Accumulated Gains on Assets Sold, Disposed or Decommissioned	(285)	
	(2,056)	Amount written off to the Capital Adjustment Account		(1,344)
	60,186	Balance carried forward at 31 March		67,811

(b) Capital Adjustment Account

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

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

Restated 2014-2015 £000		2015-2016 £000
219,925	Balance brought forward at 1 April	227,726
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
(16,236)	- Charges for Depreciation and Impairment of Non-Current Assets	(16,221)
(2,697)	- Revaluation losses on Property, Plant and Equipment	(6,258)
-	- Revaluation losses on Assets held for Sale	-
(426)	- Amortisation of Intangible Assets	(394)
(4,846)	- Revenue expenditure funded from capital under Statute	(2,997)
(2,084)	- Amounts of Non-Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,031)
(27)	- Other Items	(11)
2,056	Adjusting amounts written out of the Revaluation Reserve	1,344
	Capital financing applied in the Year	
2,870	- Use of the Capital Receipts Reserve to finance new capital expenditure	3,191
7,337	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	5,051
3,054	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Finance Revenue expenditure financed by capital under statute	1,897
4,113	- Application of grants to capital financing from the Capital Grants Unapplied Account	3,041
6,853	- Provision for the financing of capital investment charged against General Fund balances	2,731
2,557	- Capital expenditure charged against General Fund balances	727
(940)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(7,045)
(221)	Long Term Debtors and Loan Repayments	(131)
	Other Adjustments	
4,825	- School recognition (Mill Green)	-
1,613	- Derecognised assets	1,177
227,726	Balance carried forward at 31 March	211,797

(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. Similar principles apply to the credits relating to discounts earned on the early redemption of loans.

2014-2015			2015-2016	
£000	£000		£000	£000
		Premiums on Early Debt Redemption		
(1,590)		Balance brought forward at 1 April	(1,355)	
235		Proportion of premiums incurred in previous years charged against the General Fund balance in accordance with statutory requirements	234	
	(1,355)			(1,121)
		Discounts on Early Debt Redemption		
794		Balance brought forward at 1 April	480	
(314)		Proportion of discounts incurred in previous years credited against the General Fund balance in accordance with statutory requirements	(256)	
	480			224
		Soft Loans		
(1,385)		Balance brought forward at 1 April	(1,187)	
198		Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from finance costs chargeable in accordance with Regulations	249	
	(1,187)			(938)
	(2,062)	Balance carried forward at 31 March		(1,835)

(d) Pensions Reserve

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

2014-2015 £000		2015-2016 £000
(194,580)	Balance brought forward at 1 April	(260,081)
(72,553)	Re-measurement (Gains)/Losses on Pension Assets/Liabilities	29,695
(24,406)	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	(28,287)
31,458	Employer's pensions contributions and direct payments to pensioners payable in year	13,512
(260,081)	Balance carried forward at 31 March	(245,161)

(e) Collection Fund Adjustment Account

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

2014-2015 £000		2015-2016 £000
395	Balance brought forward at 1 April	1,099
586	Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	180
118	Amount by which Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-Domestic Rates income calculated for the year in accordance with statutory requirements	(101)
1,099	Balance carried forward at 31 March	1,178

(f) Deferred Capital Receipts

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed e.g. the principal outstanding from the sale of ex-council houses.

31 March 2015 £000		31 March 2016 £000
366	Preserved Right to Buy Receipts	337
2	Sales of Council Houses – Principal Outstanding	-
368	TOTAL	337

(g) Accumulating Compensated Absences Adjustment Account

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

2014-2015 £000		2015-2016 £000
(2,809)	Balance brought forward at 1 April	(3,710)
(901)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-
(3,710)	Balance carried forward at 31 March	(3,710)

7. NW REGIONAL LEADERS BOARD, SCHOOL BALANCES AND OTHER EARMARKED GENERAL FUND RESERVES

31 March 2015 £000		Movements in Year 2015-2016 £000	31 March 2016 £000
4,803	Insurance Fund (a)	187	4,990
939	Commuted Sums (b)	5	944
3,000	Care Services Transitional Demand Fund (c)	-	3,000
2,351	Service Development (d)	(179)	2,172
15,455	Service Modernisation (e)	6,195	21,650
956	Borough Wide Employment Initiatives (f)	(432)	524
1,162	Pension Liability Reduction Reserve (g)	-	1,162
1,852	Business Development Fund (h)	(180)	1,672
163	School Improvement Initiative Fund (i)	-	163
814	Welfare Assistance Fund (j)	(30)	784
1,500	Essential Equipment Replacement Fund (k)	-	1,500
558	Councillor Improvement Fund (l)	(129)	429
957	Town Centre Improvement Fund (m)	(15)	942
3,801	Waste Management Development Fund (n)	(41)	3,760
-	Special Educational Needs Reserve (o)	399	399
-	Economic Regeneration Fund (p)	498	498
38,311	Sub-Total	6,278	44,589
1,008	NW Regional Leaders Board (q)	(35)	973
9,563	Schools Balances (r)	1,217	10,780
48,882	TOTAL	7,460	56,342

(a) The Insurance Fund Reserve has been established to be used to offset any uninsured losses that may occur and to cover any additional liabilities arising from the run-off of Municipal Mutual Insurance (MMI) – see note 41(a).

(b) Sums received from property developers invested to generate returns sufficient to meet ongoing Council obligations arising from agreements with those developers (typically grounds maintenance on private housing developments).

(c) The Care Services Transitional Demand Fund was set up to be utilised in order to mitigate the implications of short term demand fluctuations within the Care Services.

(d) The Service Development Fund is designed to provide short-term development capacity to support areas or initiatives by providing 'seed corn funding'.

(e) The Service Modernisation Fund is used to assist in any necessary rationalisation or reprofiling of services as part of the Council's ongoing modernisation agenda. The Fund was used to enable a distribution of the £18.352m lump sum payable to

Merseyside Pension Fund in 2014-2015 over the three-year period to 2016-2017, with contributions to be made back to the fund during 2015-2016 and 2016-2017.

(f) The Borough Wide Employment Initiatives Fund was established to support the development of a new apprenticeship scheme within the Borough and other priority sustainable employment projects.

(g) This reserve is set aside to recognise the Local Government Pension Scheme (LGPS) liabilities relating to former 4NW employees.

(h) The Business Development Fund was established to facilitate viable business projects that will provide sustainable employment opportunities.

(i) The School Improvement Initiative Fund has been established to provide funding for specific initiatives in support of the Council's commitment to raising school standards.

(j) The Welfare Assistance Fund is ring-fenced for use in relation to initiatives supporting the borough's most vulnerable residents.

(k) This Fund has been established to ensure that the Council is able to invest in IT and other essential items of equipment necessary to deliver increasingly efficient services.

(l) The Councillor Improvement Fund allows local Councillors to respond to local needs and provides funding for eligible projects.

(m) The Fund has been created to facilitate a new strategy to secure the long-term viability of the St. Helens Town Centre.

(n) This Fund has been established subsequent to the receipt of monies from Merseyside Recycling and Waste Authority and will be used to deliver actions in support of the Joint Recycling and Waste Management Strategy (JRWMS).

(o) The Special Educational Needs Reserve was established to better manage the new duties placed on the Council and to help improve outcomes for children and young people and increase choice and control for parents.

(p) The Economic Regeneration Fund has been created to provide technical and professional capacity to support specific and general developments within the Borough.

(q) Balances held as Accountable Body to the North West Regional Leaders Board.

(r) Balances held by Governors under delegated scheme arrangements, whereby such balances are committed to be spent on the Education service.

8. CAPITAL RECEIPTS RESERVE

Useable capital receipts are generally available to finance capital investment or to repay borrowing in future years. The Reserve may be analysed:-

2014-2015 £000		2015-2016 £000
32,195	Balance brought forward at 1 April	30,710
	Amounts received in Year	
772	- Asset Sales and Grant Repayment	1,402
391	- Preserved Right to Buy Receipts	366
226	- Repaid loans and advances	133
(4)	Transferred to finance Housing Pooled Capital Receipts	(1)
(2,870)	Amounts applied to finance new capital investment in year	(3,191)
30,710	Balance carried forward at 31 March	29,419

9. UNAPPLIED CAPITAL GRANTS

These are capital grants and contributions that have not been used to finance capital expenditure, and for which there are no conditions attached to their usage.

31 March 2015 £000		31 March 2016 £000
3,845	Department for Education Grants	5,116
1,593	Department of Health Grants	1,609
1,122	Gypsy and Traveller Site Grant	1,122
1,194	Other Grants and Contributions	1,189
7,754	TOTAL	9,036

10. SCHOOLS BUDGET FUNDED BY DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education in the form of Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. 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 (ISB), which is divided into a budget share for each maintained school.

2014-2015				2015-2016		
Central Expenditure £000	Individual Schools Budget £000	Total £000		Central Expenditure £000	Individual Schools Budget £000	Total £000
19,452	109,213	128,665	Final DSG before Academy recoupment	17,372	111,772	129,144
-	(11,439)	(11,439)	Academy figure recouped	-	(13,094)	(13,094)
19,452	97,774	117,226	Total DSG after Academy recoupment	17,372	98,678	116,050
3,139	-	3,139	Brought forward at 1 April	4,538	266	4,804
22,591	97,774	120,365	Agreed budgeted distribution	21,910	98,944	120,854
(64)	(485)	(549)	In-year adjustments	(366)	(480)	(846)
22,527	97,289	119,816	Final budgeted distribution	21,544	98,464	120,008
17,989	97,023	115,012	Actual expenditure	18,069	98,320	116,389
4,538	266	4,804	Carry forward at 31 March	3,475	144	3,619

11. PENSIONS

(a) Transactions Accounted for Under Defined Contribution Plan Arrangements

The pensions cost reported in the Cost of Services in relation to:

(i) the Teachers Pension Scheme (TPS); and

(ii) those Public Health staff who were compulsorily transferred from the PCT's and retained access to the NHS Pension Scheme (NHSPS)

are equal to the employer's contribution payable to the Scheme in the accounting period as summarised below:

2014-2015			2015-2016	
TPS	NHSPS		TPS	NHSPS
6.95	0.07	Employer Contribution (£m)	7.48	0.10
14.1%	14.0%	Employer Contribution Rate	16.48%*	14.3%

* Rate effective from September 2015. Previous rate of 14.1% applied before this date.

Any surplus or deficit in these Plans may affect the amount of future contributions payable. Save the impact of a full year at a rate of 16.48% (in relation to the Teachers Pension Scheme), sums payable in 2016-2017 are expected to be similar to 2015-2016.

(b) Transactions relating to Retirement Benefits

The following transactions have been made in the Surplus or Deficit on Provision of Services (Comprehensive Income and Expenditure Statement) during the year to comply with the reporting requirements relating to defined benefits:-

2014-2015			2015-2016	
TPS £000	LGPS £000		TPS £000	LGPS £000
		Cost of Services		
-	15,016	Current service cost	-	18,315
-	107	Past service (gains)/losses	-	-
-	1,330	(Gains)/losses on settlements & curtailments	-	1,291
		Other Operating Expenditure		
-	368	Pension Administration Expenses	-	374
		Financing and Investment Income and Expenditure		
1,108	6,477	Net interest expense	828	7,479
1,108	23,298	Total Post Employment Benefits charged to Surplus or Deficit on Provision of Services	828	27,459

The following transactions are then recognised in the Movement in Reserves Statement as adjustments between the accounting basis and funding basis under Regulations:

TPS £000	LGPS £000		TPS £000	LGPS £000
(1,108)	(23,298)	Reversal of net charges made to the Surplus of Deficit on the Provision of Services	(828)	(27,459)
-	29,352	Employers contributions payable to scheme	-	11,446
2,106	-	Retirement benefits payable to pensioners	2,066	-
2,106	29,352	Total Charged to the General Fund Balance	2,066	11,446

(c) Pension Assets and Liabilities recognised in the Balance Sheet

2014-2015			2015-2016	
TPS £000	LGPS £000		TPS £000	LGPS £000
27,733	799,534	Benefit obligation at end of the period	25,794	780,548
-	(567,186)	Fair Value of plan assets at end of the period	-	(561,180)
27,733	232,348	Deficit as at 31 March	25,794	219,368

(d) Reconciliation of the Movement in the Fair Value of Scheme (Plan) Assets

As disclosed in the Accounting Policies, there are no assets to cover the Teachers' added years' liabilities. The movement in assets relating to the LGPS is provided in the following table:

2014-2015 £000		2015-2016 £000
497,455	Balance brought forward at 1 April	567,186
22,969	Interest on plan assets	18,568
(368)	Pension administration expenses	(374)
39,540	Re measurement gains and (losses)	(15,157)
29,352	Employer contributions	11,446
4,698	Member contributions	4,701
(26,460)	Benefits paid	(25,190)
567,186	Balance carried forward at 31 March	561,180

The assets as at 31 March comprised:

2014-2015					2015-2016			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
				Equities				
135,331	-	135,331	24%	UK	121,376	-	121,376	22%
170,836	-	170,836	30%	Global	169,294	-	169,294	30%
				Bonds				
28,359	-	28,359	5%	UK Government	25,750	-	25,750	4%
14,690	-	14,690	3%	UK Corporate	13,594	-	13,594	2%
55,357	-	55,357	10%	UK Index Linked	49,795	-	49,795	9%
				Property				
-	31,762	31,762	5%	UK Direct Property	-	32,164	32,164	6%
1,872	7,544	9,416	2%	UK Managed Property	2,296	8,906	11,202	2%
-	5,672	5,672	1%	Global Managed Property	-	6,613	6,613	1%

2014-2015					2015-2016			
Quoted £000	Unquoted £000	Total £000	% of Total		Quoted £000	Unquoted £000	Total £000	% of Total
				Private Equity				
227	16,958	17,185	3%	UK	108	20,611	20,719	4%
-	15,541	15,541	3%	Global	-	18,050	18,050	3%
				Cash				
17,186	-	17,186	3%	All	19,291	-	19,291	3%
				Other				
1,418	3,063	4,481	1%	Hedge Funds UK	1,421	3,032	4,453	1%
-	17,299	17,299	3%	Hedge Funds Global	-	15,151	15,151	3%
-	7,941	7,941	1%	Infrastructure UK	-	11,274	11,274	2%
1,531	4,708	6,239	1%	Infrastructure Global	2,263	7,232	9,495	2%
10,380	11,627	22,007	4%	Opportunities UK	9,716	16,011	25,727	5%
1,702	6,182	7,884	1%	Opportunities Global	754	6,478	7,232	1%
438,889	128,297	567,186	100%	TOTAL	415,658	145,522	561,180	100%

(e) Reconciliation of Present Value of Scheme Liabilities (Defined Benefits Obligations)

The liabilities show the commitments that the Authority, in the long run, is estimated to have to pay to cover its pensions-related obligations:

2014-2015				2015-2016		
TPS £000	LGPS Funded £000	LGPS Unfunded £000		TPS £000	LGPS Funded £000	LGPS Unfunded £000
26,817	653,992	11,226	Balance brought forward at 1 April	27,733	787,727	11,807
-	15,016	-	Current service cost	-	18,315	-
1,108	28,961	485	Interest on pension liabilities	828	25,673	374
-	107	-	Past service cost	-	-	-
-	1,330	-	Curtailments	-	1,291	-
-	4,698	-	Member contributions	-	4,701	-
			Re-measurement (gains) and losses:			
-	-	-	(i) Experience (gains) and losses	-	-	-
-	-	-	(ii) (Gains) and losses arising from changes in demographic assumptions	-	-	-
1,914	109,156	1,023	(iii) (Gains) and losses arising from changes in financial assumptions	(701)	(43,773)	(377)
(2,106)	(25,533)	(927)	Benefits paid	(2,066)	(24,285)	(905)
27,733	787,727	11,807	Balance carried forward at 31 March	25,794	769,649	10,899

The LGPS unfunded obligations represent additional benefits awarded upon early retirement. No such awards have been made for a number of years and the sums disclosed represent historic decisions.

(f) Actuarial Assumptions

Defined benefit obligations have been assessed on an actuarial basis using the Projected Unit Credit actuarial cost method, an estimate of the pensions that will be payable in future years, dependent on assumptions about mortality rates, salary levels, etc. This assessment, along with an assessment of the return on plan assets, has been undertaken by Mercer Limited, an independent firm of actuaries based on the latest full valuation of the scheme. The main assumptions used in their calculations are:-

31 March 2015		31 March 2016
	Base Assumptions:	
2.0%	Rate of CPI inflation	2.0%
3.5%	Rate of increase in salaries	3.5%
2.0%	Rate of increase in pensions	2.0%
3.3%	Rate of discounting plan liabilities	3.6%
50%	Proportion of employees opting to take a commuted lump sum	50%
	Mortality Assumptions:	
24.8 years	Life expectancy of male future pensioner aged 65 in 20 years time	24.9 years
28.1 years	Life expectancy of female future pensioner aged 65 in 20 years time	28.2 years
22.4 years	Life expectancy of male current pensioner aged 65	22.5 years
25.3 years	Life expectancy of female current pensioner aged 65	25.4 years

The sensitivity analysis below has been provided by Mercer Limited, and shows the illustrative impact of marginal changes to the assumptions used in relation to the long-term discount rate, inflation and life expectancy.

	Using assumptions above £000	Illustrative +0.1 p.a. discount rate £000	Illustrative +0.1% p.a. inflation £000	Illustrative + 1 year life expectancy £000	Illustrative +0.1% p.a. pay growth £000
Liabilities – TPS	25,794	25,564	26,026	26,857	25,794
Liabilities – LGPS	780,548	766,340	795,019	795,777	784,117
Assets – LGPS	(561,180)	(561,180)	(561,180)	(561,180)	(561,180)
Deficit/(Surplus)	245,162	230,724	259,865	261,454	248,731

(g) Additional Pensions Information

The net liability of £245.162m has a significant impact on the net worth of the Authority as recorded in the Balance Sheet.

In the June 2010 Budget, the Government announced that it had created a Public Services Pension Commission to undertake a “fundamental structural review of public service pensions”, including the LGPS. The Commission, headed by Lord Hutton, issued a report which included recommendations to the Government for the future design of public service pension schemes.

Legislation introduced in the form of the *Public Service Pensions Act 2013* provided the framework for redesign/reform. Revisions to schemes included the introduction of tiered member contributions; pension benefits linked to scheme participants’ career average earnings rather than to final salary; linkage of the retirement age to the State Pension Age; and increasing the average contributions to be made by scheme members.

LGPS2014 was launched on 1 April 2014, whilst changes to the Teachers' and NHS Pension Schemes came into effect in April 2015.

The Government has plans to pool the existing 89 local authority pension funds and create 7 "British Wealth Funds", with the aim of reducing costs and enabling the schemes to demand better returns.

During 2013, the Merseyside Pension Fund provided details of the outcome of the Triennial Valuation 2013, including those employer contribution rates and lump sum payments required for the three years commencing 1 April 2014. These rates were calculated having regard to the revised Funding Strategy Statement, as agreed by the Pensions Committee at its meeting held in November 2013.

These rates support the Administering Authority's long term funding objective for the Fund to achieve, and then maintain, sufficient assets to cover 100% of projected accrued liabilities (the "funding target"), with a maximum deficit recovery period of 22 years for scheme employers.

The Funding Strategy applies to the whole of the fund, with the stated objective of achieving investment returns of 1.4% in excess of its liabilities being achieved by:-

- (i) strategic asset allocation;
- (ii) medium term allocation; and
- (iii) active investment management

However, the fund needs to allow for a level of volatility and risk over the short, medium and long-term from the liability matching return.

At an individual employer level, this approach is effectively one of applying a notional individual employer investment strategy identical to the one adopted by the fund as a whole with the employer's split between the various asset categories taken to be the same as for the whole fund. Notwithstanding this, a no cross subsidy principle is applied across employers which results in the actuarial calculations establishing notional sub-funds (assets and liabilities) for each employer which are tracked at each triennial valuation.

The relative allocation of assets and liabilities within the fund to each employer reflects the specific membership, experience and past history of each employer. This bespoke strategic benchmark is subject to formal review every three years through the triennial valuation. However, it can be subject to interim review if there are significant changes to the investment environment or liability profile. The next triennial valuation is scheduled for 2016.

Employer pension contributions forecast for 2016-2017 are:

- (i) LGPS funded - £10.3m in relation to the future service funding rate – a contribution rate applied to future pensionable pay and which has been set at 13.3% for 2016-2017;
- (ii) LGPS unfunded – similar sums to those incurred in 2015-2016;
- (iii) TPS unfunded – similar sums to those incurred in 2015-2016.

The weighted average duration of the defined benefit obligation for scheme members is 18 years.

12. OTHER OPERATING EXPENDITURE

2014-2015 £000		2015-2016 £000
277	Parish Council Precepts	294
16,187	Liverpool City Region Combined Authority Levy	14,450
87	Environment Agency Levy	89
8,217	Merseyside Recycling and Waste Authority Levy	8,140
4	Payments to the Government Housing Capital Receipts Pool	1
946	(Gains)/Losses on the Disposal of Non-Current Assets	293
368	Pension Administration Expenses	374
26,086	TOTAL	23,641

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014-2015 £000		2015-2016 £000
4,968	Interest Payable and Similar Charges	4,951
2,590	PFI Interest Payable	2,534
(2,590)	PFI Grant Applied	(2,534)
30,554	Interest on pensions liabilities (see Note 11d)	26,875
(22,969)	Pensions Interest on plan assets (see Note 11e)	(18,568)
(1,206)	Interest Receivable and Similar Income	(1,498)
(911)	Income and Expenditure in relation to Investment Properties and changes in their fair value (see Note 28)	5,680
10,436	TOTAL	17,440

14. TAXATION AND NON-SPECIFIC GRANT INCOME

2014-2015 £000		2015-2016 £000
(56,451)	Council Tax Income	(59,233)
(23,382)	Retained Non-Domestic Rates	(23,628)
(82,081)	Grants and Contributions (see Note 16)	(68,046)
(161,914)	TOTAL	(150,907)

15. RECONCILIATION OF PORTFOLIO INCOME AND EXPENDITURE TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

(i) Amounts reported for Resource Allocation Decisions

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

However, decisions about resource allocation are taken by the Authority’s Cabinet on the basis of budget reports analysed across Portfolio. These reports are prepared on a different basis from the accounting policies used in the financial statements, the primary difference being that the cost of retirement benefits reported to Members is based on cash payable in the year (payment of employer’s pension contributions) rather than current service cost of benefits accrued in the year in accordance with IAS 19.

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

	Education & Lifelong Learning	Children Families & Young People	Adult Social Care & Health	Employment, Planning & Growth	Transport, Housing & Community Safety	Green, Smart & Sustainable Borough	Strategy, Governance & External Affairs and Corporate Services	Public Health & Well-Being	Total
	£000	£000	£000	£000	£000		£000	£000	£000
Portfolio Income and Expenditure 2015-2016									
Fees, Charges and other Service Income	(14,233)	(3,519)	(31,568)	(14,326)	(4,045)	(22,503)	(17,333)	(5,628)	(113,155)
Government Grants	(130,715)	(6,377)	(2,163)	(212)	(71,174)	(117)	(1,995)	(14,830)	(227,583)
Total Income	(144,948)	(9,896)	(33,731)	(14,538)	(75,219)	(22,620)	(19,328)	(20,458)	(340,738)
Employee Expenses	100,648	11,456	16,326	3,962	4,162	15,966	13,282	6,185	171,987
Other Service Expenses	43,611	22,976	43,298	9,962	87,306	11,437	10,692	12,784	242,066
Support Service Recharges	11,400	4,293	16,373	2,497	2,480	3,490	6,505	6,398	53,436
Total Expenditure	155,659	38,275	75,997	16,421	93,948	30,893	30,479	25,367	467,489
Contribution to/(from) School Balances	1,216	-	-	-	-	-	-	-	1,216
Net 2015-2016 Expenditure in the Portfolio Analysis	**11,927**	**28,829**	**42,266**	**1,883**	**18,729**	**8,273**	**11,151**	**4,909**	**127,967**

Portfolio changes occurred during 2015-2016. The income and expenditure for 2014-2015 was as follows:

	Schools & Lifelong Learning	Early Years & Young Peoples Services	Adult Social Care & Health	Regeneration, Housing, Planning & Community Safety	Environment & Neighbourhoods	Corporate Services	Public Health & Well-Being	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Portfolio Income and Expenditure 2014-2015								
Fees, Charges and other Service Income	(13,422)	(3,601)	(26,455)	(15,801)	(31,343)	(16,862)	(4,181)	(111,665)
Government Grants	(130,241)	(5,957)	(614)	(76,529)	(157)	(2,969)	(12,371)	(228,838)
Total Income	(143,663)	(9,558)	(27,069)	(92,330)	(31,500)	(19,831)	(16,552)	(340,503)
Employee Expenses	100,392	12,536	15,841	8,916	18,471	13,149	4,091	173,396
Other Service Expenses	45,095	21,780	43,772	92,436	24,214	5,449	12,737	245,483
Support Service Recharges	10,584	4,086	13,446	4,367	5,269	6,131	2,433	46,316

	Schools & Lifelong Learning	Early Years & Young Peoples Services	Adult Social Care & Health	Regeneration, Housing, Planning & Community Safety	Environment & Neighbourhoods	Corporate Services	Public Health & Well-Being	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Total Expenditure	156,071	38,402	73,059	105,719	47,954	24,729	19,261	465,195
Contribution to / (from) School Balances	1,525	-	-	-	-	-	-	1,525
Net 2014-2015 Expenditure in the Portfolio Analysis	**13,933**	**28,844**	**45,990**	**13,389**	**16,454**	**4,898**	**2,709**	**126,217**

(ii) Reconciliation of Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

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

Notes		2014-2015 £000	2015-2016 £000
	Net Expenditure in the Portfolio Analysis	126,217	127,967
	Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the Portfolio Analysis:		
7	Movement on School Balances	(1,525)	(1,216)
7	Movement on NW Regional Leaders Board Balances	26	35
6(g)	Movement in Compensated Absences	901	-
11(b)&(e)	Pensions - Past Service Costs	107	-
11(b)&(e)	Pensions - Curtailment costs	1,330	1,291
11(b)&(e)	Pensions - Current Service Costs	15,016	18,315
	Amounts included in the Portfolio Analysis not included in the Comprehensive Income and Expenditure Statement:		
11	Pensions - Employers contributions to Schemes	(12,659)	(11,446)
11(b)&(d)	Pensions - TPS Retirement benefits payable directly to pensioners	(2,106)	(2,066)
	School Contribution to Earmarked Reserves	-	(1,793)
29	Investment Properties Adjustment	1,850	1,365
6(b)&32(a)	Capital expenditure charged to General Fund balances (CERA)	(2,557)	(727)
	Cost of Services in the Comprehensive Income and Expenditure Statement	126,600	131,725

(iii) Reconciliation to Subjective Analysis

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

Portfolio Income and Expenditure 2015-2016	Portfolio Analysis	Amounts in CIES not reported to Management in Portfolio Analysis	Amounts included in the Portfolio Analysis not included in the CIES	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges and other Service Income	(113,155)	9	-	(113,146)	-	(113,146)
Interest and Investment Income	-	-	1,459	1,459	(21,525)	(20,066)
Income from Council Tax and Retained Non-Domestic Rates	-	-	-	-	(82,861)	(82,861)
Government Grants	(227,583)	-	-	(227,583)	(68,046)	(295,629)
Total Income	(340,738)	9	1,459	(339,270)	(172,432)	(511,702)
Employee Expenses	171,987	19,606	(15,305)	176,288	-	176,288
Other Service Expenses	219,182	-	(821)	218,361	468	218,829
Support Service Recharges	53,436	26	-	53,462	-	53,462
Depreciation, Amortisation, Impairment & Revaluation	22,884	-	-	22,884	7,045	29,929
Interest Payments	-	-	-	-	31,826	31,826
Precepts and Levies	-	-	-	-	22,972	22,972
Payments to Housing Capital Receipts Pool	-	-	-	-	1	1
(Gain)/Loss on Disposal of Non-Current Assets	-	-	-	-	294	294
Total Expenditure	467,489	19,632	(16,126)	470,995	62,606	533,601
Contribution to /(from) School Balances	1,216	(1,216)	-	-	-	-
(Surplus)/Deficit on the Provision of Services	**127,967**	**18,425**	**(14,667)**	**131,725**	**(109,826)**	**21,899**

Portfolio Income and Expenditure 2014-2015	Portfolio Analysis	Amounts in CIES not reported to Management in Portfolio Analysis	Amounts included in the Portfolio Analysis not included in the CIES	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000
Fees, Charges and other Service Income	(111,665)	(4)	-	(111,669)	-	(111,669)
Interest and Investment Income	-	-	1,918	1,918	(26,026)	(24,108)
Income from Council Tax and Retained Non-Domestic Rates	-	-	-	-	(79,833)	(79,833)
Government Grants	(228,838)	-	-	(228,838)	(82,082)	(310,920)
Total Income	(340,503)	(4)	1,918	(338,589)	(187,941)	(526,530)
Employee Expenses	173,397	17,355	(14,767)	175,985	-	175,985
Other Service Expenses	226,932	4	(2,625)	224,311	368	224,679
Support Service Recharges	46,315	26	-	46,341	-	46,341
Depreciation, Amortisation, Impairment & Revaluation	18,552	-	-	18,552	940	19,492
Interest Payments	-	-	-	-	35,523	35,523
Precepts and Levies	-	-	-	-	24,768	24,768
Payments to Housing Capital Receipts Pool	-	-	-	-	4	4
(Gain)/Loss on Disposal of Non-Current Assets	-	-	-	-	946	946
Total Expenditure	465,196	17,385	(17,392)	465,189	62,549	527,738
Contribution to /(from) School Balances	1,525	(1,525)	-	-	-	-
(Surplus)/Deficit on the Provision of Services	**126,218**	**15,856**	**(15,474)**	**126,600**	**(125,392)**	**1,208**

16. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement during the period:

2014-2015 £000	Credited to Taxation and Non-Specific Grant Income	2015-2016 £000
	Total Formula Grant	
50,213	Revenue Support Grant	36,085
17,659	Non-Domestic Rates Top Up Grant	17,997
	General Government Grants	
1,861	New Homes Bonus (incl.New Homes Bonus top-slice)	2,722
1,442	Section 31 Grant	1,826
67	Local Support Services Grant	42
	Capital Grants and Contributions	
4,214	Department for Education	3,339
537	Department of Health	536
3,684	Department for Transport	2,419
1,242	Liverpool City Region Combined Authority	1,547
1,162	Other Grants and Contributions	1,533
82,081	TOTAL	68,046

2014-2015 (Restated) £000	Credited to Services	2015-2016 £000
115,219	Dedicated Schools Grant	116,311
73,041	Housing Benefit Subsidy	70,527
1,452	Housing Benefit/Localised Council Tax Support Admin Subsidy	1,307
1,053	Universal Free School Meals for Infants Grant	1,906
4,428	School Sixth Form Funding	4,312
9,259	Pupil Premium Grant	8,868
3,128	Education Services Grant	2,482
12,669	Public Health Grant	14,131
-	Care Act (implementation, assessments and deferred payments)	1,014
802	Better Care Fund	11,568
10,027	Health Authority Contributions	4,033
1,327	Merseyside Recycling & Waste Authority – Recycling Credits	1,262
3,801	Merseyside Recycling & Waste Authority – Contribution to Waste Management Fund	-
2,658	Local Sustainable Transport Fund	-
664	PFI Credits	727
755	Local Welfare Provision Grant	-
1,055	Disabled Facilities Grant	1,262
532	Discretionary Housing Payments Contribution	476
428	Troubled Families Grant	594
-	Independent Living Fund Grant	941
6,586	Other Grants and Contributions	5,320
248,884	TOTAL	247,041

The Council has received a number of grants and contributions that have conditions attached to them. These have not yet been recognised as income and will only be credited to the Comprehensive Income and Expenditure Statement once all conditions are met. The balances at the year-end are as follows:

31 March 2015 £000	Capital Grants Receipts in Advance	31 March 2016 £000
634	Schools Capital Grants	452
314	Better Bus Fund	790
187	Other Grants and Contributions	196
1,135	TOTAL	1,438

31 March 2015 (Restated)			31 March 2016	
Short Term £000	Long Term £000	**Revenue Grants Receipts in Advance**	Short Term £000	Long Term £000
1,826	2,978	Dedicated Schools Grant	1,271	2,348
1,047	-	Public Health Grant	689	-
545	422	Troubled Families Grant	642	426
122	-	Pupil Premium Grant	206	-
479	-	Housing Benefit Subsidy Grant	2,127	-
1,060	-	Health Authority Contributions	165	317
241	2,159	Section 38/106 Contributions	-	3,718
201	-	Youth Employment Gateway	449	-
344	-	Other Grants and Contributions	527	-
5,865	5,559	TOTAL	6,076	6,809

17. TRADING ACCOUNTS

There are a number of services that the Authority undertakes with the public or with other third parties and may, accordingly, be assessed as being 'trading operations'. For the purposes of this note, activity undertaken on behalf of schools (who have a choice as to which service provider they will use) is included. The most significant of these being:-

2014-2015 Internal Turnover £000	2014-2015 School Turnover £000	2014-2015 Other 'External Parties' Turnover £000	2014-2015 Surplus/ (Deficit) £000		2015-2016 Internal Turnover £000	2015-2016 School Turnover £000	2015-2016 Other 'External Parties' Turnover £000	2015-2016 Surplus/ (Deficit) £000
-	5,252	-	-	School & Other Catering	-	5,607	-	-
253	1,243	236	-	Cleaning	305	1,290	241	-
293	1,185	1	-	Caretaking	302	1,190	1	-
2,478	292	154	-	Grounds Maintenance	2,264	294	108	-
637	234	27	-	Security Services	588	205	24	-
-	-	688	(127)	Markets	-	-	651	(78)

18. NATIONAL HEALTH SERVICE ACT 2006 POOLED FUNDS

The Council has entered into a pooled budget arrangement with St. Helens Clinical Commissioning Group (CCG). The pooled budget was established to make Continuing Health Care (CHC) assessments and the payment process more efficient and effective. Practically, this has been achieved by establishing a joint CHC team consisting of officers from both the Council and the CCG, and through utilising the Adult Social Care and Health Contracts Team to formulate all contracts for providers of CHC and joint funded care.

The Council is the host of this arrangement, which is governed by a Section 75 agreement which was approved by the Health and Wellbeing Board. The pool was introduced on 1 July 2014 with the partners' contributions being split 30% from the Council and 70% from the CCG. With effect from 2015-2016, the arrangement became a true pool arrangement with the year-end being split in line with the partners' contributions.

The table summarises the income and expenditure of the pooled budget.

	St. Helens Council £000	St. Helens CCG £000	Total Pool £000
Funding Provided	(7,283)	(16,928)	(24,211)
Expenditure 2015-2016	8,307	17,980	26,287
Net (surplus)/deficit arising	1,024	1,052	2,076

The Council's share of the deficit for 2015-2016 exceeds its 30% share as a consequence of a decrease in property debt, attributable to conditions that pre-date the pool. The reduction in property debt of £572k has been met in full by the Council.

In addition, the Council operates a Better Care Fund (BCF) in partnership with the CCG, which creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services. Locally, the primary aims of the fund are:-

- Supporting independence in the community by place-based activity;
- Reducing non-elective admissions and reducing residential admissions by providing the right care and support within the community; and
- Facilitating earlier hospital discharge.

Joint arrangements of this type are permitted under Section 75 of the National Health Service Act 2006.

BCF expenditure for 2015-2016 is detailed below:

	Revenue		
Source of Funding	Local Authority £000	CCG £000	Total £000
Local Authority	-	-	-
CCG		14,184	14,184
Total Fund	-	14,184	14,184
Expenditure by Scheme			
Self Care	1,060	-	1,060
Falls Prevention	1,050	100	1,150
Individual Care Plans	3,419	-	3,419
Care Co-ordination	3,244	-	3,244
Intermediate Care, Reablement and Rehabilitation	1,029	1,121	2,150
Multi-disciplinary Teams	1,210	-	1,210
Care Act Burdens	555	-	555
Total Spend	11,567	1,221	12,788

In line with the approved BCF Plan 2015-2016 and the requirements of NHS England, the partners set aside BCF-Payment for Performance (P4P) funding of £1.396m to be considered for utilisation on a range of proposals subject to performance targets being met in line with the reported activity.

The agreed targets were not met and therefore this funding was subsequently utilised on enabling the CCG to support the funding of hospital services in order to meet the costs of, for example, non-elective activity which is the key service area in which payment for performance would be measured. This was an agreed approach with partners, subject to the performance targets not being met and risk evaluation being undertaken.

In addition to the revenue funding, capital funding of £1.798m was contributed by the Council through the Community Capacity and Disabled Facilities Grants.

In addition to the formal pooled budget arrangement, the Council has two separate integrated provision arrangements with St Helens CCG that are registered with the Department of Health:

(i) Integrated Adults Services Commissioning
(ii) Intermediate Care – Reablement and Rapid Response

19. LEASING

The Authority as Lessee – Operating Leases

The Authority uses various types of vehicles, computer equipment and furniture and fittings under terms of operating leases. The Authority also currently leases a small number of buildings/sites under operating lease terms. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £877k.

The Authority had no expenditure on contingent rents or sub-leases in 2015-2016, nor did the Authority receive any income from sub-lease arrangements.

The future minimum lease payments due under non-cancellable leases in future years are shown in the following table:

31 March 2015 £000		31 March 2016 £000
805	Not later than one year	833
2,157	Later than one year and not later than five years	1,809
4,030	Later than five years	3,555
6,992	TOTAL	6,197

The Authority as Lessor – Operating Leases

The Authority has a number of properties leased out under operating leases for investment/ commercial purposes. The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2015 £000		31 March 2016 £000
906	Not later than one year	908
1,822	Later than one year and not later than five years	1,877
42,796	Later than five years	41,334
45,524	TOTAL	44,119

The minimum lease payments receivable, shown in the table, do not include potential future income from The Hardshaw Centre/Church Square commercial properties, as payments are made to the Authority as a percentage of profit rather than a fixed annual lease payment. The Authority received £0.806m rental income in 2015-2016 on these properties (£1.32m in 2014-2015).

20. OFFICERS' REMUNERATION IN EXCESS OF £50,000

(i) The number of employees receiving remuneration in excess of £50,000 is as follows:-

No. of Employees employed by the Council 2014-2015	No. of which are Employees employed by School Governing Bodies 2014-2015	Remuneration	No. of Employees employed by the Council 2015-2016	No. of which are Employees employed by School Governing Bodies 2015-2016
61	20	£50,000-£54,999	60	18
31	10	£55,000-£59,999	32	12
29	16	£60,000-£64,999	26	15
18	3	£65,000-£69,999	17	2
13	5	£70,000-£74,999	13	3
3	2	£75,000 - £79,999	8	1
1	-	£80,000 - £84,999	4	-
2	1	£85,000 - £89,999	-	-
-	-	£90,000 - £94,999	1	-
-	-	£95,000-£99,999	1	-
1	1	£100,000-£104,999	-	-
-	-	£105,000-£109,999	1	1
1	-	£110,000-£114,999	1	-
1	-	£115,000-£119,999	1	-
-	-	£120,000-£194,999	1	-

The table includes employees whose basic remuneration for 2015-2016 was below £50k.but whose total remuneration for the year exceeds £50k as a result of redundancy payments made. The table excludes those Senior Employees for whom further detail is provided at (ii).

(ii) The remuneration of senior employees, defined as those members of the Strategic Directors' Group, those individuals holding statutory Chief Officer posts, or those individuals earning over £150,000 per annum is detailed below.

Senior Employees	Note	Salary £000	Additional Payment £000	Employer's Pension Contribution £000
Chief Executive – Mike Palin	1	140	-	18
Deputy Chief Executive and Strategic Director of Corporate Services		110	-	14
Strategic Director of People's Services		110	-	14
Strategic Director of Environmental and Trading Services		112	-	14
Assistant Chief Executive (Legal and Administrative Services)		100	-	13

During 2015-2016, the Council's departmental and senior managerial team were restructured, resulting in a reduction in the number of departments from four to three and the previous Chief Officer Group being replaced with a Strategic Directors' Group. The People's Department brought the previous Adult Social Care and Health Department together with the Children and Young People's Department, and Public Health under one Strategic Director. This restructure resulted in the Director of Children and Young People's Services leaving the Authority and this post being deleted from the managerial structure. The postholder was paid £114k for compensation for loss of office.

Comparative information for 2014-2015 is included below, based on the structure prevailing at the time.

Senior Employees	Note	Salary £000	Additional Payment £000	Employer's Pension Contribution £000
Chief Executive – Carole Hudson	2	97	5	-
Director of Environmental Protection		112	-	14
Director of Children and Young People's Services	3	110	1	13
Director of Adult Social Care and Health		112	1	14
Assistant Chief Executive (Finance)		103	-	13
Assistant Chief Executive (Legal and Administrative Services)		98	-	12
Director of Urban Regeneration and Housing	4	67	-	8
Director of Public Health	5	98	1	14
Head of Policy and Performance	5	86	-	10
Head of Human Resources	5	82	-	9

Notes

1) Mike Palin joined the Council as Chief Executive with effect from 1 April 2015.
2) Carole Hudson retired from the post of Chief Executive with effect from 31 March 2015.
3) The Director of Children and Young People's Services left the Council in December 2015. This post was deleted as part of the restructure of the Council with senior managerial responsibility transferred to a single postholder, the Strategic Director of People's Services (see above).
4) The Director of Urban Regeneration and Housing retired in October 2014. This post has been deleted.
5) These posts were previously part of the Chief Officer Group, hence their disclosure here. As this forum has now been dis-established, these posts are now reported as part of the disclosure of officers earning in excess of £50k.

21. MEMBERS' ALLOWANCES & EXPENSES

The following sums were paid to Members of the Council by way of expense/allowance during the year:

Period	Allowances due to Members £000
2014-2015	575
2015-2016	576

22. RELATED PARTY TRANSACTIONS

(a) Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of the material transactions with Government Departments are included in the Cash Flow Statement and in Notes 34 (Debtors), 36 (Creditors) and the various Notes relating to Grants.

(b) Members of the Council have direct control over financial and operational policies of the Council, and governance arrangements exist to ensure that the decision-making processes contain provision for declarations of interest where appropriate. Various Chief Officers and Members serve as Council representatives on bodies that are in receipt of Council funding, such as Citizens Advice Bureau and World of Glass. Contributions totaling £0.315m were made to the World of Glass in 2015-2016 (£0.35m 2014-2015). The Council has member representation on the Board. The Council has processes in place to ensure that relevant interests are declared as appropriate.

Further detail relating to Members' Allowances is included in Note 21.

(c) Other bodies that could be classified as related parties include the following:

(i) Police and Crime Commissioner for Merseyside (see Collection Fund)
(ii) Merseyside Fire and Rescue Authority (see Collection Fund)
(iii) Merseyside Pension Fund (see Note 11)
(iv) Merseyside Recycling and Waste Authority (see Notes 12 and 16)
(v) Liverpool City Region Combined Authority (see Notes 12 and 16)

(d) The Council has a Joint Venture with Langtree Property Partners (Langtree Newton LLP), which was established to acquire and regenerate the former Parkside Colliery site. The Partnership Board has been constituted on a 50/50 basis with both parties providing £1.5m equity and loan stock each. The Council has made a £4.5m interest-bearing loan to the company to fund the acquisition of the site. The Council holds 3 of the 6 positions on the Joint Venture Board.

For 2015-2016, the company's results showed a loss of £0.367m and net assets of £4.636m.

23. AUDIT FEES

The Council incurred the following fees relating to external audit and inspection:-

2014-2015 £000		2015-2016 £000
130	Fees payable to the appointed auditors with regard to external audit services carried out by the appointed auditor*	105
15	Fees payable to the appointed auditors for the certification of grant claims and returns	17

* The Council received a rebate of £11,877 from the Audit Commission in respect of the 2013-2014 audit in 2014-2015 . The audit fee shown is net of the rebate.

No other fees were payable in respect of statutory inspection or for the provision of other audit services.

24. EXIT PACKAGES

As part of its ongoing Budget Strategy, the Council will continue to undertake service reviews in order to ensure that its financial position remains sustainable. This is likely to result in future termination benefits arising as formal, detailed, plans materialise. The number of exit packages relating to Council employees, together with the total cost per band and the total cost of compulsory redundancies and other departures are set out in the following table:

Exit Package Cost Band	No. of Compulsory Redundancies		No. of other Departures agreed		Total No. of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	14-15	15-16	14-15	15-16	14-15	15-16	14-15 £000	15-16 £000
£0-£20,000	36	16	81	39	117	55	710	513
£20,001-£40,000	1	1	14	10	15	11	475	280
£40,001-£60,000	-	-	6	5	6	5	311	243
£60,001-£80,000	1	-	4	4	5	4	328	295
£80,001-£100,000	1	-	1	4	2	4	169	359
£100,001-£120,000	-	-	-	3	-	3	-	331
TOTAL	39	17	106	65	145	82	1,993	2,022

25. PROPERTY, PLANT AND EQUIPMENT

The detailed movement in gross valuations and asset depreciation is included in the following tables.

(a) Movements in 2015-2016

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Valuation - Balance b/fwd at 1 April 2015	218,725	26,482	202,345	12,715	4,644	123	465,034
Additions	2,213	1,310	6,296	170	-	839	10,828
Revaluations recognised in the Revaluation Reserve	1,486	-	-	-	(344)	-	1,142
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(2,815)	(4)	-	(22)	(6,762)	-	(9,603)
De-recognition – Sales and Disposals	(117)	-	-	-	(70)	-	(187)
De-recognition – Assets with Nil Net Book Value	-	(3,469)	-	-	-	-	(3,469)
De-recognition – other	-	-	-	-	(232)	-	(232)
Assets re-classified (to)/from Assets Held for Sale/ Investment Properties	(120)	-	-	13	(156)	-	(263)
Other re-classifications	(9,187)	-	-	134	9,053	-	-
Valuation - Balance c/fwd at 31 March 2016	210,185	24,319	208,641	13,010	6,133	962	463,250
Depreciation - Balance b/fwd at 1 April 2015	13,370	13,407	46,751	-	90	-	73,618
Depreciation Charge	7,027	4,063	5,131	-	-	-	16,221
Written out to the Revaluation Reserve	(7,712)	-	-	-	-	-	(7,712)
Written out to the Surplus/Deficit on the Provision of Services	(2,519)	-	-	-	(1,309)	-	(3,828)
De-recognition – Sales and Disposals	(3)	-	-	-	-	-	(3)
De-recognition – Assets with Nil Net Book Value	-	(3,469)	-	-	-	-	(3,469)
Assets re-classified (to)/from Assets Held for Sale/ Investment Properties	(39)	-	-	-	-	-	(39)
Other re-classifications	(1,219)	-	-	-	1,219	-	-
Other movements in Depreciation and Impairment	(1,161)	(248)	-	-	-	-	(1,409)
Depreciation - Balance c/fwd at 31 March 2016	7,744	13,753	51,882	-	-	-	73,379
Net carrying value at 31 March 2016	202,441	10,566	156,759	13,010	6,133	962	389,871

(b) Comparative Movements in 2014-2015 (Restated)

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Valuation – Balance b/fwd at 1 April 2014	208,315	28,397	194,809	12,061	5,454	1,999	451,035
Additions	3,675	2,081	7,536	654	-	1,067	15,013
Revaluations recognised in the Revaluation Reserve	2,456	-	-	-	305	-	2,761
Revaluations recognised in the Surplus/Deficit on the Provision of Services	(2,594)	-	-	-	41	(280)	(2,833)
De-recognition – Sales and Disposals	(1,449)	-	-	-	-	-	(1,449)
Recognition – Mill Green school	4,825	-	-	-	-	-	4,825
De-recognition – Assets with Nil Net Book Value	-	(3,996)	-	-	-	-	(3,996)
Assets reclassified (to)/from Assets Held for Sale/ Investment Properties	(304)	-	-	-	(18)	-	(322)
Other reclassifications	3,801	-	-	-	(1,138)	(2,663)	-
Valuation – Balance c/fwd at 31 March 2015	218,725	26,482	202,345	12,715	4,644	123	465,034
Depreciation – Balance b/fwd at 1 April 2014	11,689	13,301	41,818	-	59	-	66,867
Depreciation Charge	6,922	4,350	4,933	-	31	-	16,236
Written out to the Revaluation Reserve	(3,643)	-	-	-	-	-	(3,643)
Written out to the Surplus/Deficit on the Provision of Services	(137)	-	-	-	-	-	(137)
De-recognition – Sales and Disposals	(96)	-	-	-	-	-	(96)
De-recognition – Assets with Nil Net Book Value	-	(3,996)	-	-	-	-	(3,996)
Assets reclassified (to)/from Assets Held for Sale/ Investment Properties	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	(1,365)	(248)	-	-	-	-	(1,613)
Depreciation – Balance c/fwd at 31 March 2015	13,370	13,407	46,751	-	90	-	73,618
Net carrying value at 31 March 2015	205,355	13,075	155,594	12,715	4,554	123	391,416

(c) Revaluations

The table below shows the profile of valuations for the Council's asset base.

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historic cost	-	-	208,641	13,010	-	962	222,613
Valued at fair value							
31 March 2016	74,242	1,306	-	-	5,881	-	81,429
31 March 2015	38,445	2,345	-	-	37	-	40,827
31 March 2014	58,547	5,906	-	-	-	-	64,453
31 March 2013	19,829	3,302	-	-	215	-	23,346
31 March 2012	17,829	6,524	-	-	-	-	24,353
31 March 2011	1,293	4,936	-	-	-	-	6,229
TOTAL	210,185	24,319	208,641	13,010	6,133	962	463,250

26. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

Rainford High Technology College PFI Scheme

In December 2010, the Council entered into a PFI contract with Environments for Learning to design, build, finance and operate Rainford High Technology College. 2011-2012 was the first year of a 27-year PFI contract for the construction, maintenance and operation of the Rainford High Technology College. Under the contract, the Council controls the opening times for the school and has use of the sports facilities out of school hours, allowing it to let facilities and make them available to community groups. The contract specifies minimum standards for the services to be provided by the contractor, with deductions from the fees payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to demolish and rebuild and refurbish the school and to maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the facility. The school and any plant and equipment installed will transfer to the Council at the end of the contract term for nil consideration. The Council only has the right to terminate the contract if it compensates the contractor in full for costs incurred, including the repayment of any of the contractor's outstanding debt attributable to the contract. There have been no changes to the arrangement over the year.

Analysis of Payments

The Council makes an agreed payment each year in respect of its PFI arrangement and these are detailed in the table below. All payments under the PFI agreement are linked in part to Retail Price Index inflation and can be reduced if the contractor fails to meet the availability and performance standards in any year, but which is otherwise fixed. Future RPI has been assumed to increase at a rate of 2.5% per annum. Lifecycle replacement costs have been included in the service charges element of the table below.

	Payments for Services £000	Repayment of Capital £000	Interest £000	Total £000
Within one year	1,084	572	2,473	4,129
Payable within 2-5 years	5,186	2,349	9,341	16,876
Payable within 6-10 years	7,943	3,803	10,223	21,969
Payable within 11-15 years	9,540	5,317	8,205	23,062
Payable within 16-20 years	11,007	8,377	4,914	24,298
Payable within 21-25 years	3,678	4,592	659	8,929
TOTAL	38,438	25,010	35,815	99,263

Over the life of the PFI project, the Council will receive government grant of £87.8m.

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

2014-2015 £000		2015-2016 £000
26,184	Balance brought forward at 1 April	25,627
-	Capital expenditure incurred in year	-
(557)	Payments during the year	(617)
25,627	Balance carried forward at 31 March	25,010

27. HERITAGE ASSETS

Heritage Assets: Five Year Summary of Transactions

	31 March 2012 £000	31 March 2013 £000	31 March 2014 £000	31 March 2015 £000	31 March 2016 £000
Art Collection *	1,725	1,725	1,725	1,725	1,246
Civic Regalia **	179	179	179	179	294
Statues and Monuments ***	1,625	1,625	1,625	1,625	1,651
TOTAL	3,529	3,529	3,529	3,529	3,191

* 3 paintings were revalued in-year by Bonhams.
** Civic Regalia was revalued in-year by Outhwaite & Litherland
*** In-year spend on statues and monuments was £26k.

28. INVESTMENT PROPERTY

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

2014-2015 £000		2015-2016 £000
(1,918)	Rental income from Investment Properties	(1,459)
68	Direct operating expenses arising from Investment Properties	94
(1,850)	Net (Income)/Expenditure	(1,365)

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

The Authority has no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance or enhancement.

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

2014-2015 £000		2015-2016 £000
25,675	Balance brought forward at 1 April	24,440
(295)	Disposals	(268)
(940)	Net Gains/(Losses) from Fair Value adjustments	(7,045)
-	Transfer (to)/from Property, Plant and Equipment and Assets Held for Sale	3,257
24,440	Balance carried forward at 31 March	20,384

Fair Value Hierarchy

All the Council's investment property assets have been assessed as Level 3 for valuation purposes. An explanation of the different fair value levels is included within the Council's statement of main accounting principles.

Valuation Techniques used to determine Level 3 Fair Values for Investment Properties

The fair value of investment properties has been measured using the Income Method of Valuation. The Council's valuers have completed desktop valuations, taking account of the following factors: existing lease terms and rentals from tenancy schedules, independent research into market evidence, including market rentals and yields, and then adjusted these to reflect the nature of each business tenancy or void and the covenant strength for existing tenants. There has been no change in the valuation techniques used during the year for investment properties.

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 deemed to be their current use.

Valuation Process for Investment Properties

The fair value of the Authority'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 Institute of Chartered Surveyors.

29. INTANGIBLE ASSETS

2014-2015 Gross Carrying Amount £000	2014-2015 Accumulative Amortisation £000	2014-2015 Net Carrying Amount £000		2015-2016 Gross Carrying Amount £000	2015-2016 Accumulative Amortisation £000	2015-2016 Net Carrying Amount £000
3,066	(984)	2,082	Balance brought forward at 1 April	3,073	(1,364)	1,709
71	-	71	Additions in year	53	-	53
(18)	(426)	(444)	Amortised/Disposed in year	-	(394)	(394)
(46)	46	-	Derecognition of assets wholly amortised	-	-	-
3,073	(1,364)	1,709	Balance carried forward at 31 March	3,126	(1,758)	1,368

30. SHORT & LONG TERM INVESTMENTS

2014-2015 Principal £000	2014-2015 Accrued Interest £000	2014-2015 Total £000		2015-2016 Principal £000	2015-2016 Accrued Interest £000	2015-2016 Total £000
84,000	491	84,491	Short-Term Investments	97,495	613	98,108
10,033	-	10,033	Long-Term Investments	25	-	25
94,033	491	94,524	TOTAL	97,520	613	98,133

31. LONG-TERM DEBTORS

Fair Value 31 March 2015 £000	Balance at 31 March 2015 £000		New Loans £000	Repaid & Other in Year Movement £000	Balance at 31 March 2016 £000	Adjustment to Fair Value £000	Fair Value 31 March 2016 £000
2,241	3,025	Improvement Loans	-	(81)	2,944	(612)	2,332
5	5	Mortgages	-	(5)	-	-	-
895	1,098	Housing Innovation Loans	-	(47)	1,051	(153)	898
2	2	Council House Sales	-	(2)	-	-	-
16	16	Housing Associations	-	-	16	-	16
2,457	2,657	Social Care Deferred Payments	601	(963)	2,295	(173)	2,122
2	2	Eccleston Parish Council	-	(2)	-	-	-
1,000	1,000	Local Authority Mortgage Scheme	-	-	1,000	-	1,000
6,257	6,257	Langtree Joint Venture	-	211	6,468	-	6,468
12,875	14,062	SUB-TOTAL	601	(889)	13,774	(938)	12,836
(266)	**(266)**	Less Provision for Bad Debts	**-**	**-**	**(230)**	**-**	**(230)**
12,609	13,796	TOTAL	601	(889)	13,544	(938)	12,606

The "adjustment to fair value" relates to loans made at rates below prevailing market rates (soft loans).

32. CAPITAL EXPENDITURE AND FINANCING

(a) Capital Financing Requirement

The total amount of expenditure financed by capital resource in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR) - a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

2014-2015 £000		2015-2016 £000
159,203	Opening Capital Financing Requirement	152,351
	Capital Investment	
14,995	Property, Plant and Equipment	10,857
71	Intangible Assets	53
4,846	Revenue Expenditure funded from Capital under Statute	2,997
19	Long-Term Debtors (Loans & Advances)	-
	Sources of Finance	
(2,870)	Capital Receipts	(3,191)
(14,503)	Government Grants and Other Contributions	(9,989)
	Sums set aside from Revenue	
(2,557)	Direct Revenue Contributions	(727)
(6,853)	Revenue Provision for repayment of borrowing and other long-term liabilities	(2,731)
152,351	Closing Capital Financing Requirement	149,620
	Explanation of Movements in Year	
-	Underlying need to borrow arising from capital investment	-
(6,852)	Revenue provision for repayment of borrowing and other long-term liabilities	(2,731)
(6,852)	Increase/(Decrease) in Capital Financing Requirement	(2,731)

(b) Capital Commitments

At 31 March 2016, the Authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment, which in 2016-2017 and future years is budgeted to cost £3.1m. The Council's major contractual commitments are £1.4m in respect of the modernisation of Brookfield, an Adult Social Care facility and £0.9m in regards to the development of sports facilities at Ruskin Drive.

33. ASSETS HELD FOR SALE

2014-2015 £000		2015-2016 £000
8,123	Balance brought forward at 1 April	7,990
322	Assets classified (to)/from Property, Plant and Equipment & Investment Properties	(3,033)
(18)	Movement on the fair value of Assets	-
(437)	Assets Sold	(1,580)
7,990	Balance carried forward at 31 March	3,377

34. SHORT-TERM DEBTORS

31 March 2015 £000		31 March 2016 £000
1,925	VAT	1,035
2,893	Other Government Grants and Contributions**	379
181	Former Council Tenants	176
7,782	Council Taxpayers *	8,953
1,669	Non-Domestic Ratepayers *	2,190
125	Other Local Authorities	668
252	Police & Crime Commissioner *	218
51	Merseyside Fire & Rescue Authority *	98
3,364	Housing Benefits	4,079
36	Employees	35
410	NHS Bodies**	808
9,138	Sundry	9,313
27,826	Gross Debtors	27,952
	Less: Provision for Bad Debts:	
(3,917)	Council Tax *	(5,137)
(1,135)	Non-Domestic Rates *	(1,302)
(2,327)	Overpaid Housing Benefit	(2,688)
(181)	Former Council Tenants	(176)
(943)	Other	(1,003)
(8,503)	Total Provision for Bad Debts	(10,306)
19,323	Net Debtors	17,646

* Council Tax/Non-Domestic Rates related transactions. See Note 1 to the Collection Fund.
** Prior year figures for Government Grants and Contributions and NHS Bodies have been amended to improve consistency and accuracy of classification.

35. SHORT AND LONG-TERM BORROWING

Under the Code, balances relating to financial instruments should be shown as current or long-term depending on when amounts are payable or receivable. Accrued interest in respect of the Authority's PWLB and market loans are separated from the principal sums as these are payable within 12 months and therefore should be treated as current liabilities.

(a) Analysis of Short-Term Borrowing by Type

2014-2015				2015-2016		
Principal £000	Accrued Interest £000	Total £000		Principal £000	Accrued Interest £000	Total £000
5	793	798	PWLB	6	795	801
-	314	314	Market Loans	-	316	316
5	1,107	1,112	TOTAL	6	1,111	1,117

(b) Analysis of Long-Term Borrowing by Type

Principal 31 March 2015 £000		Principal 31 March 2016 £000
50,357	Public Works Loan Board	50,351
23,000	Market Loans	23,000
73,357	TOTAL	73,351

(c) Analysis of Long-Term Borrowing by Maturity Period

Principal 31 March 2015 £000		Principal 31 March 2016 £000
7	Between one and two years	6
3,685	Between two and five years	3,682
14,596	Five to fifteen years	14,594
4,281	Fifteen to twenty five years	4,281
32,788	Twenty five to fifty years	32,788
18,000	Over fifty years	18,000
73,357	TOTAL	73,351

36. SHORT-TERM CREDITORS

31 March 2015 £000		31 March 2016 £000
3,205	NDR Agency Arrangement*	4,369
1,882	Local Government Pension Scheme	1,960
971	Teachers' Pension Scheme	1,064
2,681	Tax and National Insurance	2,559
155	Government Departments **	211
1,146	Council Taxpayers - prepayments and credits*	1,165
1,816	Other Local Authorities	855
3,808	Employees	3,883
3,201	NHS Bodies **	2,700
19,391	Sundry	17,539
-	Merseyside Fire & Rescue Authority*	80
346	Non-Domestic Ratepayers – prepayments and credits*	718
38,602	TOTAL	37,103

* Council Tax/Non-Domestic Rates related transactions. See Note 1 to the Collection Fund.
** Prior year figures for Government Grants and Contributions and NHS Bodies have been amended to improve consistency and accuracy of classification.

37. PROVISIONS

	31 March 2015 £000	Expenditure Charged to Provision in Year £000	Increase/ (Decrease) in Provision £000	31 March 2016 £000
Provision for Non-Domestic Rates Appeals (a)	2,919	(604)	1,599	3,914
Provision for Equal Pay (b)	-	-	10,204	10,204
Other Provisions (c)	663	(151)	-	512
Short Term	3,582	(755)	11,803	14,630
Insurance (d)	6,001	(887)	675	5,789
Long Term	6,001	(887)	675	5,789
TOTAL	9,583	(1,642)	12,478	20,419

(a) The Council has made a provision for Non-Domestic Rates appeals based on

(i) an estimate of the likely level of successful appeals; and
(ii) an estimated reduction in rateable value for those non-domestic rates appeals outstanding against the 2005 and 2010 Valuation Lists as at 31 March 2016.

(b) Under the Equal Pay Act 1970, as amended by the Equal Pay Act (Amendment) Regulations 2003, employees are entitled to equal pay for work of equal value. Despite having reached an agreement with the local Unions in respect of the implementation of Single Status and a Pay and Grading Review, a large number of claims have been brought against the Council under the Equal Pay Act. Consequently, the Council has set aside a provision for the settlement of these claims, based on its best estimate of claims received. The Council has developed a model to assess the likely cost of claims, which will be subject to review during the period of the audit.

(c) The other short term provisions represent amounts set aside to cover potential future liabilities. This includes liabilities arising under the Ordinary Residence process and costs associated with settling litigation brought against the Council in respect of Property Search Fees.

(d) The Council determines its insurance as part of its Risk Management process and organises cover from both external providers and its own self-insurance fund. The balance of the fund is regularly assessed for its adequacy. In the case of its combined (Public and Employers) liability provision, a consultancy opinion on size is commissioned on a frequent basis. The review of combined liability indicates that an appropriate provision for this area is £5.602m. An analysis of the other insurances shows that a provision of £0.187m is required.

38. OTHER LONG-TERM LIABILITIES

These consist of liabilities which are (re)payable over a period of time and are analysed as follows:

31 March 2015 (Restated) £000		31 March 2016 £000
487	Commuted Sums and Contractor Bonds	639
3,042	Merseyside Residual Body Debt	2,766
12,280	Merseyside Recycling and Waste Authority Investments	9,131
25,010	Rainford High PFI	24,438
40,819	TOTAL	36,974

39. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

The following table details the categories of financial instruments carried in the Balance Sheet:

31 March 2015			31 March 2016	
Current £000	Long Term £000		Current £000	Long Term £000
		Investments		
84,000	10,033	Loans and Receivables	97,495	25
15,392	-	Cash and Cash Equivalents	24,398	-
491	-	Accrued Interest on Loans and Receivables	613	-
		Debtors		
9,689	12,609	Financial Assets carried at Contract Amounts	11,212	12,606
109,572	22,642	Total Financial Assets	133,718	12,631
		Borrowings		
(5)	(73,357)	Financial Liabilities at Amortised Cost	(6)	(73,351)
(1,107)	-	Accrued Interest on Liabilities at Amortised Cost	(1,111)	-
		Other Long-Term Liabilities		
-	(25,010)	PFI	-	(24,438)
		Creditors		
(30,659)	-	Financial Liabilities carried at Contract Amount	(28,002)	-
(31,771)	(98,367)	Total Financial Liabilities	(29,119)	(97,789)

(b) Income, Expense, Gains and Losses

The table below outlines the income and expense that have been credited/charged to the Comprehensive Income and Expenditure Statement in relation to financial instruments:-

2014-2015			2015-2016	
Financial Liabilities £000	Financial Assets £000		Financial Liabilities £000	Financial Assets £000
(4,968)	-	Interest Expense	(4,951)	-
-	1,206	Interest Income	-	1,498
(4,968)	1,206	Net Income/(Expense) for the Year	(4,951)	1,498

Interest payments of £2,534m were made in respect of the PFI scheme in the year. However, this cost was met through PFI grant.

(c) Fair Values of Assets and Liabilities

The Council's financial liabilities and financial assets are represented by loans and receivables and long-term debtors which 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 instrument (Level 2 inputs) using the following assumptions:

- For loans from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under the PWLB debt redemption procedures;
- For non-PWLB loans, prevailing market rates have been applied to provide the fair value;
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment has been recognised;
- Where an instrument has a maturity of less than 12 months or is a trade receivable or payable, then the fair value is taken to be the carrying amount or billed amount;
- The fair value of the PFI scheme has been calculated by applying the PWLB annuity rate for new loans to the outstanding liability at the Balance Sheet date.

The fair values of the Financial Liabilities are detailed below:

2014-2015			2015-2016	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
51,156	82,524	PWLB Loans	51,152	94,342
23,314	28,773	Market Loans	23,316	29,742
25,627	48,833	PFI Liability	25,010	52,312
100,097	160,130	TOTAL	99,478	176,396

* Carrying values include accrued interest

The fair value of the Council's financial liabilities is more than the carrying amount, because the Council's portfolio of loans includes a number of fixed rate loans where the interest rates payable are higher than the rates available for similar loans at the Balance Sheet date. The fair value of the PWLB loans of £94.342m measures the economic effect of the terms agreed with the PWLB compared with the estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which have been assumed as the PWLB redemption rates. The difference between the carrying amount and fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB certainty interest rate. A supplementary measure of fair value is to compare these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £51.152m would be valued at £82.292m. If the Council were to redeem its PWLB debt early, an interest charge of £44.19m would be payable.

The difference between the fair value and the carrying value of loans would only crystallise if the Council sought to terminate its arrangements and, as to the extent that the Council would not seek to voluntarily terminate loans on which premiums would be incurred, this figure should be considered notional. It should also be noted that the market loans contain Lender Option Borrower Option (LOBO) loans, whereby, at specified intervals, there are options on both the part of the Council and the Lender in relation to rates applicable to the residual terms of the loans. The Council is free to repay the loans, in full, and without penalty if it is not agreeable with any revised options proposed by the Lender.

2014-2015			2015-2016	
Carrying Amount £000*	Fair Value £000		Carrying Amount £000*	Fair Value £000
94,491	95,190	Loans and Receivables	98,108	98,276
33	33	Loans and Receivables – Stock	25	25
15,392	15,392	Cash and Cash Equivalents	24,398	24,398
109,916	110,615	TOTAL	122,531	122,699

* Carrying values include accrued interest

The fair value of the Council's loans and receivables is more than the carrying amount, because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above the current market interest rates increases the amount that the Council would receive if it agreed to the early repayment of the loans.

(d) Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

2014-2015 £000		2015-2016 £000
(3,917)	Cash overdrawn and unpresented cheques	(3,078)
19	Petty Cash	21
19,290	Bank Call Accounts	27,455
15,392	Total Cash and Cash Equivalents	24,398

(e) Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, and its 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. Financial Risk Management is the responsibility of the Deputy Chief Executive & Director of Finance and, through full adoption of CIPFA's *Treasury Management in the Public Services: Code of Practice,* the Council has policies and processes in place to control key financial instrument related risks. Under the policies approved by the Council in the annual Treasury Management Strategy, and through its associated Treasury Management Practices (TMP's), the Council has in place written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Exposure to credit risk is managed through the Council's Counterparty lending list, which places limits on the value and duration over which investments can be made with approved counterparties to minimise the risk of loss. The counterparty list comprises of institutions that are rated independently by FITCH and meet specific rating requirements. The detailed minimum lending requirements for counterparties are outlined in the annual Treasury Management Strategy.

As detailed in the Council's Treasury Management Strategy, the Council's counterparty list is regularly monitored and is updated for any adverse movements in financial institutions' ratings. Such is the robustness of the Council's criteria for approving investments, that a reduction in an institution's outlook from stable would lead to its removal from the counterparty list.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £122.5m and £2.5m to other local authorities, cannot be assessed generally, as the risk of any institution failing to make interest payments or repay principal sums will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2016 that this was likely to crystallise. All material sums are invested with UK institutions and deposit protection arrangements will limit any losses that might arise.

The following table summarises the Council's exposure to credit risk at the Balance Sheet date, analysed by credit ratings as they were at the time of making the investment. Figures shown represent the actual investment made and therefore exclude accrued interest. They also include that part of Cash and Cash Equivalents that is represented by sums held in Bank Call Accounts:

31 March 2015 £000	Institution	Rating	31 March 2016 £000
55,730	Part Nationalised Institutions	AA+	12,110
19,000	Local Authorities	AA+	2,500
3,560	Banks	AA-F1+	15,340
25,000	Banks	A F1	55,000
-	Banks	A+F1	20,000
10,000	Building Societies	A F1	10,000
-	Building Society	A-F1	10,000
33	PFI Loan Stock	N/A	25
113,323	TOTAL		124,975

The exposure highlighted in the table above reflects all investments held by the Council, which includes the sums managed on behalf of Merseyside Recycling & Waste Authority (MRWA). An agreement exists whereby the credit risk in respect of investments held is shared between the Council and MRWA in proportion to respective cash positions.

The Council does not generally allow credit for customers, such that the sum for customers reflects the debtors the Council has with other Authorities and other bodies. Based on the information held within the Council's debtor system, £2.480m was past the Council's standard invoicing period of 14 days at 31 March 2016 (£2.493m at 31 March 2015). The past due amounts are analysed in the table below.

31 March 2015 £000		31 March 2016 £000
409	Less than one month	770
436	One to three months	183
110	Three to four months	131
355	Four months to one year	423
1,183	Over one year	973
2,493	TOTAL	2,480

The figures above are gross sums due. Provision for doubtful debt is made separately.

Liquidity Risk
The Council has a comprehensive cash flow management system that seeks to ensure that sufficient liquid funds are available if needed. At the present time, the Council has ready access to borrowing from the PWLB, so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk
The Council is exposed to an amount of risk in terms of its exposure to interest rate movements on its investments and, to a lesser extent, on its borrowings For example, a rise in interest rates would have the following effects:-

- borrowings at variable rates – the interest expensed charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowing at fixed rates – the fair value of the liabilities borrowing will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings and investments are not carried at fair value, so nominal gains and losses on fixed rate borrowings and loans would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in the interest payable or 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. The Council is risk averse and seeks to minimise exposure arising from its treasury activities and does not undertake any unnecessary borrowing or investment activity. The Council seeks to manage its interest rate risk by constantly reviewing the ratio of borrowing and investments between fixed and variable interest rates.

The table below shows the impact on existing investments and borrowings had interest rates been 1% higher with all other variables being held constant:

2014-2015 £000		2015-2016 £000
1,030	Decrease in the fair value of fixed rate investment assets	1,257
15,918	Decrease in the fair value of fixed rate borrowing liabilities	13,730

The impact of a 1% fall in interest rates would be as above, but with the movements being reversed.

Price Risk
The Council does not invest in any instruments whereby it would be exposed to price risk arising from movements in market prices.

Foreign Exchange Risk
The Council does not have financial assets or liabilities denominated in foreign currencies and thus, have no exposure to loss arising from movements in exchange rates.

40. TRUST FUNDS

The Council administered 11 Trust Funds during the year which, in the main, consist of legacies left by individuals and are used mainly for educational, cultural and leisure purposes. The value of these trust funds at the Balance Sheet date was £0.299m.

41. CONTINGENT LIABILITIES

MMI

The Council's previous insurers, Municipal Mutual Insurance (MMI), have now ceased to trade and exist solely to discharge its obligations under policies previously issued. These responsibilities relate mainly to legal liability claims that typically take significant periods to finalise. In the event of MMI's insolvency during the period, local authority policyholders have agreed to enter into a scheme of agreement under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme. The scheme of arrangement was triggered on 13 November 2012 and consequently the administrators, Ernst & Young, advised that an initial levy of 15% was required to achieve a solvent run-off of the company. During 2013-2014, the Council made a payment of £664k to the scheme administrators to dispense its obligation to meet the 15% levy. On 16 March 2016, the Council received confirmation that, due to continuing high levels of claims against the company, the scheme administrator had proposed an increase in the levy from 15% to 25% and a reduction in the payment percentage to 75%, which was approved by the scheme creditors committee. Notwithstanding the Council has met its obligations to make payment under the levy, the scheme administrators have indicated that there will be further reviews of the level of levy required to achieve a solvent run-off of the company and, therefore, there is still a possibility that further claw-back will be required.

Non-Domestic Rates Appeals

The Council has made a provision for costs potentially arising from successful appeals by Non-Domestic Ratepayers against the rateable values applied to their business properties. Provision is based on an assessment of those appeals lodged against the 2005 and 2010 lists. There are significant uncertainties as to what the ultimate effect of these backdated appeals will be and there is also a risk that further appeals, both national and local, could be lodged with the Valuation Office Agency before the next re-set date of 2017, which may negatively impact on the Council’s financial position.

NHS Applications for Mandatory Charitable Relief from Non-Domestic Rates

In January 2016, the Council received requests for mandatory charitable relief from an agent acting on behalf of NHS Trusts. The request for relief was based upon a legal opinion obtained from a QC which concluded that, on balance, Foundation Trusts are established for charitable purposes and, as such, amount to charities for rating purposes. The acceptance or otherwise of the applications has not yet been decided and the outcome of this matter is likely to be settled through the courts. If the position put forward by the agent acting on behalf of the NHS Trusts was successfully argued in the courts, then this would require the Council to grant backdated charitable relief. Based on the applications made to the Council, it is calculated that the cost of allowing backdated mandatory charitable relief would be £3.36m. Under Non-Domestic Rates Retention, the Council would be liable for 49% of this cost (£1.65m).

Equal Pay

The Council has made a provision for the settlement of claims lodged against the Council in respect of Equal Pay based on the number of claims received and an estimation of the value of these. As calculations are based on estimations there is a possibility that the final value may be more or less than the estimated value, with the risk to the Council being that it may have under estimated this provision.

42. CASH FLOW STATEMENT – ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2014-2015 £000		2015-2016 £000
	Non-current assets and assets held for sale:	
16,236	Depreciation	16,221
426	Amortisation	394
3,664	Impairments and Downward Valuations	13,314
2,084	Carrying amounts of Non-current Assets and Non-current Assets held for sale, sold or de-recognised	2,032
	Current assets and current liabilities:	
691	Movement in Creditors	(2,861)
(1,676)	Movement in Debtors	(1,058)
1,530	Movement in Bad Debts Provision	1,802
226	Movement in Inventories	(31)
(7,053)	Movement in Pension Liability charged / credited to the Comprehensive Income and Expenditure Statement	14,775
(13,891)	**Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement**	(11,271)
2,120	**Other non-cash items charged to the net surplus or deficit on the provision of services**	12,451
4,357	TOTAL	45,768

43. CASH FLOW STATEMENT – ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

2014-2015 £000		2015-2016 £000
(1,138)	Proceeds from the Sale of Non-Current Assets	(1,738)
(1,851)	Investment Properties Rental Income	(1,365)
(2,989)	TOTAL	(3,103)

44. CASH FLOW STATEMENT – NET CASHFLOW FROM OPERATING ACTIVITIES

2014-2015 £000		2015-2016 £000
	Cash Outflows	
(143,147)	Cash Paid to and on Behalf of Employees	(149,256)
(73,074)	Housing Benefit Paid Out	(70,402)
(277)	Precepts Paid	(294)
(4)	Payments to the Capital Receipts Pool	(1)
(129,195)	Cash Paid to Suppliers of Goods and Services	(120,646)
(4,882)	Interest Paid	(4,724)
(86,014)	Other Payments for Operating Activities	(67,136)
(436,593)	TOTAL CASH OUTFLOWS	(412,459)
	Cash Inflows	
80,209	Taxation	82,948
300,925	Grants	288,202
33,194	Sales of Goods and Rendering of Services	31,446
1,410	Interest Received	1,660
21,015	Other Receipts from Operating Activities	18,765
436,753	TOTAL CASH INFLOWS	423,021
160	NET CASH FLOW FROM OPERATING ACTIVITIES	10,562

45. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2014-2015 £000		2015-2016 £000
	Cash Outflows	
(14,617)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(10,748)
-	Purchase of Short-Term and Long-Term Investments	(3,731)
(38,817)	Other Payments for Investing Activities	(3,149)
(53,434)	TOTAL CASH OUTFLOWS	(17,628)
	Cash Inflows	
1,389	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,901
15,007	Proceeds from Sale of Short-Term and Long-Term Investments	-
16,483	Other Receipts from Investing Activities	13,856
32,879	TOTAL CASH INFLOWS	15,757
(20,555)	NET CASH FLOW FROM INVESTING ACTIVITIES	(1,871)

46. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2014-2015 £000		2015-2016 £000
	Cash Outflows	
(840)	Repayments of Short-Term and Long-Term Borrowings	(896)
	Cash Inflows	
1,744	Other Receipts from Financing Activities	1,211
904	NET CASH FLOW FROM FINANCING ACTIVITIES	315

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund is a statutory account introduced under the Local Government Finance Act 1988. The Code of Practice on Local Authority Accounting requires the inclusion of a separate Income and Expenditure Account for the Collection Fund.

NOTES	2014-2015 Council Tax £000	2014-2015 Non-Domestic Rates £000		2015-2016 Council Tax £000	2015-2016 Non-Domestic Rates £000
			INCOME		
2,3	68,872	53,147	Income from Ratepayers	71,935	52,893
			Transfers from General Fund		
	(1)	-	- Transitional Relief	-	-
	-	(122)	- Transitional Protection Payments	-	(352)
			Contribution to/(from) previous year's		
5	(15)	78	Estimated Collection Fund Deficit/(Surplus)	(894)	(514)
	68,856	53,103	TOTAL INCOME	71,041	52,027
			EXPENDITURE		
			Precepts and Demands		
	55,853	23,302	- St. Helens Council	58,301	23,478
	7,317	-	- Police & Crime Commissioner for Merseyside	7,634	-
	3,273	476	- Merseyside Fire and Rescue Authority	3,417	479
	-	23,777	- Central Government	-	23,957
	-	199	Non-Domestic Rates Cost of Collection	-	199
			Movement in Bad and Doubtful Debts		
	1,458	417	- Provisions	1,447	341
	258	560	- Write-Offs	29	516
	-	4,131	Provision for Appeals	-	3,263
	68,159	52,862	TOTAL EXPENDITURE	70,828	52,233
1	697	241	Movement on Fund Balance	213	(206)
1,4	263	357	Surplus/(Deficit) Balance brought forward	960	598
1,4	960	598	Surplus/(Deficit) Balance carried forward	1,173	392

A separate Collection Fund Balance Sheet is not mandatory. Assets and liabilities are consolidated with other accounts of the Authority (see Balance Sheet in the Core Financial Statements). However, Note 1 to the Collection Fund is included to provide a better understanding of the debtor and creditor relationships in relation to both Council Tax and Non-Domestic Rates.

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. MEMORANDUM COLLECTION FUND BALANCE SHEETS

(i) Non-Domestic Rates

2014-2015					2015-2016			
Total £000	Central Government £000	St Helens Council £000	Fire £000		Total £000	Central Government £000	St Helens Council £000	Fire & Rescue £000
3,407	1,704	1,669	34	Non-Domestic Rate Arrears	4,470	2,235	2,190	45
(2,316)	(1,158)	(1,135)	(23)	Provision for Bad Debt	(2,657)	(1,329)	(1,302)	(26)
(5,958)	(2,979)	(2,919)	(60)	Provision for Appeals	(7,989)	(3,995)	(3,914)	(80)
(704)	(351)	(346)	(7)	Prepaid Non-Domestic Rates	(1,465)	(732)	(718)	(15)
(598)	(299)	(293)	(6)	Collection Fund (Surplus)/Deficit	(392)	(196)	(192)	(4)
(122)	(122)	-	-	Transitional Protection Payment	(352)	(352)	-	-
6,291	3,205	3,024	62	Cash	8,385	4,369	3,936	80
-	-	-	-	TOTAL	-	-	-	-

(ii) Council Tax

2014-2015					2015-2016			
Total £000	St Helens Council £000	Police £000	Fire £000		Total £000	St Helens Council £000	Police £000	Fire & Rescue £000
9,265	7,782	1,025	458	Council Tax Arrears	10,650	8,953	1,172	525
(4,663)	(3,917)	(516)	(230)	Provision for Bad Debt	(6,110)	(5,137)	(672)	(301)
(1,365)	(1,146)	(151)	(68)	Prepaid Council Tax	(1,386)	(1,165)	(153)	(68)
(960)	(806)	(106)	(48)	Collection Fund (Surplus)/Deficit	(1,173)	(986)	(129)	(58)
(2,277)	(1,913)	(252)	(112)	Cash	(1,981)	(1,665)	(218)	(98)
-	-	-	-	TOTAL	-	-	-	-

2. INCOME FROM COUNCIL TAX
Calculation of the Council Tax Base

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2015-2016 was 47,808 (46,715 in 2014-2015) calculated as follows:-

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalent Dwellings
A	36,803	$^{6}/_{9}$	24,535
B	17,771	$^{7}/_{9}$	13,822
C	14,627	$^{8}/_{9}$	13,002
D	6,359	$^{9}/_{9}$	6,359
E	3,270	$^{11}/_{9}$	3,997
F	1,555	$^{13}/_{9}$	2,246
G	549	$^{15}/_{9}$	915
H	36	$^{18}/_{9}$	72
	80,970		64,948
Less: Anticipated changes during the year for successful appeals against valuation banding, new properties, demolitions, disabled persons relief and exempt properties			(6,871)
Less: Local Council Tax Support Discount (a)			(9,293)
			48,784
Less: Adjustment for collection rates			976
TOTAL Band D Equivalent			47,808

(a) In 2013-2014, the Government removed the Council Tax Benefit grant and replaced it with a Local Council Tax Reduction Scheme which was to be administered by each Local Authority. The scheme allows the Council to provide a discount to those who previously received Council Tax Benefit based on a locally determined criteria.

The average Council Tax for Band D dwellings for the Council and major precepting authorities was £1,444.50.

3. INCOME FROM NON-DOMESTIC RATEPAYERS

The Council collects Non-Domestic Rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. Prior to 2013-2014, the total amount collected after allowing for deductions and certain reliefs were paid over to a central pool managed by Central Government. With the introduction of the local Non-Domestic Rate Retention scheme from 1 April 2013, the Council retains a pre-determined share of all locally raised rates (in St. Helens' case 49%) with the remainder distributed to Central Government (50%) and the Fire & Rescue Authority (1%).

2014-2015		2015-2016
£130.6m	NDR Rateable Value for the area	£130.9m
48.2 pence	Standard NDR Multiplier	49.3 pence
47.1 pence	Small Business Rate Relief Multiplier	48.0 pence

4. DISTRIBUTION OF COLLECTION FUND BALANCE

The Collection Fund balance is shared by the Council, the major Precepting Authorities and Central Government as follows:

2014-2015			2015-2016	
Council Tax £000	Non-Domestic Rates £000		Council Tax £000	Non-Domestic Rates £000
806	293	St. Helens Council	986	192
106	-	Police & Crime Commissioner for Merseyside	129	-
48	6	Merseyside Fire & Rescue Authority	58	4
-	299	Central Government	-	196
960	598	TOTAL	1,173	392

5. CONTRIBUTION TO/(FROM) PREVIOUS YEAR'S ESTIMATED COLLECTION FUND DEFICIT/(SURPLUS)

These estimates are statutorily calculated on 15 January each year and must be used in calculating budget requirement:

2014-2015 £000	**COUNCIL TAX**	2015-2016 £000
(12)	St. Helens Council	(751)
(2)	Police & Crime Commissioner for Merseyside	(99)
(1)	Merseyside Fire & Rescue Authority	(44)
(15)	TOTAL	(894)

2014-2015 £000	**NON-DOMESTIC RATES**	2015-2016 £000
38	St. Helens Council	(257)
1	Merseyside Fire & Rescue Authority	(252)
39	Secretary of State	(5)
78	TOTAL	(514)

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES
Those specific principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be reflected in its financial statements through:

(i) recognising;
(ii) selecting measurement bases for; and
(iii) presenting assets, liabilities, gains, losses and changes to reserves.

ACCRUALS
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

AGENT/AGENCY
Where the Authority is acting as an intermediary, as opposed to on its own behalf.

AMORTISATION
The accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement over a period of years rather than when the initial payment is made. Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item. The technique is supported by relevant accounting policies and practices.

AMORTISED COST
A method of determining the Balance Sheet carrying amount and periodic charges to the Comprehensive Income and Expenditure Statement of a financial instrument based on the expected cash flows of that instrument.

CAPITAL EXPENDITURE
Expenditure on the acquisition or enhancement of a non-current asset or capital advances and loans to other individuals or other third parties.

CAPITAL FINANCING REQUIREMENT (CFR)
Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the Authority to borrow for expenditure of a capital nature.

CAPITAL RECEIPTS
The proceeds from the sale of capital assets or repayment of capital advances which, subject to various limitations (e.g. Pooling obligations contained in the Local Government Act 2003) can be used to finance Capital Expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.

CARRYING AMOUNT
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

CASH EQUIVALENTS
Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

CASH FLOWS
Inflows and outflows of cash and cash equivalents.

COLLECTION FUND
The Collection Fund is a separate statutory fund under the provisions of the Local Government Finance Act 1988. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting Authorities and the General Fund.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)
CIPFA is the leading professional accountancy body for public services, and uniquely among the professional accounting bodies in the UK, CIPFA has responsibility for setting accounting standards, for a significant part of the economy, namely Local Government.

COMMUNITY ASSETS
Assets that the Local Authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples include parks and public open spaces.

CONDITIONS
Stipulations that specify that the future economic benefits or service potential in an asset are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

CONTINGENT LIABILITY
A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the balance sheet.

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

COUNCIL TAX
A property based tax levied on all domestic properties in the Borough. The banding (and resultant sums due) are based on independent assessed property values. The Council sets levels of Council Tax on an annual basis under relevant statutory provisions.

CREDITORS
Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied.

CREDIT RISK
The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

CURRENT REPLACEMENT COST
The cost the Authority would incur to acquire the asset on the reporting date.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of liabilities resulting from employee service in the period.

CURTAILMENT (PENSIONS)
An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include :

(i) termination of employees services earlier than expected, for example as a result of closing or discontinuing a segment of a business; and

(ii) termination of, or amendment to the terms of, a defined benefit plan so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTORS
Financial assets arising from the obligation to a future cash receipt for goods or services or other benefits that have been delivered or provided.

DEDICATED SCHOOLS GRANT (DSG)
The Council's expenditure on Schools is funded by grant monies provided by the Department for Education (DfE) in the form of the Dedicated Schools Grant (DSG).

DSG is a ring-fenced grant that can only be applied to meet expenditure properly included in the Schools Budget. The Schools Budget includes elements for a restricted range of services, provided 'centrally', on an Authority-wide basis and also for the Individual Schools Budget, which is divided into a budget share for each School.

This specific grant is credited to the Children's and Education Service heading within Net Cost of Services in the Comprehensive Income and Expenditure Statement.

DEFINED BENEFIT PLAN
A pension or other retirement benefit plan other than a defined contribution plan. Usually, the plan rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or un-funded (including notionally funded).

DEFINED CONTRIBUTION PLAN
A pension or other retirement benefit plan into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATED REPLACEMENT COST (DRC)
A method of valuation which provides the current cost of replacing an asset with its modern equivalent less deductions for all physical deterioration and all relevant forms of obsolescence.

DEPRECIATION
The measure of the wearing out, consumption or other reduction in the useful life of a non-current asset over its useful economic life.

DISCRETIONARY BENEFITS
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers.

EFFECTIVE INTEREST RATE (METHOD)
A method that calculates the rate of interest that is necessary to discount the estimated stream of principal and interest cash flows through the expected life of a financial instrument to equal the amount at initial recognition. The rate is then applied to the carrying amount at each reporting date to determine the interest expense or income for that period. In this way the interest expense or income is recognised in a consistent manner over the life of the instrument.

ESTIMATION TECHNIQUES
The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

EXISTING USE VALUE (EUV)
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property and disregarding potential alternative uses and any other characteristics that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

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.

FINANCIAL INSTRUMENT
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives. Typical financial instruments are:-

(i) Liabilities

- Trade payables
- Borrowings
- Financial Guarantees

(ii) Assets

- Bank deposits
- Trade receivables
- Loans receivable
- Investments

Amounts relating to Council Tax, Non-Domestic Rates, Government Grants etc., are outside the scope of the accounting provisions as they are statutory issues, not arising from contracts.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, with the asset then recognised the lessee's Balance Sheet.

FINANCING ACTIVITIES
Activities that result in changes to the size and composition of the principal, received from or repaid to external providers of finance.

GENERAL FUND
The primary revenue account which records the cost of providing the majority of the Council's services.

GOING CONCERN
An assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS AND CONTRIBUTIONS
Assistance in the form of cash or transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities of the Authority.

HERITAGE ASSETS
The Heritage Assets are assets that are held by the Council principally for their contribution to knowledge, understanding and appreciation of the Borough's history and/or culture.

HISTORICAL COST
Deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

IAS19
This International Accounting Standard (IAS) is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

IMPAIRMENT
A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

INFRASTRUCTURE ASSETS
A class of non-current assets that are inalienable. Examples of infrastructure assets are bridges, roads and footpaths.

INTANGIBLE FIXED ASSET
"Non-financial" fixed assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights e.g. software licences.

INTEGRATED PROVISION
An arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that allows partner organisations, including Local Authorities, Primary Care Trusts and NHS Trusts to work within one management structure, and in doing so increasing the ability to join up services and provide seamless services for service users.

INTEREST ON PLAN ASSETS (PENSIONS)
The annual investment return on the fund assets based on an average of the expected long-term return.

INTEREST ON PLAN LIABILITIES (PENSIONS)
The expected increase during the period in the present value of liabilities as the benefits move one year closer to being paid.

INVENTORIES
The amount of unused or unconsumed stocks held in expectation of future use or resale.

INVESTING ACTIVITIES
The acquisition and disposal of long-term assets and other investments not included in cash equivalents.

LIQUIDITY RISK
The possibility that one party will be unable to raise funds to meet its commitments associated with financial instruments.

MARKET RISK
The possibility that the value of a financial instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates, etc.

MARKET VALUE
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

MATERIAL/MATERIALITY
Omissions or mis-statements are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the size of the omission or mis-statement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

NET BOOK VALUE
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

NET CURRENT REPLACEMENT COST
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NATIONAL NON-DOMESTIC RATES (NNDR)
These are often referred to as Business Rates, and are a levy on business properties based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines that national rate poundage, Local Authorities collect the sums due, with distribution made in accordance with rules governing the Non-Domestic Rates retention scheme.

NON-CURRENT ASSETS
Assets that yield benefits to the Local Authority and the services it provides for a period of more than one year.

NON-OPERATIONAL ASSETS
Non-current assets held by a Local Authority but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the Authority.

OPERATING ACTIVITIES
Activities of the Authority that are not investing or financing activities.

OPERATING LEASES
A lease that does not transfer substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The asset is recognised on the lessor's Balance Sheet.

Expenditure financed by operating leasing does not count against capital allocations.

PAST SERVICE COST/GAIN (PENSIONS)
The increase or reduction in the present value of liabilities arising from decisions in the period whose effect relates to years of service earned in earlier periods.

PLAN LIABILITIES (or PLAN DEFINED BENEFIT OBLIGATIONS)
The liabilities of a defined benefit plan for outgoings due after the valuation date. Plan liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

POOLED BUDGET
Arrangement permissible under the Health Act 1999 and National Health Service Act 2006 that provides an opportunity for partners to bring money together, in a discrete fund, to pay for the services that are an agreed part of the pooled fund arrangement for the client group who are to benefit from one or all of the services. Instead of users being inconvenienced by disputes about Health and Local Authority responsibilities, organisations will agree at the outset the range of Health and Local Government services to be purchased and provided from a pooled fund.

PRECEPT
This is a charge levied by one public authority on the Council in order to finance its net expenditure. The precept is then collected on the preceptor's behalf by the Council by adding the precept to its own Council Tax and paying over the appropriate cash collected.

PRESERVED RIGHT TO BUY AGREEMENT
An agreement with Helena Housing made at the time of the full transfer of the Council's housing stock to Helena in July 2002. The conditions are such that the Council is entitled to a percentage share of subsequent 'Right to Buy' sales made by Helena to qualifying tenants. The sum paid to the Council under this agreement must be classed as a Capital Receipt.

PRICE RISK
The risk that the value of financial instruments will fluctuate as a result of changes in market prices.

PROJECTED UNIT CREDIT (ACTUARIAL COST) METHOD
An accrued benefits valuation method in which the plan's liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the plan liabilities at the valuation date relate to:-

(i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and

(ii) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Under this method, the current service cost will increase as members of the plan approach retirement.

PROVISIONS
A liability of uncertain timing or amount.

PRUDENCE
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

REFCUS (REVENUE EXPENDITURE FINANCED BY CAPITAL UNDER STATUTE)
Expenditure that is classified as revenue in accordance with proper accounting practices, but which statute determines may be financed by Capital sources of funding.

RELATED PARTIES
Related parties are those individuals and entities that the Council either has the potential to influence or control (or be influenced or controlled by). Related include central government, other bodies' precepting or levying demands on the Council Tax, its members and its chief officers.

RELATED PARTY TRANSACTION
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Related party transactions include the provision of services to a related party.

The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

RE-MEASUREMENT (PENSIONS)
The changes in estimated assets and liabilities, assessed by the actuary and arising because:

(i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or

(ii) the actuarial assumptions have changed.

REMUNERATION
The *Accounts and Audit Regulations 2011* require the disclosure of amounts paid to Officers and define remuneration as:-

> '……..all amounts paid to or receivable by a person, and includes sums due by way of expense allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.'

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. Retirement benefits do not include termination benefits payable as a result of either:-

(i) an employer's decision to terminate an employee's employment before the normal retirement date; or

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVENUE EXPENDITURE
This is money spent on the day-to-day running costs of providing services and includes salaries, goods and services. It is usually of a constantly recurring nature and produces no permanent asset.

SENIOR EMPLOYEES
Senior employees are defined under the Local Government and Housing Act 1989, however within St. Helens this is deemed to be the Strategic Directors, the Chief Executive and the Assistant Chief Executive (Legal and Administrative Services).

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)
A CIPFA Code established to modernise the system of Local Authority accounting and financial reporting to ensure that it meets the changing needs of modern Local Government.

SeRCOP establishes 'proper practice' with regard to consistent financial reporting below the Statement of Accounts level and is given statutory force in England.

SETTLEMENT (PENSIONS)
An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlement includes the transfer of scheme assets and liabilities relating to a group of employees leaving the Authority's scheme.

SOFT LOAN
A loan that is made (for policy reasons, or other) below prevailing market rates, including any interest free loans. Commonly, such loans are to individuals or voluntary organisations in pursuance of locally defined priorities.

The fair value of such a loan is less than the amount of cash lent, and in accordance with accounting standards the fair value must be calculated as the present value of all estimated future cash receipts discounted by using the prevailing market rate of interest for a similar instrument and for an organisation/individual with a similar credit rating.

SPECIFIC GOVERNMENT GRANTS
These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.

TERMINATION BENEFITS
Amounts payable as a result of either:

(i) an employer’s decision to terminate an employee’s employment before the normal retirement date; or

(ii) an employee’s decision to accept voluntary redundancy in exchange for those benefits.

USEFUL LIFE
The period over which the Local Authority will derive benefits from the use of a non-current asset.

OTHER INFORMATION AVAILABLE

The Council website contains a whole host of up-to-date information on the activities of the Council and its partners (www.sthelens.gov.uk). This includes, but is not limited to, electronic versions of the documents detailed below.

Budget Book

Detailing the Council's budget (revenue and capital).

St. Helens Council Delivery Plan

St. Helens First

A copy of this community magazine is distributed to all households in the Borough three times per year in April, September and January.

Council Tax Information Leaflet

This is issued annually with the Council Tax demand note to explain the Council Tax, Non-Domestic Rates and the finances of the Authority.

Council Minutes

Reference copies are kept in the Central Library.

If you experience any difficulty in obtaining any of the above or would like further details, please contact Ian Roberts, Deputy Chief Executive & Strategic Director of Corporate Services the Town Hall, St. Helens.

Alternatively, you can contact the Council's Contact Centre:

By telephone (01744 676789) during the following hours:

- Monday to Friday 8.00 a.m. to 8.00 p.m.
- Saturday 10.00 a.m. to 2.00 p.m.

Textphone: 01744 671671

In person at the offices in Wesley House, Corporation Street, St. Helens, WA10 1HF during the following hours:

- Monday to Friday 9.00 a.m. to 5.00 p.m.

By e-mail (contactcentre@sthelens.gov.uk)

Public Inspection of Accounts

Each year there is a specific time when the public may inspect the accounts. A public notice appears at least two weeks beforehand in the local press giving details of dates and times.