Sefton Council

STATEMENT OF ACCOUNTS 2014/2015

As Approved by the Audit and Governance Committee on 9 September 2015

Contents

Section		Page
1.	Explanatory Foreword	1
2.	Statement of Responsibilities for the Statement of Accounts	9
3.	Movement in Reserves Statement	13
4.	Comprehensive Income and Expenditure Statement	15
5.	Balance Sheet	17
6.	Cash Flow Statement	19
7.	Notes to the Financial Statements	21
8.	Collection Fund	97
9.	Group Accounts	101
10.	Annual Governance Statement	115
11.	Independent Auditors’ Report to the Members of Sefton Metropolitan Borough Council	125
12.	Glossary	129
13.	Abbreviations	137
14.	Useful Addresses	139

1 EXPLANATORY FOREWORD

Introduction

The Council has just completed its fifth year of reducing resources and increased demand for services to vulnerable adults and children. This year's financial plan has been delivered with only minor variation to the original plan approved in March 2014. This has given the Council adequate resources in general balances to face another year of significant service reduction and restructuring. This could only be achieved with the hard work and dedication of the staff and partners of Sefton Council, and I thank them for their ongoing support in achieving a tough financial plan.

The Statement of Accounts

1 The Statement of Accounts is intended to give clear information about the Authority's finances. It is intended to answer:

- What did the Authority's services cost in the year of account?
- Where did the money come from to pay for these services?
- What were the Authority's assets and liabilities at the year-end?

2 Wherever possible the contents have been written in plain English and technical terms have been used sparingly. Where the use of technical terms has been unavoidable, a simple explanation has been included in the Glossary (see pages 129 to 136).

3 The Authority is required by law to follow proper accounting practices and this Statement of Accounts attempts to present fairly the financial position and transactions of the Authority.

4 The Statement was certified by the Head of Corporate Finance and ICT on 9 September 2015.

5 In accordance with recommended practice, the Authority's Accounts present:

(a) Movement in Reserves Statement (page 13)

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 unusable 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.

(b) Comprehensive Income and Expenditure Statement (page 15)

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.

(c) Balance Sheet (pages 17 - 18)

The Balance Sheet shows the value as at 31 March 2015 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 are those that the Authority is not able to use to provide services.

(d) Cash Flow Statement (page 19)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

(e) Notes to the Financial Statements (pages 21 - 96)

The notes to the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement. It also includes the accounting policies employed by Sefton to comply with the CIPFA Code of Practice of Local Authority Accounting subject to any exceptions detailed in the note.

(f) Collection Fund (pages 97 - 100)

This statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund in accordance with section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992).

The Collection Fund shows the transactions of the Billing Authority in relation to the collection of Council Tax and Non-Domestic rates and provides details of how this income has been distributed to Sefton MBC (including Parish Precepts), the Merseyside Police and Crime Commissioner, the Merseyside Fire and Rescue Authority, and Central Government.

(g) Group Accounts (pages 101 – 114)

This section incorporates the accounts of both Sefton and its wholly owned subsidiary, Sefton New Directions Limited, to provide details of the Council's financial activities as a Group.

(h) Annual Governance Statement (pages 115 - 124)

The Annual Governance Statement is the formal statement that recognises, records and publishes an authority's governance arrangements as defined in the CIPFA / SOLACE Governance Framework. It is required to be published with the accounting statements but does not form part of the accounting statement and is therefore not covered by the Auditors' opinion.

(i) Independent Auditors' Report to the Members of Sefton Metropolitan Borough Council (pages 125 - 128)

(j) Glossary (pages 129 - 136)

(k) Abbreviations (pages 137 – 138)

(l) Useful Addresses (page 139)

6 CHANGES TO ACCOUNTING POLICY DURING THE YEAR

This Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015 (the Code).

There are no significant changes to the 2014/2015 Code that have had an impact on the Council's accounts.

7 GENERAL FUND SUMMARY

The General Fund encompasses expenditure relating to the day-to-day running of the Council. Transactions relating to Schools' delegated budgets are included within the General Fund but because Schools are entitled to retain any year-end balances for future use, the General Fund balances are analysed according to whether or not they belong to Schools.

On 6 March 2014, the Council approved a revenue budget for 2014/2015 of £222.720m, which included £0.872m relating to the expenditure of Parish Councils. At that time it was anticipated that balances for non-school budgets would total £6.576m at 31 March 2014. As a result of an underspend of £3.489m in 2013/2014 the anticipated year-end balances position was revised to £10.066m. The 2014/2015 Budget assumed the use of balances of £3.128m, with anticipated balances as at 31st March 2015 therefore being £6.938m.

Overall, actual expenditure for 2014/2015 on General Fund services (excluding Schools' delegated expenditure) was £1.458m lower than the Base Estimates. This has reduced General Fund Balances by £1.670m rather than the £3.128m estimated.

The Authority's reported Non-School General Fund balances at 31 March 2015 are therefore £8.396m as shown in the following table:

Non-School General Fund Balances	**£m**	**£m**
Estimated Non-School General Fund Balances at 31 March 2014		-10.066
Less underspend in comparison to the 2014/2015 Base Estimate:		
- Budgeted Use of Balances 2014/2015	-3.128	
- Underspend in 2014/2015	1.458	
Actual Use of Balances in 2014/2015		+1.670
Actual Non-School General Fund Balances at 31 March 2015		-8.396

Some of the most significant variations from the base estimates in 2014/2015 include: -

Additional Spending / Reduced Income	**£m**
Social Care Transport Costs – continued demand pressure	2.164
Underspending / Additional Income	
Adult Social Care – Community Care Packages	-1.442
Public Health – Contracts and Staffing	-1.483
Debt Repayment / Net Investment	-1.323

8 SCHOOLS' DELEGATED BUDGETS AND THE USE OF DEDICATED SCHOOLS GRANT

In accordance with the Fair Funding Scheme for Financing Schools, individual schools are able to carry forward any underspend on their budgets. Conversely, an overspend against budgets become the first call on future available resources. Net expenditure on schools, whether incurred directly from delegated budgets or spent against centrally retained budgets by the LEA in support of schools, is funded from the ring-fenced Dedicated Schools Grant (DSG).

The DSG was overspent by £0.346m in 2014/2015. This comprised an overspend of £0.498m across Individual Schools' delegated budgets, offset by an increase in the level of DSG school funds held by the Local Authority during 2014/2015, in respect of the Supply Teachers scheme (£0.152m). Movements in Schools' balances during 2014/2015 can be summarised as follows:

Schools' Balances	**£m**
Schools' balances as at 1 April 2014	-17.792
Overspend on Schools' Delegated Budgets	0.346
Schools' balances at 31 March 2015	-17.446

In addition, there was an underspend (£0.677m) on the non-delegated element of the DSG funding. The under spend on the non-delegated part of DSG (£0.596m) contributes to certain Earmarked Reserves relating to schools. These reserves amounted to £4.417m as at 31 March 2014 and have therefore increased to £5.013m at the end of 2014/2015.

9 ANALYSIS OF GENERAL FUND EXPENDITURE AND INCOME

Figure 1 and Figure 2 below summarise the Authority's **gross** revenue expenditure within the General Fund for 2014/2015. Figure 3 highlights the main sources of General Fund Financing for 2014/2015.

Figure 1 - Gross Expenditure on Services (including Levies) for 2014/2015 (by Expenditure Type)

Expenditure Type	£m	%
Employees	224.052	33
Running Expenses	420.047	61
Capital Charges	41.800	6
	685.899	100

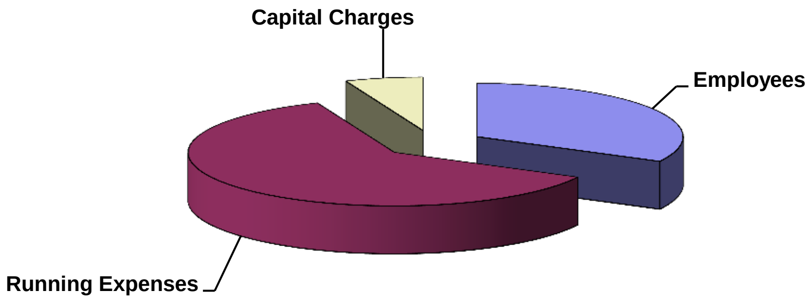


Figure 2 - Gross General Fund Expenditure on Services (including Levies) for 2014/2015

Service	£m	%
Adult Social Care	112.239	16
Corporate and Democratic Core (CDC) / Non-Distributed Costs	15.263	2
Central Services to the Public	14.752	2
Children's and Education Services - Non-School	103.837	15
- School	172.610	25
Cultural, Environmental, Regulatory and Planning Services	69.389	10
Highways and Transport Services	26.464	4
Housing Services	115.847	17
Public Health	17.896	3
Levies	37.602	6
	685.899	100

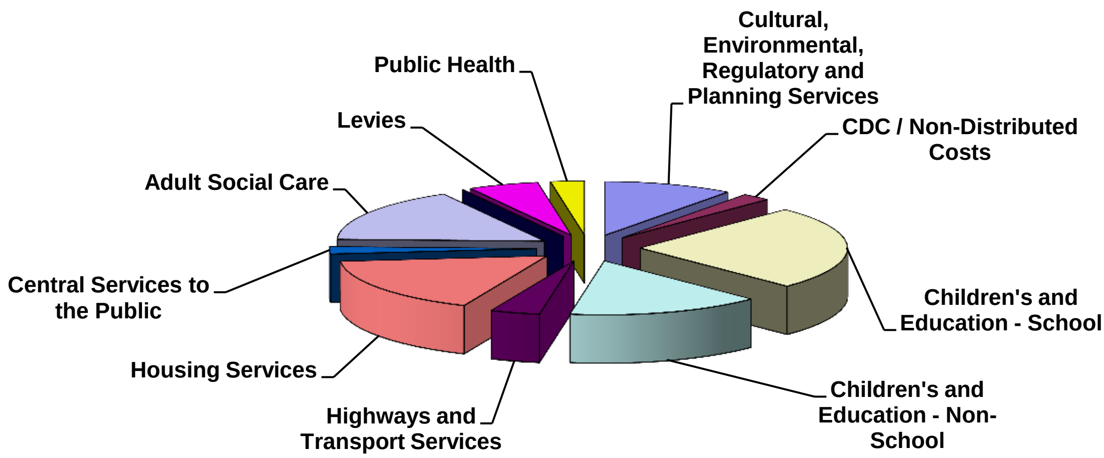
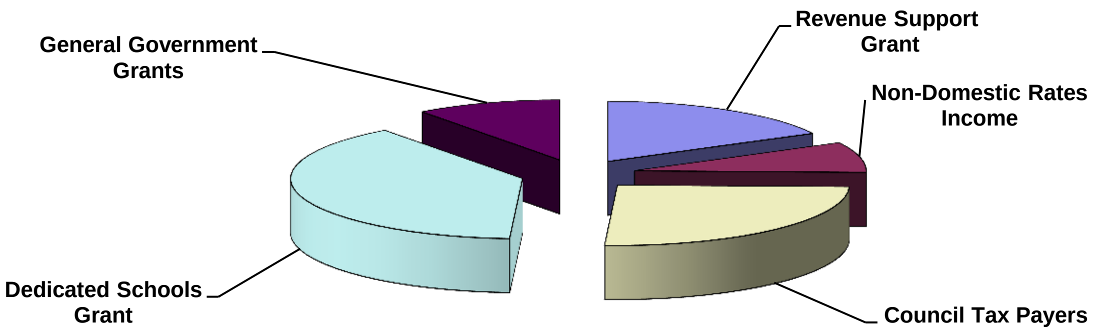


Figure 3 – Main Sources of General Fund Financing for 2014/2015

Source of Income	£m	%
Revenue Support Grant	70.731	17
General Government Grants	41.571	10
Non-Domestic Rates Income	33.380	8
Council Tax Payers	104.340	26
Dedicated Schools Grant	159.722	39
	409.744	100



Other Grants and Contributions received by the Council are shown in Note 20 on page 39.

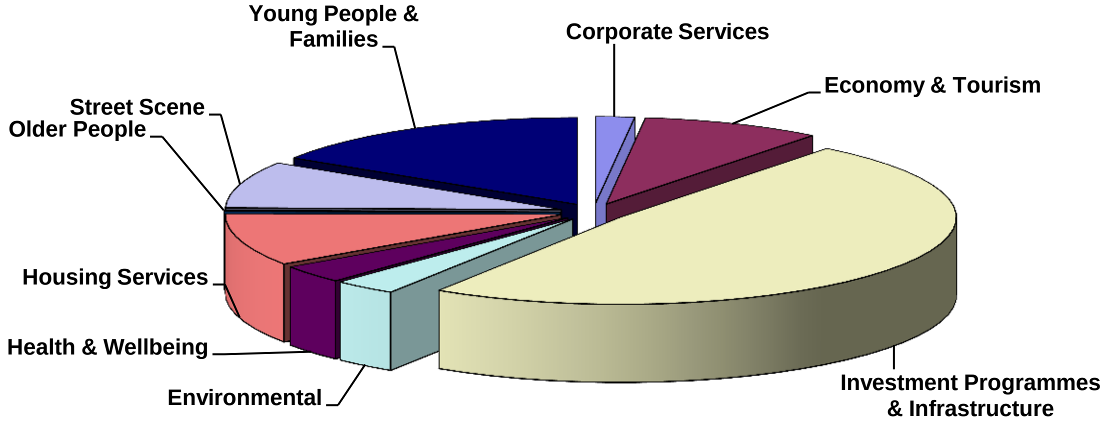
10 CAPITAL EXPENDITURE

In 2014/2015 the Authority spent £33.8m on capital projects. Examples of some of the major areas of spend include expenditure on the Thornton to Switch Island Link Road (£10.4m), REECH project (£1.9m), Recycling Scheme Wheeled Bins (£1.2m), Kings Gardens (£0.75m), and the Atkinson (£0.7m).

The analysis of capital spending (by departmental categories) and its financing is summarised in Figure 4 and Figure 5: -

Figure 4 - Sefton's Capital Expenditure for 2014/2015

Service	£m	%
Corporate Services	0.632	2
Economy & Tourism	2.930	9
Environmental	1.025	3
Health & Wellbeing	1.114	3
Housing Services	3.289	10
Investment Programmes & Infrastructure (IPI)	16.417	48
Older People	0.066	0
Street Scene	2.923	9
Young People & Families	5.412	16
	33.808	100



Resources to fund capital expenditure come from a number of sources:

Capital grants and contributions – grants from Central Government and other grant funding bodies such as Sport England and the Environment Agency, European grants, Lottery funding and contributions from private developers.

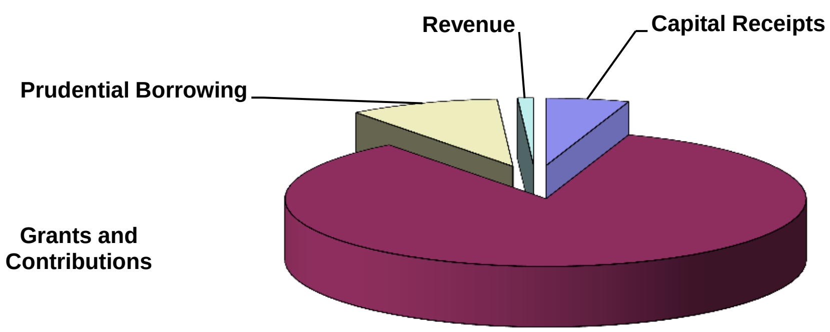
Capital receipts – proceeds from the sale of capital assets (e.g. land, buildings and equipment).

Revenue – financing capital expenditure from the Council's revenue resources.

Prudential borrowing – this is external borrowing undertaken by the Council that has to be repaid. The Council will only borrow where plans are sustainable, affordable, prudent and offer value for money.

Figure 5 - Financing of Sefton's 2014/2015 Capital Expenditure

Source of Finance	£m	%
Capital Receipts	1.741	5
Grants and Contributions	28.593	85
Revenue	0.329	1
Prudential Borrowing	3.145	9
	33.808	100



Total capital expenditure consists of additions to fixed assets of £27.219m (Property, Plant and Equipment £27.084m, Investment Properties £0.014m, Intangible Assets £0.121m) and revenue expenditure funded from capital under statute of £6.589m.

The Council's latest Capital Investment Plan includes schemes totalling £14.8m agreed in 2015/2016 and £35.8m agreed in previous years. These schemes are expected to be completed over the next three years. The total expenditure of £50.6m will be funded by £29.8m of grants and contributions, £12.9m of Prudential Borrowing, £7.7m of Capital Receipts and £0.2m of Revenue Contributions.

11 OTHER FINANCIAL COMMITMENTS

On 18 September 2001, the Council entered into an agreement under a Private Finance Initiative with Waterfront Leisure (Crosby) Limited for the provision and operation of a leisure centre in Crosby. Under the terms of the agreement Waterfront Leisure constructed the centre and will operate it for a period of 25 years in accordance with the Council's specification. Payments of £1.221m were made under this contract in 2014/2015 (£1.202m in 2013/2014) with government grants of £0.561m received in the year (£0.561m in 2013/2014). The contract is uplifted by price inflation on 1 April each year.

12 BORROWING / INVESTMENTS

The Council's arrangements for long-term borrowing and investments correspond to the Council's Treasury Management Policy and Strategy documents. These were drawn up to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Local Authorities.

Under Section 3(1) of the Local Government Act 2003, the Council must approve an overall borrowing limit before the beginning of each financial year. For 2014/2015 this limit was set at £177.5m; the Council stayed within this figure during the year.

As at 31 March 2015, the Council had outstanding borrowing of £121.160m (£123.966m as at 31 March 2014). This includes local authority bonds, stocks, mortgages and loans from the Public Works Loans Board (PWLB). As at 31 March 2015, borrowing of £10m, plus accrued interest of £0.963m, was due to be repaid within 12 months, of which £10m represents the principal element of annuity loans that will mature in the year.

During 2014/2015, no new long term borrowing from the PWLB was required to fund capital expenditure. Principal of £2.800m was repaid during the year of which £2.644m related to annuity loans.

Interest on long term borrowing from the PWLB totalled £5.405m during the year.

In line with its Treasury Management Policy and Strategy the Council makes daily investment decisions. As at 31 March 2015, the Council had short-term investments of £10.110m (£20.084m as at 31 March 2014). In addition, the Council had short-term deposits with banks and building societies of £39.074m (£36.775m as at 31 March 2014). The Council has also entered into long term investments in 2014/2015 with the Church and Charities Local Authority (CCLA) Property Fund (£5.000m) and the Funding Circle (£0.010m).

13 PENSION LIABILITY

As at 31 March 2015 there was a net deficit on the Local Government Pension Scheme Fund attributable to Sefton of £350.084m (£272.993m as at 31 March 2014). This will be reviewed periodically (normally every three years) by the Fund's actuary and steps will be taken to address the deficit via increased contributions over the remaining working life of employees.

The latest valuation was completed during 2013/2014. This set the contribution rates for 2014/2015 to 2016/2017 and the deficit payments required over the three years as part of a 22 year deficit recovery period.

In April 2014 the Council made a one-off payment to the Merseyside Pension Fund of £28.645m relating to its pension deficit liability for 2014/2015, 2015/2016 and 2016/2017. The Council received a significant discount for making the one-off payment rather than paying contributions over the three years. The Council has temporarily utilised £19.477m of Earmarked Reserves in 2014/2015 to fund part of the payment. Earmarked Reserves will be increased again in 2015/2016 and 2016/2017 when no deficit recovery payment is required.

As at 31 March 2015 there was a net deficit relating to unfunded Teachers' Pensions attributable to Sefton of £12.054m (£12.118m as at 31 March 2014). The Council has budgeted to make these payments until there is no longer a liability.

14 PROVISIONS, CONTINGENCIES, WRITE-OFFS AND MATERIAL CHARGES OR CREDITS

The 2014/2015 accounts include a provision for the cost of NNDR appeals. This provision is required as a result of the introduction of business rates retention from 1 April 2013. The accounts also recognise a contingent liability resulting from appeals that have not yet been lodged with the Valuation Office Agency. The total value of the Provision as at 31 March 2015 is £10.127m (£4.636m as at 31 March 2014). Sefton's share of the Provision as at 31 March 2015 is £4.962m (£2.271m as at 31 March 2014).

The only material write-offs in 2014/2015 relate to revaluation losses on the Authority's assets. These total £26.3m (£25.0m in 2013/2014).

15 GENERAL BALANCES AND RESERVES

Sections 7 and 8 show the General Balances of the Council split between Delegated Schools' and Non-Delegated Services. The Council's 2014/2015 Revenue Budget assumed the use of £3.128m of Non-Delegated Services' General Balances which would therefore reduce to £6.938m. The actual use of reserves was £1.670m, resulting in a year-end balance of £8.396m. This level of Balances is considered necessary given the level of savings being implemented by the Council and the risks inherent in this.

The Council has £20.496m of capital resources available as at 31 March 2015 (£19.032m as at 31 March 2014). These are amounts already received that will be used to fund the Council's Capital Investment Plan in 2015/2016 (see section 10).

The Council also has £45.316m of Earmarked Reserves (£60.653m as at 31 March 2014). These are described in Note 38. This includes previously received revenue grants and contributions that have yet to be applied and reserves that relate to schools. Earmarked Reserves are held by the Council to fund anticipated future expenditure of a non-recurring nature. If these resources were not available then the expenditure would need to be funded from the Council's in-year Revenue Budget which would require additional savings to be made in order to make funding available.

The Council also has £36.975m of Unusable Reserves as at 31 March 2015 (£113.099m as at 31 March 2014). These are accounts required under accounting regulations and are not available to support Council expenditure.

16 MATERIAL EVENTS AFTER THE REPORTING DATE

There have been no material events after the reporting date up to the date the accounts have been authorised for issue.

17 ECONOMIC POSITION / FINANCIAL OUTLOOK

The Authority is continuing to experience the impact of the Government's austerity drive. The requirement to identify budget reductions in 2014/2015 resulted in approximately **£25.0m** of budget savings being introduced. The Council set its budget seeking to achieve the savings required while protecting the key services that were the most important to Sefton residents. The vast majority of these savings have been achieved, with alternative resources being identified for those savings not fully achieved to enable the Council to spend within its resources during 2014/2015; the year end Accounts showing an underspend of £1.805m. A significant element of this underspend is due to the early implementation of savings agreed to achieve a balanced budget in 2015/2016.

Further savings of **£32.5m** and **£22.3m** have been identified for 2015/2016 and 2016/2017 as part of a two-year budget plan. Officers are currently engaged in implementing the agreed proposals; the monitoring regime used in 2014/2015 to ensure that this target is achieved will continue for 2015/2016.

The two-year budget plan is based on information published by the Government and assessments of the impact of reductions to Government funding in future years. The July 2015 budget announced that Government spending reductions would continue until 2018/2019. There will be a Comprehensive Spending Review (to be announced in November 2015) which will indicate the level of savings required in each year for each area of Government. This may have an impact on the assumptions made in the two-year plan for 2016/2017 and lead to further savings being required. It is also expected that there will be significant further reductions in Government funding in 2017/2018 and 2018/2019 which will also lead to significant levels of savings being required in each of those years.

The Council's Transformation Programme is continuing. All services are currently being assessed to identify further savings options to address the future budget gaps referred to above, whilst trying to protect the most vulnerable members of the community. Given the size of the savings that are expected to be required, it is inevitable that this process will result in further reductions in the size of the Council's workforce.

18 THE COUNCIL'S VISION

The Council has recently agreed a vision statement for Sefton:

Together we are Sefton – a great place to be!
We will work as one Sefton for the benefit of local people, businesses and visitors

The Council has also agreed the following high level priorities:

Economy – the Council wants as many people as possible to have the right employment skills and to have a job. The Council will use some of its resources and assets to facilitate growth by creating the environment for businesses to flourish and working with business to support growth.

The Most Vulnerable – people who have complex care needs and are unable to support themselves will need the Council's care services. However, the Council can also help people to help themselves and work in partnership with others such as the NHS to ensure more joined up care.

Health & Wellbeing – enjoying good physical and mental wellbeing should be everyone's personal priority. There are huge health inequalities in Sefton. The Council's service delivery will have to focus on the most vulnerable but working with the NHS and the voluntary sector the Council can better co-ordinate services and most importantly facilitate people doing things for themselves and their families.

Resilient Communities – helping to build confident and resilient communities will mean less reliance on public sector support and much more effective social networks. This is a very challenging outcome to achieve. Supporting individuals and communities to manage and overcome adverse conditions such as debt, loneliness and unemployment is not a short-term fix but it will deliver more sustainable outcomes.

Environment – the natural environment is one of Sefton's greatest assets. The Council will need to maintain the safety of the natural and built environment and work with others to protect the essential elements.

Reshaping the Council – ensuring the Council is in a position to achieve these priorities.

These are the key areas the Council will need to concentrate on to improve outcomes for our communities. It does not automatically mean that the Council will fund lots of activity in all these areas. It is more likely, as its resources reduce, that the Council's influence and community leadership will have the greatest impact in most of these areas.

19 CONCLUSION

During the 2014/2015 financial year, the Council has continued to experience significant additional spending pressures, but has been able to contain such costs within budget. The overall outturn position is an underspend which has been used to increase General Balances from the level budgeted for..

Decisions taken for the 2015/2016 budget are expected to reduce General Fund balances to £7.503m. However, the further financial challenges from the Government's austerity drive and the current economic climate will mean that budgets will need to be closely monitored during 2015/2016 to ensure the Council maintains its financial standing position. In addition, further realistic and achievable savings will need to be identified and agreed for 2015/2016 and 2016/2017, depending on whether there are further reductions to Government funding, to ensure a robust balanced budget is approved by Council.

Once again, the Accounts have been closed within the statutory deadline of 30 June. My thanks go to all staff that have invested considerable efforts to achieve this deadline.

The Statement of Accounts is a complex document and is prepared within the guidelines set by the Chartered Institute of Public Finance and Accountancy. However, I would be interested to receive any suggestions as to how the Accounts, or the Executive Summary, could be improved. Please contact me at the address on page 139.

Margaret Rawding
Head of Corporate Finance and ICT

2 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Sefton that officer is the Head of Corporate Finance and ICT.

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- Approve the Statement of Accounts.

The Head of Corporate Finance and ICT Responsibilities

The Head of Corporate Finance and ICT 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).

In preparing this Statement of Accounts, the Head of Corporate Finance and ICT has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the local authority Code.

The Head of Corporate Finance and ICT has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Head of Corporate Finance and ICT Statement

I certify that this Statement of Accounts gives a true and fair view of the financial position of Sefton Metropolitan Borough Council at 31 March 2015, and its income and expenditure for the financial year ended 31 March 2015.

Margaret Rawding

Margaret Rawding
Head of Corporate Finance and ICT
Date: 9 September 2015

Statement by the Chair of the Audit and Governance Committee

I confirm on behalf of the Council that these accounts were approved by the Audit and Governance Committee at its meeting held on 9 September 2015.

Robert Brennan

Councillor Robert Brennan
Chair, Audit and Governance Committee
Date: 9 September 2015

3 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 unusable 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.

Movements in Reserves in 2014/2015	General Fund Balance £000	Earmarked Reserves Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves (Notes 41 to 47) £000	**Total Authority Reserves £000**
Balance at 1 April 2014	-27,858	-60,653	-7,231	-11,801	-107,543	-111,848	-219,391
Movements in Year							
Deficit on the provision of services	9,989	0	0	0	9,989	0	9,989
Other Comprehensive Income and Expenditure	0	0	0	0	0	80,991	80,991
Total Comprehensive Income and Expenditure	9,989	0	0	0	9,989	80,991	90,980
Adjustments between accounting basis and funding basis under regulations (Note 5)	7,364	0	92	-1,338	6,118	-6,118	0
Net Increase before Transfers to Earmarked Reserves	17,353	0	92	-1,338	16,107	74,873	90,980
Transfers to / from Earmarked Reserves (Note 38)	-15,337	15,337	0	0	0	0	0
Increase in Year	2,016	15,337	92	-1,338	16,107	74,873	90,980
Balance at 31 March 2015	-25,842	-45,316	-7,139	-13,139	-91,436	-36,975	-128,411

Movements in Reserves in 2013/2014	General Fund Balance £000	Earmarked Reserves Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves (Notes 41 to 48) £000	**Total Authority Reserves £000**
Balance at 1 April 2013	-24,725	-51,174	-5,371	-10,342	-91,612	-110,215	-201,827
Movements in Year							
Deficit on the provision of services	57,569	0	0	0	57,569	0	57,569
Other Comprehensive Income and Expenditure	0	0	0	0	0	-75,133	-75,133
Total Comprehensive Income and Expenditure	57,569	0	0	0	57,569	-75,133	-17,564
Adjustments between accounting basis and funding basis under regulations (Note 5)	-70,181	0	-1,860	-1,459	-73,500	73,500	0
Net Increase before Transfers to Earmarked Reserves	-12,612	0	-1,860	-1,459	-15,931	-1,633	-17,564
Transfers to / from Earmarked Reserves (Note 38)	9,479	-9,479	0	0	0	0	0
Increase in Year	-3,133	-9,479	-1,860	-1,459	-15,931	-1,633	-17,564
Balance at 31 March 2014	-27,858	-60,653	-7,231	-11,801	-107,543	-111,848	-219,391

4 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.

2013/2014			Note		2014/2015		
Gross Expenditure	Gross Income	Net Expenditure / Income (-)			Gross Expenditure	Gross Income	Net Expenditure / Income (-)
£000s	£000s	£000s			£000s	£000s	£000s
				Continuing Operations			
112,888	-26,424	86,464		Adult Social Care	112,239	-26,002	86,237
9,649	-6,134	3,515		Central Services to the Public	14,752	-8,304	6,448
268,362	-202,529	65,833		Children's and Education Services	276,447	-207,358	69,089
8,665	-397	8,268		Corporate and Democratic Core	9,169	-1,205	7,964
35,023	-10,152	24,871		Cultural and Related Services	29,243	-10,700	18,543
22,740	-8,690	14,050		Environmental and Regulatory Services	23,944	-14,848	9,096
21,291	-8,679	12,612		Highways and Transport Services	26,464	-12,704	13,760
124,691	-117,629	7,062		Housing Services	115,847	-112,307	3,540
3,818	0	3,818	6	Non-Distributed Costs	6,094	0	6,094
14,310	-7,611	6,699		Planning Services	16,202	-7,373	8,829
18,344	-20,523	-2,179		Public Health	17,896	-20,215	-2,319
639,781	**-408,768**	**231,013**		**Net Cost of Services**	**648,297**	**-421,016**	**227,281**
				Other Operating Income and Expenditure			
		854		Precepts paid to Parish Councils			872
		37,385		Levies			37,602
		10		Contribution to Housing Pooled Capital Receipts			10
		49,326		Loss on the disposal of non-current assets			156
		63		Loss on Disposal of Assets Held for Sale			6,424
		-3,568	8	Other Operating Income			-727
		84,070					44,337
				Financing and Investment Income & Expenditure			
		7,112	9	Interest payable and similar charges			6,739
		14,058	56	Net Interest on the Net Pension Defined Benefit Liability			10,942
		-576		Interest Receivable			-660
		-1,214	10	Trading Operations			-1,295
		-1,559	23	Income and Expenditure on Investment Properties			-1,520
		488	23	Changes in the Fair Value of Investment Properties			-1,513
		-50		Gain on the disposal of Investment Properties			-241
		18,259					12,452
				Taxation and Non-specific Grant Income			
		-99,991		Income from Council Tax			-104,340
		-30,383		Non-Domestic Rates Income			-33,380
		-125,776	20	Non-Ringfenced Government Grants			-112,302
		-19,623	20	Capital Grants and Contributions			-24,059
		-275,773					-274,081
		57,569		**Deficit on Provision of Services**			**9,989**
		313	41	Deficit / Surplus (-) on Revaluation of non-current assets			-7,830
		0	44	Surplus on Revaluation of Available for Sale Financial Assets			-59
		-75,446	46	Re-measurement of the Net Defined Benefit Liability			88,880
		-75,133		**Other Comprehensive Income and Expenditure**			**80,991**
		-17,564		**Total Comprehensive Income and Expenditure**			**90,980**

5 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014 £000s		Note	31 March 2015 £000s
551,274	Property, Plant and Equipment	21	541,495
11,057	Heritage Assets	22	11,057
38,362	Investment Property	23	41,758
1,230	Intangible Assets	24	1,041
1	Long Term Investments	26	5,070
7,301	Long Term Receivables	27	5,890
609,225	**Long-Term Assets**		606,311
20,084	Short Term Investments	28	10,110
7,759	Assets Held for Sale	29	1,259
623	Inventories	30	684
35,371	Short Term Receivables	31	39,811
2,021	Prepayments		2,611
30,444	Cash and Cash Equivalents	32	38,650
96,302	**Current Assets**		93,125
-3,439	Short Term Borrowing	59	-10,963
-32,540	Short Term Payables	33	-42,405
-13,520	Receipts in Advance		-14,199
-234	Provisions	34	-937
-2,285	Deferred Liabilities	35	-2,288
-52,018	**Current Liabilities**		-70,792
-8,242	Provisions	34	-9,958
-120,527	Long Term Borrowing	59	-110,197
-20,229	Deferred Liabilities	35	-17,940
-285,111	Pensions Liability	56	-362,138
-9	Grants and Contributions Receipts in Advance (Capital)	20	0
-434,118	**Long Term Liabilities**		-500,233
219,391	**Net Assets**		**128,411**

31 March 2014 £000s	Balance Sheet (Continued)	Note	31 March 2015 £000s
	Reserves		
	Usable Reserves		
17,792	General Fund - Delegated Schools	37	17,446
10,066	General Fund - Non Delegated Services	37	8,396
60,653	Earmarked Reserves	38	45,316
7,231	Capital Receipts Reserve	39	7,139
11,801	Capital Grants and Contributions Unapplied	40	13,139
107,543			91,436
	Unusable Reserves		
72,228	Revaluation Reserve	41	77,587
329,140	Capital Adjustment Account	42	318,300
-724	Financial Instruments Adjustment Account	43	-665
0	Available for Sale Financial Instruments Reserve	44	59
422	Deferred Capital Receipts Reserve	45	278
-285,111	Pensions Reserve	46	-362,138
470	Collection Fund Adjustment Account	47	8,049
-4,577	Accumulated Absences Account	48	-4,495
111,848			36,975
219,391	**Total Reserves**		**128,411**

The Notes on pages 21 to 96 form part of the financial statements.

6 CASH FLOW STATEMENT

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

2013/2014 £000s		Note	2014/2015 £000s
	Operating Activities		
57,569	Net deficit on the provision of services		9,989
-40,750	Adjustments to net surplus or deficit on the provision of services for non-cash movements		-30,603
-26,565	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		18,261
-9,746	Net cash flows from Operating Activities	51	-2,353
	Investing Activities		
27,205	Purchase of property, plant and equipment, investment property and intangible assets		26,289
0	Purchase of short-term and long-term investments		5,010
0	Other payments for investing activities		0
-4,384	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		-2,071
-30	Proceeds from short-term and long-term investments		-10,000
-18,040	Other receipts from investing activities		-25,561
4,751	Net cash flows from Investing Activities		-6,333
	Financing Activities		
0	Cash receipts of short- and long-term borrowing		0
-8,772	Other receipts from financing activities		-4,612
2,229	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		1,849
1,024	Repayments of short- and long-term borrowing		3,243
0	Other payments for financing activities		0
-5,519	Net cash flows from Financing Activities		480
10,514	**Net decrease / increase (-) in cash and cash equivalents**		**-8,206**
-19,930	Cash and cash equivalents at the beginning of the reporting period		-30,444
-30,444	**Cash and cash equivalents at the end of the reporting period**	32	**-38,650**

7 NOTES TO THE FINANCIAL STATEMENTS

1 PRIOR YEAR ADJUSTMENTS

The classification of some revenue grants and contributions has been revised and an additional contribution of £0.650m from Merseyside Integrated Transport Authority has been added to the contributions shown in Note 20. Details of the grants and contributions reclassified are disclosed in Note 20.

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

The Code of Practice on Local Council Accounting in the United Kingdom 2015/2016 (the Code) has introduced several changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014/15 there would be no material changes as detailed below.

IFRS 13 Fair Value Measurement - This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that
currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC 21 Levies - This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle) - These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/2015 Statement of Accounts.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 61, 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:

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

- The Council has a material interest in Sefton New Directions Limited, an entity which conducts some of the Council's adult and social care activities. It has been deemed that Sefton New Directions Limited is a subsidiary of the Council and group accounts are required to be prepared.

- The Authority is deemed to control the services provided under the outsourcing agreement for financial transaction services with Arvato. Assets to the value of £2m were transferred to Arvato for a value of £1 at the start of the contract. At the end of the contract the assets revert back to the Council for nil cost. These assets will be in full working order as a refresher clause is within the contract. This contract has been treated as a service concession.

- The Council have agreed to share any proceeds of former council house sales if they are subsequently sold by One Vision Housing Limited. The agreement lasts until 31 March 2037 and the amount received will depend on the number of sales each year. These are treated as capital receipts in the year.

- Sefton has joint working arrangements with NHS Sefton for the provision of intensive care packages for service users with a learning disability and the provision of an Integrated Community Equipment Service. Whilst no formal agreement is in place, £3.683m in total has been expended on both services, split 50/50. The Council does not consolidate both elements in to its financial statements but only accounts for its own expenditure (see Note 12).

- The Council has given a number of warranties for up to 17 years (One Vision Housing Limited) and 35 years (Prudential Trustee Company Limited) in respect of statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, way leaves, telecommunications and works undertaken. In addition warranties for 20 years have been given to both parties in respect of claims for asbestos and a warranty not exceeding £100,500,000 for up to 20 years in respect of environmental pollution has been given to One Vision Housing Limited. The Council has set aside a prudent level of resources in case it is required to pay out under these warranties.

- As part of the voluntary stock transfer an agreement was reached with One Vision Housing Limited to share their VAT that they can claim from HM Revenue and Customs. This arrangement is unique to councils and registered social landlords upon transfer. Sefton's share of reclaimable VAT is likely to be in the region of £0.1m until the end of the agreement on 30 October 2016. The Council accounts for the income only as it becomes due in the year.

- Investment properties have been estimated using the identifiable criteria under IFRS of being held for rental income or for capital appreciation. These properties have been assessed using these criteria, which is subject to interpretation.

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

- The Council does not recognise Voluntary Aided, Academies or Free schools on its Balance Sheet. All other types of school are recognised on the Council's Balance Sheet.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows (note that the percentages quoted are for illustrative purposes only and are not an indication of the likely change):

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The total value of PP&E as at 31 March 2015 is £541,495.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for assets would increase by £0.721m for every year that useful lives had to be reduced.
Provision for Equal Pay Claims	The Authority has made a provision of £0.012m for the settlement of claims for back pay arising from the Equal Pay initiative, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority or that precedents set by other authorities in the settlement of claims will be applicable.	An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.001m to the provision needed.
Provision for Legal Claims against the Council	The Authority has made a provision of £0.500m for the potential cost of settlements of legal claims made against the Council.	An increase in the cost of settlements of 10% would have the effect of adding £0.050m to the provision needed.
Provision for NNDR Appeals	A provision has been made in respect of appeals against the rateable value of business properties. The provision represents the best estimate of the amount that would be repaid to businesses in respect of business rates charged up to 31 March 2015. The total provision recorded on the Collection Fund is £10.127m (Sefton's share is £4.962m). This estimate has been calculated using the Valuation Office (VOA) ratings list of appeals outstanding and an analysis of previous successful appeals. However, the actual success of outstanding appeals may be materially different from the experience of previous appeals.	The appeals provision calculation assumes a 9.51% reduction in the Rateable Value on appeals outstanding against the 2005 list and 8.29% against the 2010 list. An increase in successful appeals of 1% against both lists would require an increase of £0.617m in the total provision (Sefton's share would be £0.302m).
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. As at 31 March 2015 the value of assets was £654.532m and liabilities was £1,016.670m. The net liability is therefore £362.138m.	The effects on the net pensions liability of changes in individual assumptions can be measured. The impact of changes in individual assumptions are shown in Note 56, as required by the Code of Practice.

Arrears	At 31 March 2015, Sefton had a net balance of sundry debtor accounts issued by the Authority but not yet paid of £13.141m. A review of significant balances suggested that an impairment of doubtful debts of approximately 16% (£2.091m) was appropriate for these accounts. At 31 March 2015, Sefton had a balance of Council Tax arrears (including Court Costs) of £12.438m. A review of significant balances suggested that an impairment of doubtful debts of approximately 40% (£4.957m) was appropriate for these accounts. At 31 March 2015, Sefton had a balance of NNDR arrears (including Court Costs) of £1.230m (Sefton's share only). A review of significant balances suggested that an impairment of doubtful debts of approximately 67% (£0.828m) was appropriate for these accounts. At 31 March 2015, Sefton had a balance of Housing Benefit arrears of £5.787m. A review of significant balances suggested that an impairment of doubtful debts of approximately 42% (£2.403m) was appropriate for these accounts. However, in the current economic climate it is possible that such allowances would not be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £10.279m to be set aside as an allowance.

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.

Descriptions of the reserves that the adjustments are made against can be found in the relevant notes for each reserve.

Adjustments in 2014/2015	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation of non-current assets	-15,325			15,325
Revaluation losses on non-current assets	-26,273			26,273
Movements in the market value of Investment Properties	1,513			-1,513
Amortisation of intangible assets	-266			266
Capital grants and contributions applied	14,689			-14,689
Revenue expenditure funded from capital under statute - Gross	-6,589			6,589
Revenue expenditure funded from capital under statute – Related Capital Grants and Contributions	5,914			-5,914
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	-7,770			7,770
Amortisation of Deferred Income re. Crosby PFI Scheme	108			-108

Adjustments in 2014/2015 Continued	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	10,586			-10,586
Capital expenditure charged against the General Fund	329			-329
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	9,370		-9,370	
Application of grants to capital financing transferred to the Capital Adjustment Account			8,032	-8,032
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,344	-1,344		
Utilisation of Capital Receipts to increase Provisions	-425	425		
Transfers to Usable Capital Receipts not relating to the disposal of assets	727	-727		
Use of the Capital Receipts Reserve to finance new capital expenditure		1,741		-1,741
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	-10	10		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		-13		13
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Reduction of Capital Receipts Deferred re. Leased Out Buildings	-131			131
Adjustment primarily 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	59			-59
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-31,823			31,823
Employer's pensions contributions and direct payments to pensioners payable in the year	43,676			-43,676
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7,579			-7,579
Adjustment primarily involving the Accumulated Absences 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	82			-82
Total Adjustments	7,364	92	-1,338	-6,118

The table below provides comparative figures for 2013/2014:

Adjustments in 2013/2014	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation of non-current assets	-17,095			17,095
Revaluation losses on non-current assets	-25,004			25,004
Movements in the market value of Investment Properties	-488			488
Amortisation of intangible assets	-294			294
Capital grants and contributions applied	10,758			-10,758
Revenue expenditure funded from capital under statute - Gross	-4,656			4,656
Revenue expenditure funded from capital under statute – Related Capital Grants and Contributions	3,461			-3,461
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	-50,618			50,618
Amortisation of Deferred Income re. Crosby PFI Scheme	108			-108
Reduction in Finance Lease Liability re. Leased in Property	339			-339
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	11,066			-11,066
Capital expenditure charged against the General Fund	934			-934
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8,865		-8,865	
Application of grants to capital financing transferred to the Capital Adjustment Account			7,406	-7,406
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	940	-940		
Transfers to Usable Capital Receipts not relating to the disposal of assets	3,444	-3,444		
Use of the Capital Receipts Reserve to finance new capital expenditure		2,528		-2,528
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	-10	10		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		-14		14
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Reduction of Capital Receipts Deferred re. Leased Out Buildings	-121			121

Adjustments in 2013/2014 Continued	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Adjustment primarily 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	59			-59
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-35,730			35,730
Employer's pensions contributions and direct payments to pensioners payable in the year	22,822			-22,822
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,336			-1,336
Adjustment primarily involving the Accumulated Absences 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	-297			297
Total Adjustments	-70,181	-1,860	-1,459	73,500

6 NON-DISTRIBUTED COSTS

Non-distributed costs included in the Comprehensive Income and Expenditure Statement can be analysed between costs relating to retirement benefits and other non-distributed costs as shown below:

2013/2014 £000s	Non-Distributed Costs	2014/2015 £000s
852	Retirement Benefits - Curtailment Cost	1,023
2,211	Impairment Charges on Surplus Assets	4,317
755	Other Non-Distributed Costs	754
3,818	**Total**	6,094

7 AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS 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 (which has been designated the Council's Chief Operating Decision Maker) on the basis of budget reports analysed across services departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.
- Some prudential borrowing costs relating to vehicle and equipment purchases are recorded as departmental expenditure.
- Support service income and expenditure is reported gross by the recharging department in the Management Reports, they are reported net in the accounts so that the expenditure is only reported once against the department receiving the service.

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

Departmental Income and Expenditure in 2014/2015	Vulnerable People £000	Young People And Families £000	Corporate Finance and ICT £000	Other Services £000	**Total £000**
Fees, Charges and Other Service Income	-21,663	-18,538	-22,192	-59,222	-121,615
Grants and Contributions	-3,601	-182,365	-110,507	-5,281	-301,754
Total Income	-25,264	-200,903	-132,699	-64,503	**-423,369**
Employee Expenses	10,317	161,351	3,651	51,400	226,719
Other Service Expenditure	102,324	90,162	124,945	65,830	383,261
Support Service Recharges	2,366	1,982	8,902	17,865	31,115
Depreciation and Impairment	373	3,970	0	11,336	15,679
Total Expenditure	115,380	257,465	137,498	146,431	**656,774**
Net Expenditure	90,116	56,562	4,799	81,928	**233,405**

Departmental Income and Expenditure in 2013/2014	Vulnerable People £000	Young People And Families £000	Corporate Finance and ICT £000	Other Services £000	**Total £000**
Fees, Charges and Other Service Income	-21,404	-18,033	-22,759	-58,397	-120,593
Grants and Contributions	-3,078	-179,149	-115,781	-9,470	-307,478
Total Income	-24,482	-197,182	-138,540	-67,867	**-428,071**
Employee Expenses	10,804	158,658	3,713	47,348	220,523
Other Service Expenditure	102,127	89,879	128,763	78,353	399,122
Support Service Recharges	2,523	2,127	9,155	15,383	29,188
Depreciation and Impairment	4,221	13,899	42	22,804	40,966
Total Expenditure	119,675	264,563	141,673	163,888	**689,799**
Net Expenditure	95,193	67,381	3,133	96,021	**261,728**

The majority of Income and Expenditure recorded under Corporate Finance and ICT relates to payments of Housing Benefit and the cost of administering this benefit on behalf of Central Government.

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

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

2013/2014 £000		2014/2015 £000
261,728	**Net expenditure in the Departmental Analysis**	233,405
-30,157	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-4,382
-558	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-1,742
231,013	**Cost of Services in Comprehensive Income and Expenditure Statement**	227,281

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of departmental 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.

2014/2015	Departmental Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other Service Income	-121,615	-1,050	0	38,480	**-84,185**	-7,273	**-91,458**
Interest and investment income	0	0	0	0	**0**	-2,219	**-2,219**
Income from council tax	0	0	0	0	**0**	-104,340	**-104,340**
Income from non-domestic rates	0	0	0	0	**0**	-33,380	**-33,380**
Other Operating Income	0	0	0	0	**0**	-2,481	**-2,481**
Government grants and contributions	-301,754	-35,077	0	0	**-336,831**	-136,361	**-473,192**
Total Income	**-423,369**	**-36,127**	**0**	**38,480**	**-421,016**	**-286,054**	**-707,070**
Employee Expenses	226,719	-2,667	0	0	**224,052**	13,615	**237,667**
Other service expenses	383,261	7,756	-1,742	-6,612	**382,663**	3,280	**385,943**
Support Service Recharges	31,115	753	0	-31,868	**0**	0	**0**
Depreciation amortisation, impairment and changes in fair value	15,679	25,903	0	0	**41,582**	64	**41,646**
Interest Payments	0	0	0	0	**0**	6,739	**6,739**
Precepts and Levies	0	0	0	0	**0**	38,474	**38,474**
Payment to Housing Capital Receipts Pool	0	0	0	0	**0**	10	**10**
Loss on Disposal of non-current assets / Investment Properties	0	0	0	0	**0**	6,580	**6,580**
Total Expenditure	**656,774**	**31,745**	**-1,742**	**-38,480**	**648,762**	**68,762**	**717,059**
Surplus or deficit on the provision of services	**233,405**	**-4,382**	**-1,742**	**0**	**227,281**	**-217,292**	**9,989**

The table below shows comparative figures for 2013/2014:

2013/2014	Departmental Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other Service Income	-120,593	-4,883	0	46,516	**-78,960**	-7,063	**-86,023**
Interest and investment income	0	0	0	0	**0**	-2,173	**-2,173**
Income from council tax	0	0	0	0	**0**	-99,991	**-99,991**
Income from non-domestic rates	0	0	0	0	**0**	-30,383	**-30,383**
Other Operating Income	0	0	0	0	**0**	-3,618	**-3,618**
Government grants and contributions	-307,478	-22,330	0	0	**-329,808**	-145,399	**-475,207**
Total Income	**-428,071**	**-27,213**	**0**	**46,516**	**-408,768**	**-288,627**	**-697,395**
Employee Expenses	220,523	904	0	0	**221,427**	16,576	**238,003**
Other service expenses	399,122	-5,378	-558	-17,328	**375,858**	3,369	**379,227**
Support Service Recharges	29,188	0	0	-29,188	**0**	0	**0**
Depreciation amortisation, impairment and changes in fair value	40,966	1,530	0	0	**42,496**	488	**42,984**
Interest Payments	0	0	0	0	**0**	7,112	**7,112**
Precepts and Levies	0	0	0	0	**0**	38,239	**38,239**
Payment to Housing Capital Receipts Pool	0	0	0	0	**0**	10	**10**
Loss on Disposal of non-current assets / Investment Properties	0	0	0	0	**0**	49,389	**49,389**
Total Expenditure	**689,799**	**-2,944**	**-558**	**-46,516**	**639,781**	**115,183**	**754,964**
Surplus or deficit on the provision of services	**261,728**	**-30,157**	**-558**	**0**	**231,013**	**-173,444**	**57,569**

8 OTHER OPERATING INCOME

An analysis of amounts of Other Income not included in the Net Cost of Services but credited to the Comprehensive Income and Expenditure Statement is shown below:

2013/2014 £000s	Other Income	2014/2015 £000s
-928	Capital Receipts re. Former Council Dwellings	-673
-2,516	Other Capital Receipts not relating to the Disposal of Council Assets	-53
0	Other Capital Receipts not relating to the Disposal of Council Assets – Reversal of amount credited in 2013/2014	86
-124	Sefton's share of a VAT Shelter Agreement with One Vision Housing	-87
-3,568		-727

9 INTEREST PAYABLE AND SIMILAR CHARGES

Charges to the Comprehensive Income and Expenditure Account during the year were as follows:

2013/2014 £000s		2014/2015 £000s
5,886	External Interest Charges	5,714
686	Finance Charge re. Leasing Agreements	498
486	Finance Charge re. PFI Schemes	475
54	Transferred Service debt charges	52
7,112	**Total**	6,739

10 TRADING OPERATIONS

The Council operates a number of services as trading organisations. A number trade with the private sector / general public and are shown within "Total Cost of Services" in the Comprehensive Income and Expenditure Statement; these are shown in Table 1. The second table identifies services that are separately identified in the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure.

Table 1: Trading services which are included within the Total Cost of Services

2013/2014			Activity	2014/2015		
Income £000s	Expenditure £000s	Deficit / Surplus (-) £000s		Income £000s	Expenditure £000s	Deficit / Surplus (-) £000s
-1,353	4,224	2,871	Other Commercial Land and Buildings	-1,266	2,474	1,208
-311	578	267	Southport and Other Markets	-317	595	278
-575	732	157	Commercial Cleansing Services	-736	794	58
-638	9,520	8,882	Arts Operations / Development	-767	3,831	3,064
-378	596	218	Netherton Activity Centre	-371	587	216
-6,085	10,401	4,316	Sports Facilities	-6,505	12,726	6,221
-5,521	5,280	-241	School Meals & Welfare Catering	-6,525	6,270	-255
-3,162	1,711	-1,451	Cemeteries and Crematoria Services	-3,194	1,458	-1,736
-503	2,719	2,216	Tourism Related Facilities in Southport	-511	555	44
-18,526	35,761	17,235	**Total Trading Deficit for Year**	-20,192	29,290	9,098

Table 2: Trading services included under Financing and Investment Income and Expenditure

2013/2014			Activity	2014/2015		
Income £000s	Expenditure £000s	Deficit / Surplus (-) £000s		Income £000s	Expenditure £000s	Deficit / Surplus (-) £000s
-2,172	2,229	57	Building Cleaning	-2,332	2,397	65
-19	9	-10	Civic Trading Account	0	0	0
-4,872	3,611	-1,261	Vehicle Maintenance	-4,941	3,581	-1,360
-7,063	5,849	-1,214	**Total Trading Surplus for Year**	-7,273	5,978	-1,295

Descriptions of the services and significant changes in the surplus or deficit on trading services can be explained as follows:

Trading Service	**Reason for change**
Other Commercial Land and Buildings: The leasing and rental, at market rates, of commercial land and buildings owned by the Council.	Gross expenditure reduced by £1.750m (41%) in 2014/15. This is mainly because impairment (revaluation) charges totalling £3.338m were incurred in 2013/14, compared to £1.541m in 2014/15.
Southport Market: The operation of Southport Indoor Market and any Farmers' Markets that occur in the Borough.	No significant change.
Commercial Cleansing Services: The operation of various cleansing services on a commercial basis including Trade Waste, Clinical Waste and Skip Hire.	Gross income increase by £0.161m (28%) in 2014/15. This is due to an increase in customer base as a result of an active marketing exercise targeting local schools and also as a result of a small number of private sector suppliers going into liquidation.
Arts Operations / Development: Provision of all arts activities within the Borough including the operation of The Atkinson cultural centre.	Gross income increased by £0.129m (20%). This is mainly because the Atkinson centre was only open for part of the year in 2013/14. Gross expenditure reduced by £5.689m (60%) in 2014/15. This is mainly because impairment (revaluation) charges totalling £5.740m were incurred in 2013/14, compared to £0.016m in 2014/15.
Netherton Activity Centre: The operation of the Centre which includes leisure and library facilities as well as a youth club, beauticians, crèche and Jake's Sensory World.	No significant change.
Sports Facilities: The provision of sports facilities within Sefton including the direct operation of Bootle Leisure Centre, Crosby Lakeside Adventure Centre, Dunes Splashworld, Litherland Sports Park and Meadows Leisure Centre. It also includes the third party operation of Crosby Leisure Centre and Formby Pool.	Gross expenditure increased by £2.325m (22%) in 2014/15. This is mainly because impairment (revaluation) charges totalling £1.871m were incurred in the year.
School Meals and Welfare Catering: The provision of a catering service to certain schools within the Borough.	Gross income increased by £1.004m (18%). Gross expenditure increased by £0.990m (19%). This is mainly because of an increase in pupil numbers in infant schools. On average the service was providing an additional 4,000 extra primary meals per day.
Cemeteries and Crematoria Services: The operation of two Crematoria in Southport and Thornton and Cemeteries in Birkdale, Bootle, Southport and Thornton.	Gross expenditure reduced by £0.253m (15%) in 2014/15. This is mainly because impairment (revaluation) charges totalling £0.181m were incurred in 2013/14, compared to £0 in 2014/15. Also utilities and ground maintenance costs reduced in 2014/15.

Trading Service	Reason for change
Tourism Related Facilities: The operation of Southport Pier and various other facilities at the seafront in Southport.	Gross expenditure reduced by £2.164m (80%) in 2014/15. This is mainly because impairment (revaluation) charges totalling £2m were incurred on Southport Pier in 2013/14.
Building Cleaning: The provision of building cleaning services to schools and other Council owned buildings.	No significant change.
Civic Trading Account: Any income and expenditure relating to the letting of civic buildings in the Borough.	The Civic Trading Account is no longer operated in the same way as in previous years following the disbanding of the room bookings team as part of a budget savings option. Any residual income and expenditure has been shown under 'Central Services to the Public' in the net cost of services in 2014/15.
Vehicle Maintenance: The provision, management and maintenance of Council owned vehicles and small plant.	No significant change.

11 SIGNIFICANT AGENCY INCOME AND EXPENDITURE

The Authority carried out work to the value of £0.548m on behalf of the Highways Agency and received fees of £0.559m according to agreed charging in 2014/2015 (£0.084m value of work and £0.145m fees in 2013/2014). The surplus was transferred to revenue in the year.

12 POOLED BUDGETS

Under section 75 of the National Health Service Act 2006, local authority and NHS bodies are able to enter into joint working arrangements with the NHS. Pooled funds, with resources provided by local and health authorities, offer the opportunity for the provision of seamless health and social services. Partners remain accountable for their services that are part of the pooled budget. A key feature of the pool is that the use of resources will be dictated by the needs of clients, rather than respective contributions.

Sefton Council has a joint working arrangement with NHS Sefton for the provision of intensive care packages for service users with a learning disability. Contributions of £1.312m from NHS Sefton (£1.212m in 2013/2014) and £1.346m from Sefton Council (£1.168m in 2013/2014), £2.658m in total (£2.380m in 2013/2014), have been fully expended on purchasing of care packages to meet the health and social care needs of this client group. Sefton's contribution has been financed from within the Adult Social Care budget and is included in the Comprehensive Income and Expenditure Statement under this heading.

Sefton also has a joint working arrangement with NHS Sefton for the provision of an Integrated Community Equipment Service, providing an appropriate range of equipment to meet assessed needs and to support intermediate care, hospital discharge, rehabilitation and independent living in the community. Contributions of £0.512m from NHS Sefton (£0.480m in 2013/2014) and £0.527m from Sefton Council (£0.518m in 2013/2014), have been fully expended on the provision of this service. Sefton's contribution has been financed from within the Adult Social Care budget and is included in the Comprehensive Income and Expenditure Statement under this heading.

13 MEMBERS' ALLOWANCES

The Council has a Cabinet style management structure with a scheme for Members' Allowances. The Council is made up of 66 Members. There were 75 Members who were paid allowances (some for only part of the year) as shown below:

2013/2014 £000s		2014/2015 £000s
567	Basic Allowances	568
188	Special Responsibility Allowances	189
2	Expenses	3
757	**Total**	760

No Members were paid a salary in either year.

14 LONG-TERM CONTRACTS

Livenation: The Authority operates a long-term contract agreement with Livenation to manage the Floral Hall and Southport Theatre complex. The current agreement expired on 31 March 2015 but has been extended to 30 September 2015, during which time the contract will be put out to tender. Payments to the contractor are increased each year in line with the Retail Price Index. Contract payments of £0.347m were made in 2014/2015 (£0.336m in 2013/2014).

Sefton New Directions Limited: On 1 April 2007 the Council established Sefton New Directions Limited as a wholly owned subsidiary company for the provision of Social Care. The Council entered into a services agreement with Sefton New Directions Limited which will continue until March 2017. In consideration of the care services provided, the Council pays a charge. The charge in 2014/2015 was £8.294m (£8.366m in 2013/2014). The charges for the remainder of the term of the contract will be agreed by the parties on an annual basis with any adjustments or alterations to the charge, for changes to services, being in accordance with the provisions of the agreement.

Arvato: During 2008/2009 the Authority entered into a ten year contract agreement with Arvato Public Sector Services Limited to manage the following services: Information Technology, Transactional Human Resources and Payroll, Benefits, Revenues and Customer Contact. The contract commenced on 1 October 2008. Payments of £15.470m were made under this contract in 2014/2015 (£15.426m in 2013/2014). The contract is uplifted by pay and price inflation on 1 April each year. There are a number of variable elements within the contract but given the nature of the variable elements they are not expected to have a significant impact on the accounts (there was a reduction in the contract value of £0.003m in 2014/2015). In addition, the Council can procure additional works outside of the core contract (the value of which was £1.026m in 2014/2015).

Capita Symonds: During 2008/2009 the Authority entered into a ten year contract agreement with Capita Symonds Limited to manage the following services: Highways, Drainage, Property Management, Design, Architects and Building Maintenance. The contract commenced on 1 October 2008. In October 2011 the Council gave notice to end its contract for technical services with Capita Symonds Limited, and in October 2013 those services, along with the staff that provide them, returned to the Council under the Investment Programmes and Infrastructure Department. Payments of £2.519m were made under this contract in 2013/2014 to 30 September 2013. The contract was uplifted by pay and price inflation on 1 April each year.

Waterfront Leisure: On 18 September 2001, the Council entered into an agreement under a Private Finance Initiative with Waterfront Leisure (Crosby) Limited for the provision and operation of a leisure centre in Crosby. Under the terms of the agreement Waterfront Leisure constructed the centre and will operate it for a period of 25 years in accordance with the Council's specification. Payments of £1.221m were made under this contract in 2014/2015 (£1.202m in 2013/2014) with government grants of £0.561m received in the year (£0.561m in 2013/2014). The contract is uplifted by price inflation on 1 April each year.

15 EMPLOYEES' EMOLUMENTS IN EXCESS OF £50,000

The Accounts and Audit (England) Regulations require the Authority to disclose the number of employees (including teaching staff) whose remuneration in the year was £50,000 or more in bands of £5,000. The definition of remuneration excludes employer pension contributions but includes:

(i) all taxable amounts paid to, or receivable by, employees, including sums due by way of expenses allowances;

(ii) the estimated money value of all other benefits received by employees, otherwise than in cash; and,

(iii) redundancy payments paid to employees who have left the employment of the Authority during the year.

Readers should note that the tables below include Senior Officers' remuneration, which is also disclosed separately in Note 16.

Teaching Staff (including Voluntary Aided Schools)				
2013/2014		Remuneration Band	2014/2015	
Employed on 31/03/14	Left during the year		Employed on 31/03/15	Left during the year
60	2	£50,000 - £54,999	57	3
32	1	£55,000 - £59,999	27	1
33	0	£60,000 - £64,999	29	1
17	0	£65,000 - £69,999	27	1
5	0	£70,000 - £74,999	6	1
5	0	£75,000 - £79,999	5	0
4	0	£80,000 - £84,999	1	1
1	0	£85,000 - £89,999	1	0
2	0	£90,000 - £94,999	2	0
1	0	£95,000 - £99,999	1	0

Non-Teaching Staff (including schools)				
2013/2014		Remuneration Band	2014/2015	
Employed on 31/03/14	Left during the year		Employed on 31/03/15	Left during the year
22	3	£50,000 - £54,999	26	0
6	1	£55,000 - £59,999	6	0
6	0	£60,000 - £64,999	4	0
6	0	£65,000 - £69,999	3	2
6	0	£70,000 - £74,999	5	1
3	2	£75,000 - £79,999	2	0
4	0	£80,000 - £84,999	4	0
3	1	£85,000 - £89,999	4	0
0	0	£90,000 - £94,999	0	0
2	0	£95,000 - £99,999	2	0
0	0	£100,000 - £104,999	0	0
0	0	£105,000 - £109,999	0	0
0	0	£110,000 - £114,999	0	1
2	0	£115,000 - £119,999	1	1
0	0	£120,000 - £124,999	0	0
0	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	0	0
1	0	£135,000 - £139,999	1	0

16 SENIOR OFFICERS' REMUNERATION

The following tables provide details of the remuneration paid to senior officers as defined in the Accounts and Audit Regulations. The pension contribution shown in the tables is the employer's contribution to the local government pension scheme.

Senior Officers remuneration in 2014/2015:

Post holder Information	Notes	Salary (Including fees and allowances) £	Expense Allowances £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Pension Contributions £	**Total Remuneration including pension contributions** £
Chief Executive		135,059	0	0	135,059	32,518	167,577
Deputy Chief Executive		119,340	0	0	119,340	0	119,340
Director of Corporate Services		89,460	0	0	89,460	21,548	111,008
Director of Young People and Families		98,574	0	0	98,574	23,705	122,279
Director of Older People	(a)	0	0	0	0	0	0
Director of Built Environment		89,610	0	0	89,610	21,533	111,143
Director of Street Scene		89,460	0	0	89,460	21,513	110,973
Director of Public Health		119,485	0	0	119,485	16,728	136,213
Head of Corporate Finance and ICT		83,474	0	0	83,474	20,219	103,693

Senior Officers remuneration in 2013/2014:

Post holder Information	Notes	Salary (Including fees and allowances) £	Expense Allowances £	Compensation for loss of office £	Total Remuneration excluding pension contributions £	Pension Contributions £	**Total Remuneration including pension contributions** £
Chief Executive		135,059	0	0	135,059	29,627	164,686
Deputy Chief Executive		119,341	0	0	119,341	26,179	145,520
Director of Corporate Services		89,012	0	0	89,012	19,526	108,538
Director of Young People and Families		97,921	0	0	97,921	21,481	119,402
Director of Older People	(a)	89,012	0	0	89,012	101,087	190,099
Director of Built Environment		89,012	0	0	89,012	19,526	108,538
Director of Street Scene		89,012	0	0	89,012	19,526	108,538
Director of Public Health		119,485	0	0	119,485	16,728	136,213
Head of Corporate Finance and ICT		83,367	0	0	83,367	18,288	101,655

a) The Director of Older People took Voluntary Early Retirement in April 2014. This post is currently filled via a shared arrangement with Halton Borough Council. The substantive post has a full time equivalent salary of between £90,000 and £95,000.

17 EXIT PACKAGES / TERMINATION BENEFITS

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the tables below:

Exit Packages in 2014/2015

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in each Band
£0 - £20,000	19	54	73	£0.423m
£20,001 - £40,000	2	6	8	£0.230m
£40,001 - £60,000	3	6	9	£0.453m
£60,001 - £80,000	0	4	4	£0.301m
£80,001 - £100,000	1	2	3	£0.254m
Total	25	72	97	£1.661m

Exit Packages in 2013/2014

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in each Band
£0 - £20,000	42	69	111	£0.681m
£20,001 - £40,000	5	18	23	£0.677m
£40,001 - £60,000	0	5	5	£0.266m
£60,001 - £80,000	3	0	3	£0.220m
£80,001 - £100,000	0	1	1	£0.082m
£100,001 - £150,000	0	0	0	£0.000m
£150,001 - £200,000	0	1	1	£0.166m
Total	50	94	144	£2.092m

18 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection were charged to the Comprehensive Income and Expenditure Account.

2013/2014 £000		2014/2015 £000
168	Fees for external audit services carried out by the appointed auditors	169
24	Fees payable for the certification of grant returns	14
2	Fees payable in respect of any other services	4
-19	Rebate from the Audit Commission	-14
175	**Total**	173

19 DEDICATED SCHOOLS' GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools' Grant (DSG). 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 2008. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual School Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2014/2015 are as follows (in accordance with regulations made under the relevant sections of the School Standards Framework Act 1998):

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2014/2015			-192,381
Academy figure recouped for 2014/15			32,659
Total DSG after Academy Recoupment			-159,722
Brought forward from 2013/2014 (Note 1)			-4,336
Carry forward to 2015/2016 agreed in advance			4,336
Agreed initial budgeted distribution in 2014/2015	-1,649	-158,073	-159,722
In year adjustments (Note 2)	-22	410	388
Final budgeted distribution in 2014/2015	-1,671	-157,663	-159,334
Actual central expenditure	1,522		1,522
Actual DSG Funding deployed to Schools / Early Years and High Needs		157,231	157,231
Total Carry forward to 2015/2016	-149	-432	-4,917

Notes:

1) The balance carried forward from 2013/2014 was £4.417m. This has been reduced by £0.081m in the above statement to reflect Early Years Trajectory funding for the 2 Year Old Offer being Capitalised from balances brought forward with DfE agreement (Schools Budget).
2) These items relate to recovered VAT on the purchase of Schools Licences (Central Expenditure) and Early Years Trajectory funding for the 2 Year Old Offer being Capitalised during the year with DfE agreement (Schools Budget).

20 GRANT INCOME

Grants and contributions credited to the Comprehensive Income and Expenditure Statement

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2013/2014 £000s	Credited to Taxation and Non-specific Grant Income	2014/2015 £000s
	Non-Ringfenced Government Grants	
-85,274	Revenue Support Grant	-70,731
-23,352	Top-Up Grant	-23,807
-5,458	NHS funding to Support Social Care and Benefit Health	-6,989
-4,551	Education Services Grant	-4,390
-2,390	New Homes Bonus	-2,617
-1,296	Business Rates Relief - S31 Grant	-2,334
-1,173	Council Tax Freeze Grant	0
-2,282	Other Non-Ringfenced Government Grants	-1,434
-125,776		-112,302

2013/2014 £000s	Credited to Taxation and Non-specific Grant Income	2014/2015 £000s
	Capital Grants and Contributions	
-3,013	Department for Transport – Thornton Switch Island Link	-11,487
-3,725	Local Transport Plan Grant	-4,128
-3,895	Department for Education Capital Grants	-3,981
-820	Department of Health – Capital Investment in Community Capacity Grant	-740
-692	Environment Agency - CERMS Grant	-682
-2,505	Heritage Lottery Fund – Kings Gardens	-524
-948	Regional Growth Fund	-110
-787	Department of Health – Adult Social Care Transformation	0
-3,238	Other Capital Grants and Contributions	-2,407
-19,623		-24,059

2013/2014 £000s	Grants Credited to Services	2014/2015 £000s
	Revenue Grants	
-160,686	Dedicated Schools Grant	-159,722
-112,134	Housing Benefit Subsidy	-106,769
-19,408	Public Health Grant	-19,952
-7,863	Pupil Premium	-10,505
-7,189	Education Funding Agency	-7,697
-2,235	Housing Benefit and Council Tax Benefit Administration	-2,052
0	Universal Infant Free School Meals	-1,614
-861	Troubled Families Programme	-835
-1,167	Local Welfare Provision Grant	-761
-840	Skills Funding Agency	-729
-620	Local Sustainable Transport Fund	-716
-947	Discretionary Housing Payments	-712
-486	PE and Sport Funding	-692
-561	PFI Grant	-561
-519	Youth Justice Board	-533
-322	NNDR Administration Grant	-322
-402	Crime and Disorder Reduction	-311
-463	Arts Council	-308
0	Helping People Home Grant	-230
-189	Police and Crime Commissioner	-189
-230	Waste Collection Support	-173
-210	Adoption Reform Grant (Ring-Fenced Element)	0
-190	Council Tax Reduction Scheme Implementation	0
-1,190	Other Revenue Grants	-2,831
-318,712		-318,214
	Capital Grants	
-3,461	Capital Grants utilised to fund Revenue Expenditure Funded from Capital Under Statute	-5,914
	Contributions	
0	Merseyside Recycling & Waste Authority	-5,937
-6,005	Health Contributions	-4,288
-650	Merseyside Integrated Transport Authority	-1,300
-700	Other Local Authorities	-852
-302	North-West Water Limited	0
0	Scottish Power	-95
-76	Southport Tourist Business Network	-74
-36	Ministry of Justice	-62
-37	Merseyside Sports Partnership	-14
-479	Other Contributions	-81
-8,285		-12,703

Prior Year Adjustments (Revenue Grants and Contributions)

Police and Crime commissioner Grant - Recorded as a contribution in 2013/2014 (£0.189m).	Reclassified as a revenue grant in 2014/2015
Local Sustainable Transport Fund - Recorded as a contribution in 2013/2014 (£0.620m in total – previously shown as £0.229m Merseytravel and £0.331m within Other Contributions)	Reclassified as a revenue grant in 2014/2015
Contribution of £0.650m from Merseyside Integrated Transport Authority - Not disclosed in Note in 2013/2014 accounts	Has been added to comparators in 2014/2015.
PE and Sport Funding - Recorded as part of the Pupil Premium in the 2013/2014 Accounts (£0.486m).	Shown separately in revenue grants in 2014/2015

Capital Grants and Contributions Receipts in Advance

The Authority has received grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver should those conditions not be met. The balances at the year-end are as follows:

2013/2014 £000s	Capital Grants and Contributions Receipts in Advance	2014/2015 £000s
-9	Sefton PCT	0
-9		0

21 PROPERTY PLANT AND EQUIPMENT

Movement on Balances

Movements in 2014/2015:

	Other Land and Buildings £000s	Vehicles Plant and Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation							
At 1 April 2014	391,392	28,728	164,227	18,851	11,996	5,221	620,415
Additions	5,338	2,319	6,772	1,075	939	10,641	27,084
Revaluations - recognised in the Revaluation Reserve	-420	0	0	0	1,031	0	611
Revaluations – recognised in the Surplus/Deficit on the Provision of Services	-24,222	0	0	0	-5,023	0	-29,245
Derecognition - Disposals	-6,112	-9,079	0	0	-568	0	-15,759
Reclassifications	-8,424	0	0	0	6,344	-7	-2,087
At 31 March 2015	357,552	21,968	170,999	19,926	14,719	15,855	601,019
Accumulated Depreciation and Impairment							
At 1 April 2014	-14,464	-15,720	-38,957	0	0	0	-69,141
Depreciation Charge	-8,135	-3,084	-4,106	0	0	0	-15,325
Revaluations - recognised in the Revaluation Reserve	7,219	0	0	0	0	0	7,219
Accumulated Depreciation written out upon impairment	3,006	0	0	0	0	0	3,006
Derecognition - Disposals	5,529	9,079	0	0	0	0	14,608
Reclassifications	109	0	0	0	0	0	109
At 31 March 2015	-6,736	-9,725	-43,063	0	0	0	-59,524
Net Book Value							
At 1 April 2014	376,928	13,008	125,270	18,851	11,996	5,221	551,274
At 31 March 2015	350,816	12,243	127,936	19,926	14,719	15,855	541,495

Movements in 2013/2014:

	Other Land and Buildings £000s	Vehicles Plant and Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation							
At 1 April 2013	450,518	25,946	157,931	15,263	12,966	21,564	684,188
Additions	7,716	2,782	6,296	3,588	1,949	1,903	24,234
Revaluations - recognised in the Revaluation Reserve	-3,855	0	0	0	-708	0	-4,563
Revaluations – recognised in the Surplus/Deficit on the Provision of Services	-27,254	0	0	0	-2,211	0	-29,465
Derecognition - Disposals	-53,979	0	0	0	0	0	-53,979
Reclassifications	18,246	0	0	0	0	-18,246	0
At 31 March 2014	391,392	28,728	164,227	18,851	11,996	5,221	620,415
Accumulated Depreciation and Impairment							
At 1 April 2013	-17,528	-12,792	-35,008	0	0	0	-65,328
Depreciation Charge	-10,218	-2,928	-3,949	0	0	0	-17,095
Revaluations - recognised in the Revaluation Reserve	4,876	0	0	0	0	0	4,876
Accumulated Depreciation written out upon impairment	4,461	0	0	0	0	0	4,461
Derecognition - Disposals	3,945	0	0	0	0	0	3,945
At 31 March 2014	-14,464	-15,720	-38,957	0	0	0	-69,141
Net Book Value							
At 1 April 2013	432,990	13,154	122,923	15,263	12,966	21,564	618,860
At 31 March 2014	376,928	13,008	125,270	18,851	11,996	5,221	551,274

The disposals shown under Other Land and Buildings mainly relates to three secondary schools that transferred to trust status during 2013/2014.

Depreciation

Depreciation is provided for on the straight-line basis over an asset's estimated useful life as detailed below:

Asset Type	Basis	Estimated Life
Other Land and Buildings	Straight-line	10 to 75 Years
Vehicles, Plant and Equipment (excluding Computers)	Straight-line	5 to 10 Years
Vehicles, Plant and Equipment (Computers)	Straight-line	5 Years
Infrastructure Assets	Straight-line	40 Years
Community Assets	Not Depreciated	-
Surplus Assets	Not Depreciated	-
Assets Under Construction	Not Depreciated	-

The usual estimated useful life of different categories of Other Land and Buildings assets are detailed below. For individual assets the valuer may determine that a lower estimated useful life is more appropriate for that asset:

Asset Type	Estimated Life
Southport Cultural Centre (The Atkinson)	75 Years
Schools and Educational Establishments	50 Years
Civic Buildings	50 Years
Social Care Establishments	40 to 50 Years
Libraries	40 Years
Leisure Facilities	30 Years
Garages / Depots	10 Years

Capital Commitments

At 31 March 2015, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/2016 and future years which are budgeted to cost £15.220m. Similar commitments at 31 March 2014 were £32.962m. The major commitments are:

Scheme	Expenditure approved and contracted at 31 March 2015 £000s
Thornton Switch Island Link Road	5,247
REECH Project	1,632
Housing Investment Schemes	3,035
Kings Garden Redevelopment	709

Revaluations

Valuations are carried out as part of a rolling programme over a five-year cycle.

All freehold and leasehold land and properties which comprise the Authority's property portfolio have been valued by Mr. A. Bond (MRICS). Mr Bond is part of the Council's own qualified in-house valuers. On 1 October 2008 the Council's own in-house valuers transferred to Capita Symonds but in October 2013 transferred back to the Council.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council's own in-house valuers have considered valuation uncertainty and market instability insofar as those properties valued this year are concerned and reflected any changes in the valuations supplied.

The table below shows the dates and amounts of valuations for each class of Property, Plant and equipment included in the balance sheet:

	Other Land and Buildings £000s	Vehicles Plant and Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total £000s
Cost or Valuation							
Carried at Historical Cost	0	21,968	170,999	19,926	0	15,855	228,748
Leased in Buildings	9,179	0	0	0	0	0	9,179
Valued at Current Value in:							
2014/2015	304,606	0	0	0	7,523	0	312,129
2013/2014	25,995	0	0	0	1,258	0	27,253
2012/2013	13,183	0	0	0	2,266	0	15,449
2011/2012	1,826	0	0	0	3,512	0	5,338
2010/2011	2,763	0	0	0	160	0	2,923
At 31 March 2015	357,552	21,968	170,999	19,926	14,719	15,855	601,019

Note: Leased in Buildings are valued at 'point of lease inception' only.

22 HERITAGE ASSETS

A heritage asset is an asset that is held due to its historical, artistic, scientific, technological, or environmental qualities, and is maintained principally for its contribution to knowledge and culture.

Movements in Heritage Assets during the year were as follows:

2013/2014				2014/2015		
Art Collection	Other	Total		Art Collection	Other	Total
£000s	£000s	£000s		£000s	£000s	£000s
9,397	1,660	11,057	Balance at the start of the year	9,397	1,660	11,057
0	0	0	Additions (Expenditure)	0	0	0
0	0	0	Disposals	0	0	0
0	0	0	Revaluations	0	0	0
0	0	0	Depreciation	0	0	0
9,397	**1,660**	**11,057**	**Balance at the end of the year**	**9,397**	**1,660**	**11,057**

The Art Collection consists principally of a ceramic collection, a silver collection, works of art and an Egyptology collection and is described in more detail below. Other Heritage Assets consists of several war memorials and the art installation "Another Place".

The code requires that there should be a disclosure of five years of transactions on Heritage Assets. For 2010/2011, 2011/2012 and 2012/2013 there were no Acquisitions, Donations, Disposals or Impairments so the value of Heritage Assets as at 1 April 2010 was the same as shown in the table above.

CERAMICS

The Authority owns a large collection of ceramics and china. The collection consists of 186 pieces of Crown Derby “Imari”, and 757 pieces of Tuscan Ware, and is mainly held at Bootle Town Hall with further collections at the Atkinson. Due to the age of the collection no accurate records are maintained of how the collection was acquired. An inventory of the collection is made at both Bootle and Town Hall and the Atkinson.

A Collection Development Policy is in place which defines the scope of future collecting activity. When assets are bequeathed to the Authority appropriate documentation is completed to transfer the right of ownership to the Authority. It is not the Authority’s policy to dispose of these assets although appropriate procedures and documentation are available for completion should an asset be disposed of. Loans of heritage assets are made to other registered museums and galleries.

Certain items are on public display within Bootle and Southport Town Halls and the Atkinson. Requests to view those items not on public display would require written request to be submitted.

The Authority has a conservation management policy and plan for heritage assets.

SILVER

The Authority owns 251 pieces of silverware, consisting of an eclectic mix of cups, salvers, and civic regalia. The collection was principally acquired by donation. An inventory of the collection is held at both Bootle and Southport Town Halls.

The policy for acquisition, disposal, management, and public access of the silver collection is the same as for the ceramic collection. However, those assets in use, such as maces, are regularly reviewed for wear and tear that requires repair.

ARTWORKS

The Authority holds approximately 3,500 artworks at the Atkinson with a further 30,000 items of social and natural history. The gallery collection consists of paintings, prints, and sculpture. The museum collection consists of paintings, photographs, postcards, furniture, costume, natural history, archaeology, and Egyptology. The majority of assets were donated to the Authority, although some items were purchased, whilst others were transferred from other museums.

Some records of assets are held on various systems, but an on going project is in place to document all items on the Authority’s collection management database. This process is documented within the Authority’s Documentation Procedural Manual, a copy of which is available from the Authority.

The policy for acquisitions and disposals are contained within the Collection Development Policy for the Atkinson, copies of which are available from the Authority.

The Authority does loan such items to other galleries and museums.

The Authority has a conservation management policy and plan for heritage assets. An Emergency Plan is in place in case of an incident of fire or flood.

The Art Collection is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuation for the collection of oil paintings was last updated in 2005. The Authority considers that obtaining updated valuations for the collection would involve disproportionate cost. This is because of the diverse nature of the assets and the lack of comparable market values makes valuation expensive. As the valuations are for insurance purposes only, there is an inherent limitation on the precise valuation of Heritage Assets.

23 INVESTMENT PROPERTY

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

2013/2014 £000s		2014/2015 £000s
-1,597	Rental Income from Investment Property	-1,559
38	Direct operating expenses arising from Investment Property	39
-1,559	Net gain	-1,520

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

At 31 March 2015, the Authority had no contractual obligations for the construction or enhancement of investment property in 2015/2016 and future years. There were also no similar commitments at 31 March 2014.

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

2013/2014 £000s		2014/2015 £000s
39,506	Balance at the start of the year	38,362
608	Additions – Subsequent expenditure	14
-5	Disposals	-109
-488	Net gains / losses (-) from fair value adjustments	1,513
	Transfers to (-) / from:	
-1,259	- Assets Held for Sale	0
0	- Property, Plant & Equipment	1,978
38,362	**Balance at the end of the year**	**41,758**

24 INTANGIBLE ASSETS

Intangible assets held by the Authority relate entirely to purchased software licences. Expenditure on purchased software licences is amortised to the relevant service revenue accounts on a straight-line basis over an estimated economic life of three years.

The amortisation of £0.266m charged to revenue in 2014/2015 (£0.294m in 2013/2014) was charged to the ICT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

At 31 March 2015, the Authority had no contractual obligations for the construction or enhancement of intangible assets in 2015/2016 and future years. There were also no similar commitments at 31 March 2014.

Movements in purchased software licences during the year were as follows:

2013/2014 £000s	Purchased Software Licences	2014/2015 £000s
2,623	Gross Carrying Amount	2,687
-1,163	Accumulated Amortisation	-1,457
1,460	Net carrying amount at start of the year	**1,230**
64	Purchases in the year	121
-294	Amortisation in the year	-266
0	Revaluations	-44
1,230	**Net carrying amount at the year end**	**1,041**
	Comprising:	
2,687	Gross Carrying Amount	2,764
-1,457	Accumulated Amortisation	-1,723
1,230		**1,041**

25 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred 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. The movements in CFR is analysed in the second part of this note.

2013/2014 £000s	Capital Financing Requirement	2014/2015 £000s
215,280	Opening Capital Financing Requirement	208,689
	Capital Expenditure:	
24,234	Property, Plant and Equipment	27,084
608	Investment Properties	14
64	Intangible Assets	121
4,657	Revenue expenditure funded from capital under statute	6,589
	Sources of Finance	
-2,528	Capital Receipts	-1,741
-19,796	Government Grants	-27,881
-1,830	Other Contributions	-712
-934	Direct Revenue Contributions	-329
	Provision for Repayment of Debt	
-10,959	Statutory Provision for financing capital investment	-10,479
-107	Amortisation of Deferred Income re. Crosby PFI	-108
0	Capital Receipts Set Aside to Repay Debt	0
208,689	**Closing Capital Financing Requirement**	**201,247**

2013/2014 £000s	Explanation of movements in the year	2014/2015 £000s
	Decrease (-) / Increase in underlying need to borrow:	
0	Borrowing supported by Government financial assistance	84
4,475	Borrowing unsupported by Government financial assistance	3,061
-11,066	Provision for Repayment of Debt	-10,587
-6,591	**Increase in Capital Financing Requirement**	**-7,442**

26 LONG TERM INVESTMENTS

31 March 2014 £000s		31 March 2015 £000s
0	The Funding Circle	10
0	Churches & Charities Local Authority LAMIT Property Fund	5,059
0		5,069
1	Sefton New Directions (see Note 51 for more details)	1
1	**Total**	**5,070**

27 LONG TERM RECEIVABLES

31 March 2014 £000s		31 March 2015 £000s
	Transferred Services	
134	Merseyside Residuary Body	127
1,576	Merseyside Probation Committee	1,513
1,710		1,640
	Other	
4,994	Long Term Sundry Debtor Accounts	3,810
391	Finance Lease Agreements	261
40	Mortgages	24
53	Car Loans to Officers	49
113	Loan to Plaza Community Cinema	106
5,591		4,250
7,301	**Total**	**5,890**

Merseyside Probation Committee

Following the transfer of the Merseyside Probation Committee from local authority control to the National Probation Service, on 1 April 2001, the five Merseyside district councils became responsible for repaying the debt still outstanding at that date. Sefton's share of the debt totalled £1.235m at 31 March 2015 (£1.286m at 31 March 2014). The remaining £0.278m is payable by the other four Merseyside district councils (£0.290m at 31 March 2014).

28 SHORT TERM INVESTMENTS

Short Term Investments were held with the following banks at the balance sheet date:

31 March 2014 £000s		31 March 2015 £000s
10,000	Barclays Bank	0
5,000	HBOS Bank	5,000
5,000	Lloyds Bank	0
0	Nationwide	5,000
20,000		10,000
84	Accrued Interest Receipts	110
20,084	**Total**	**10,110**

29 ASSETS HELD FOR SALE

2013/2014 £000s	Movements in the year	2014/2015 £000s
7,704	Balance Outstanding at start of the year	7,759
	Assets newly classified as held for sale:	
1,259	- Investment Properties	0
	Revaluations	
0	Revaluation Gains	10
-625	Revaluation Losses	0
-579	Assets Sold	-6,510
7,759	**Balance Outstanding at the year-end**	**1,259**

30 INVENTORIES

Movements 2014/2015	Stores £000s	Work in Progress £000s	Total £000s
Balance Outstanding at the start of the year	596	27	623
Purchases	4,251	30	4,281
Recognised as an expense in the year	-4,199	-21	-4,220
Write-offs	0	0	0
Balance Outstanding at the year-end	648	36	**684**

Movements 2013/2014	Stores £000s	Work in Progress £000s	Total £000s
Balance Outstanding at the start of the year	248	44	292
Purchases	2,407	39	2,446
Recognised as an expense in the year	-2,059	-56	-2,115
Write-offs	0	0	0
Balance Outstanding at the year-end	596	27	**623**

31 SHORT TERM RECEIVABLES

31 March 2014 £000s		31 March 2015 £000s
	Amounts Falling Due Within One Year	
8,252	Central Government Bodies	19,005
4,230	HM Revenue and Customs	3,590
53	Academies	399
2,863	Other Local Authorities	2,177
2,645	NHS Bodies	3,680
12,021	Council Tax Payers	12,438
1,634	NNDR Payers	1,660
14,230	Other Entities and Individuals	7,098
46	Car Loans to Employees	43
45,974		50,090
	Less Impairment	
-4,711	Council Tax Payers	-4,958
-806	NNDR Payers	-827
-5,086	Other Entities and Individuals	-4,494
-10,603		-10,279
35,371	**Net Receivables**	**39,811**

32 CASH AND CASH EQUIVALENTS

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

31 March 2014 £000s		31 March 2015 £000s
72	Cash in hand of officers	62
-6,403	Bank current accounts	-486
36,775	Short-term deposits with banks and building societies	39,074
30,444	**Total Cash and Cash Equivalents**	**38,650**

33 SHORT TERM PAYABLES

31 March 2014 £000s		31 March 2015 £000s
-3,692	HM Revenue and Customs	-3,420
-4,916	Government Departments	-9,577
-3,077	Other Local Authorities	-2,586
-721	NHS Bodies	-515
-15,557	Other entities and individuals	-21,812
-4,577	Accumulated Absences	-4,495
-32,540	**Total**	**-42,405**

34 PROVISIONS

Movements in provisions during 2014/2015 were as follows:

		1 April 2014 £000s	Additions in Year £000s	Applied In Year £000s	Released In Year £000s	31 March 2015 £000s
	Short-term					
(a)	Equal Pay Claims	-234	0	130	92	-12
(b)	Claims against the Council	0	-925	0	0	-925
		-234	-925	130	92	**-937**
	Long-term					
(c)	Internal Insurance Cover	-5,971	-2,239	3,214	0	-4,996
(d)	Provision for NDR Appeals	-2,271	-3,719	1,028	0	-4,962
		-8,242	-5,958	4,242	0	**-9,958**

Movements in provisions during 2013/2014 were as follows:

		1 April 2013 £000s	Additions in Year £000s	Applied In Year £000s	Released In Year £000s	31 March 2014 £000s
	Short-term					
(a)	Equal Pay Claims	-284	-165	215	0	-234
		-284	-165	215	0	**-234**
	Long-term					
(c)	Internal Insurance Cover	-8,259	-2,402	4,690	0	-5,971
(d)	Provision for NDR Appeals	0	-2,271	0	0	-2,271
		-8,259	-4,673	4,690	0	**-8,242**

(a) **Equal Pay Claims** – The Council is currently in the process of trying to settle a number of Equal Pay claims brought by employees. Sefton has established a provision to cover the potential costs of known claims that are expected to be settled in 2015/2016.

(b) **Claims against the Council** – Sefton has established a provision to cover potential payments relating to claims made against the Council and associated legal costs if the Council were not able to successfully defend the claims. The outcomes of the claims are expected to be known in 2015/2016.

(c) **Internal Insurance Cover** - The purpose of the insurance provision is to enable certain known uninsured losses to be met centrally, i.e., losses arising from the excesses that apply to the Authority's main insurance policies (Public Liability, Property, Employers Liability and Motor Insurance). The amount required to cover these uninsured losses is based on claims actually reported as outstanding. The timing of settlement of these claims is uncertain but is likely to be over a number of years. Based on an assessment by Sefton's insurance advisors (AON), the resources available in the Authority's Insurance Fund are in excess of known liabilities.

Included within this balance is an amount to cover potential liabilities following the announcement on the 13 November 2012 that the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement has now been triggered.

MMI was formed as a limited company by guarantee in 1903 and by 1974 some 90% of local authorities were insured by the company. Due to dramatic increases in claims, coincidental with a fall in the property market and poor investment environment, along with its inability to raise capital because of its mutual status, MMI's net assets fell below the minimum regulatory solvency requirement and the company went into run-off in September 1992.

The amount paid to the Council plus the amount outstanding under this arrangement is £3.549m, and under the Scheme or Arrangement a levy is chargeable on this amount. After the imposition of the levy, the Council is also liable to contribute to each and every subsequent claim paid by MMI on the Council's behalf, thereby creating an on-going financial obligation. The initial levy requested by the scheme administrator from the Council is a percentage of the total sum paid on behalf of the Council by MMI since 30 September 1992, less the first £50,000 of such payments. As a result and following assessment by a scheme actuary, a levy rate of 15% is being applied creating a liability to the Council of £0.525m which was paid in January 2014. There is a possibility that the ultimate levy rate could eventually be higher than this and as such the Council has made a specific provision of £1.169m million in the accounts to cover this potential liability, based on an assessment by Sefton's insurance advisors.

(d) **Provision for NDR Appeals –** Following the introduction of the new business rates retention arrangements on 1 April 2013, the Council assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties. The timing of these refunds is uncertain but is expected to be made over several years. The provision covers the Council's locally retained share (49%) of the liability which has been estimated at £4.962m based on the rateable value of properties subject to appeal on 31 March 2015. This includes amounts that were previously paid over to Central Government in respect of 2012/2013 and prior years.

35 DEFERRED LIABILITIES

31 March 2014 £000s		31 March 2015 £000s
	Short Term	
-437	Merseyside Residuary Body	-437
-112	Finance Lease Liability – Crosby Baths PFI	-140
-1,052	Finance Lease Liability – Arvato	-1,001
-577	Finance Lease Liability – Property, Plant and Equipment	-602
-107	PFI Deferred Income	-108
-2,285	**Total Short Term**	**-2,288**
	Long Term	
-4,813	Merseyside Residuary Body	-4,376
-2,853	Finance Lease Liability – Crosby Baths PFI	-2,713
-5,302	Finance Lease Liability – Arvato	-4,300
-5,864	Finance Lease Liability – Property, Plant and Equipment	-5,262
-1,397	PFI Deferred Income	-1,289
-20,229	**Total Long Term**	**-17,940**

Wirral MBC manages debt on behalf of the former Merseyside Residuary Body. Sefton MBC (along with the other Merseyside Districts, Precepting and Levying Bodies), as a successor body, inherited debt relating to services transferred to its control. As at 31 March 2015 the amount outstanding in respect of Sefton MBC was £4.813m (£5.250m at 31 March 2014).

36 TRUST FUNDS

The Council acts as Sole Trustee of a number of legacies and bequests. Details of the transactions and the Committees controlling the funds are shown below. In compliance with the Code, Trust Funds have been excluded from the Council's Balance Sheet.

Portfolio and Name of Trust	Balance at 1 April 2014 £	Income £	Expenditure £	Balance at 31 March 2015 £
Children's Services				
Bootle Holiday Camp - Children	22,148	194	0	22,342
Wignall Scholarship	11,893	88	0	11,981
Corporate Services				
Netherton Green Trust	13,943	103	0	14,046
Other				
Mayor of Sefton's Charity Fund	3,241	0	0	3,241
Total	51,225	385	0	51,610
The balances are invested as follows:				
Government Securities	300			300
Sefton Cash Balances	50,925			51,310
Total	51,225			51,610

Children's Services Trust Funds
The Educational Trust Funds aim to help in the advancement of education and training of young people within the Sefton area by providing financial assistance to those who have difficulty in paying fees and by the award of prizes as rewards to deserving students.

Netherton Green Trust
The Netherton Green Trust Fund was set up prior to 1974 as a bequest, converted into shares with the former Mersey Docks and Harbour Company. These were subsequently redeemed in 2005/2006. The original sum was applied towards the upkeep of an area within the Borough called Netherton Green.

Mayor of Sefton's Charity Fund

This fund has a year-end of 30 June. The opening balance included in the Trust Fund Statement above is therefore as at 1 July 2014. The movements in the year were not available at the time these accounts were approved in May 2015. The opening balance in this note has been adjusted to reflect the Charity Fund's final audited accounts for 2013/2014.

37 GENERAL FUND BALANCE

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

Movements in the Authority's General Fund Balances are detailed in Sections 7 and 8 of the Explanatory Foreword on Pages 3 and 4. General Fund Balances arise due to planned contributions or underspends in previous years. Amounts held by schools are to fund expenditure in future years and as a prudent measure against future uncertainty. General Fund Balances attributable to the Council are held as a prudent measure against future uncertainty.

38 EARMARKED RESERVES

The movements in earmarked reserves during the last two years are shown below:

	Movements in 2014/2015	1 April 2014 £000s	Transfers in £000s	Transfers Out £000s	31 March 2015 £000s
(a)	Modernisation Fund	-536	0	399	-137
(b)	Environmental Warranty	-13,000	0	0	-13,000
(c)	Insurance Fund	-1,573	-117	0	-1,690
(d)	Transforming Sefton	-12,549	-818	895	-12,472
(e)	Redundancy Reserve	-5,974	-510	669	-5,815
(f)	Pensions Reserve	-798	0	798	0
(g)	Capital Priorities Fund	-747	0	305	-442
(h)	Community Transition Fund	-684	0	369	-315
(i)	Contamination Clearance	-1,500	0	0	-1,500
(j)	Rating Appeals / Reduction in NDR Income Reserve	-1,582	-2,380	1,055	-2,907
(k)	Recycling and Waste Development Fund	0	-3,583	0	-3,583
(l)	Revenue Grants and Contributions Unapplied	-6,511	-3,526	2,588	-7,449
(m)	Schools' Earmarked Reserves	-6,864	-1,070	589	-7,345
(n)	Other Earmarked Reserves	-8,335	-1,494	1,691	-8,138
	Total	**-60,653**	-13,498	9,358	**-64,793**
(o)	Temporary Use of Earmarked Reserves to Fund Pension Deficit Payment	0	0	19,477	19,477
		-60,653	-13,498	28,835	**-45,316**

	Movements in 2013/2014	1 April 2013 £000s	Transfers in £000s	Transfers Out £000s	31 March 2014 £000s
(a)	Modernisation Fund	-921	0	385	-536
(b)	Environmental Warranty	-13,000	0	0	-13,000
(c)	Insurance Fund	-459	-1,114	0	-1,573
(d)	Transforming Sefton	-355	-12,280	86	-12,549
(e)	Redundancy Reserve	-6,686	0	712	-5,974
(f)	Pensions Reserve	-1,050	0	252	-798
(g)	Capital Priorities Fund	-1,000	0	253	-747
(h)	Community Transition Fund	-1,000	0	316	-684
(i)	Contamination Clearance	-1,500	0	0	-1,500
(j)	Rating Appeals / Reduction in NDR Income Reserve	-1,200	-382	0	-1,582
(l)	Revenue Grants and Contributions Unapplied	-9,777	-6,299	9,565	-6,511
(m)	Schools' Earmarked Reserves	-5,920	-1,590	646	-6,864
(n)	Other Earmarked Reserves	-8,306	-1,163	1,134	-8,335
	Total	**-51,174**	-22,828	13,349	**-60,653**

(a) **Modernisation Fund** - The Council is currently undergoing a review of relative staff responsibilities / remuneration levels as a result of the Single Status agreement in 1997. This potentially could result in a significant level of additional expenditure for the Council over the next few years. A reserve has been created to offset some of this expenditure in future years. In addition, it will be used to help the Council modernise its services and meet "one-off" invest to save costs.

(b) **Environmental Warranty** - The Council has provided a 35 year environmental warranty for the land / property that has been transferred to One Vision Housing Limited. This warranty requires the Council to remediate any environmental contamination found on these sites during the life of the warranty. Resources are being set-aside over the coming years as a prudent measure against a potential cost.

(c) **Insurance Fund** - The resources available in the Authority's Insurance Fund are in excess of known liabilities.

(d) **Transforming Sefton** – The Council is currently undertaking a Transformation Programme to deliver customer focussed services through a high performance culture whilst achieving significant ongoing savings. A reserve has been created to enable Sefton to progress the Programme over the next few years. In addition, it will be used to fund initiatives to support economic development in the Borough.

(e) **Redundancy Reserve** – The Council has to make significant savings over the next three years in order to meet the demands of reducing external resources and increased spending pressures. A reserve has been created to fund redundancy costs associated with making these savings.

(f) **Pensions Reserve** – The Council is required to pay contributions to Merseyside Pension Fund for the additional costs arising from employees taking early retirement. Resources have been set aside to fund these costs over the coming years.

(g) **Capital Priorities Fund** - Council on 28 February 2013 agreed to the establishment of a new one-off fund to invest in Council priorities including town centres, youth employment and the local economy.

(h) **Community Transition Fund** - Council on 28 February 2013 agreed to the establishment of a new one-off Community Transition Fund. The aim of this resource was to facilitate, where possible, the transfer of certain services to become community run and self-sustaining.

(i) **Contamination Clearance Reserve** - During 2011/2012 it was identified there was a site in the Borough that was contaminated and there could be significant costs associated with clearing the contamination. It was therefore considered prudent to set resources aside to cover these potential costs.

(j) **Rating Appeals / Reduction in NDR Income Reserve** - Since 1 April 2013 the Council has retained 49% of Non-Domestic Rates (NDR) paid in the Borough. The Council has budgeted for a level of receipts in 2015/2016 and 2016/17 but there is a risk that this income will not be achieved due to the potential impact of appeals and the current economic situation. It is considered prudent to set-aside resources to offset the potential loss of income not otherwise covered by the business rates appeals provision.

(k) **Recycling and Waste Development Fund** – In 2014/2015 the Merseyside Recycling and Waste Authority redistributed resources they had been holding in a Sinking Fund to the councils on Merseyside to help develop their recycling and waste collection services. Sefton received £5.937m of which £2.354m was spent in 2014/2015. The remaining £3.583m has been reserved to fund costs in future years.

(l) **Revenue Grants and Contributions Unapplied** – In line with proper accounting practice, the Council credits the Income and Expenditure Account with grants and contributions as and when conditions for claiming the grant or contribution have been met. However, these amounts are required to fund expenditure on specific schemes in future years. They are therefore reserved to offset this future expenditure.

(m) **Schools' Earmarked Reserves –** There are a number of earmarked reserves held by the Council that relate to schools. These are created when schools close and their balances are passed back to the Council and are reserved to fund future school related activity.

(n) **Other Earmarked Reserves –** There are a number of other earmarked reserves held by the Council. These include the Carbon Reduction Services Reserve (£0.951m), the Taxi Service Surplus (£0.862m) and the Capital Reserve (£0.671m).

(o) **Temporary Use of Earmarked Reserves to Fund Pension Deficit Payment** - In April 2014 the Council made a one-off payment to the Merseyside Pension Fund of £28.645m relating to its pension deficit liability for 2014/2015, 2015/2016 and 2016/2017. The Council received a significant discount for making the one-off payment rather than paying contributions over the three years. To fund the payment, the Council is required to temporarily utilise £19.477m of Earmarked Reserves in 2014/2015. Earmarked Reserves will be increased by £9.543m in 2015/2016 and a further £9.934m in 2016/2017 when no pension deficit contributions will need to be made by the Council. The Earmarked Reserves temporarily utilised will therefore be refunded by 2016/2017.

39 CAPITAL RECEIPTS RESERVE

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

2013/2014 Total £000s		2014/2015 Total £000s
-5,371	Balance at 1 April	-7,231
	Receipts in the Year	
-940	Sale proceeds credited to the Comprehensive Income and Expenditure Account as part of the gain/loss on disposal of non-current assets	-1,344
-928	Capital Receipts from Former Council House Sales	-673
-2,516	Other Capital Receipts not relating to the Disposal of Council Assets	-54
-14	Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-13
	Applied in the Year	
2,528	Applied to finance new capital expenditure	1,741
10	Payments to Housing Receipts Pool	10
0	Utilisation of Capital Receipts to increase Provisions	425
-7,231	**Balance at 31 March**	**-7,139**

40 CAPITAL GRANTS AND CONTRIBUTIONS UNAPPLIED

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

2013/2014 £000s		2014/2015 £000s
-10,342	Balance at 1 April	-11,801
-8,865	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-9,370
7,406	Transferred to the Capital Adjustment Account	8,032
-11,801	**Balance at 31 March**	**-13,139**

41 REVALUATION RESERVE

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

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

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

2013/2014 £000s		2014/2015 £000s
-76,741	**Balance at 1 April**	-72,228
-10,643	Upward revaluation of assets	-26,519
10,956	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	18,689
313	Surplus (-) / Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services	-7,830
2,028	Difference between fair value depreciation and historical cost depreciation	1,823
2,172	Accumulated gains on assets sold or scrapped	648
4,200	Amount written off to the Capital Adjustment Account	2,471
-72,228	**Balance at 31 March**	**-77,587**

42 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.

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve and Deferred Capital Receipts Reserve.

2013/2014 £000s		2014/2015 £000s
-386,495	**Balance at 1 April**	-329,140
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
17,095	Depreciation of non-current assets	15,325
25,004	Revaluation of non-current assets	26,273
294	Amortisation of intangible assets	266
1,195	Revenue expenditure funded from capital under statute	675
50,618	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	7,770
-108	Amortisation of Deferred Income re. Crosby PFI Scheme	-108
-339	Reduction in Finance Lease Liability re. Leased In Property	0
93,759		50,201
	Amounts written out to the Revaluation Reserve	
-2,028	Difference between fair value depreciation and historical cost depreciation	-1,823
-2,172	Accumulated gains on assets sold or scrapped	-648
-4,200		-2,471
	Capital financing applied in the year	
-2,528	Capital receipts applied to finance capital expenditure	-1,741
-10,758	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to finance capital expenditure	-14,689
-7,406	Transfer from the Capital Grants and Contributions Unapplied Account to finance capital expenditure	-8,032
-11,066	Statutory provision for the financing of capital investment	-10,586
-934	Capital expenditure charged to the General Fund	-329
-32,692		-35,377
	Other Movements	
488	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	-1,513
488		-1,513
-329,140	**Balance at 31 March**	**-318,300**

43 FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2013/2014 £000s		2014/2015 £000s
783	**Balance at 1 April**	724
-59	Proportion of premiums incurred in previous financial years charged against the General Fund Balance in accordance with statutory requirements	-59
724	**Balance at 31 March**	**665**

44 AVAILABLE FOR SALE FINANCIAL INSTRUMENTS RESERVE

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

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

2013/2014 £000s		2014/2015 £000s
0	**Balance at 1 April**	0
0	Upward revaluation of investments	-59
0	**Balance at 31 March**	**-59**

45 DEFERRED CAPITAL RECEIPTS RESERVE

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

2013/2014 £000s		2014/2015 £000s
-557	**Balance at 1 April**	-422
121	Repayment of Long Term Debtor	131
0	Deferred capital receipts applied to finance leased out property	0
14	Transfer to the Capital Receipts Reserve upon receipt of cash	13
-422	**Balance at 31 March**	**-278**

46 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.

2013/2014 £000s		2014/2015 £000s
347,649	**Balance at 1 April**	285,111
-75,446	Re-measurements (Liabilities and Assets)	88,880
35,730	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	31,823
-22,822	Employer's pensions contributions and direct payments to pensioners payable in the year	-43,676
285,111	**Balance at 31 March**	**362,138**

47 COLLECTION FUND ADJUSTMENT ACCOUNT

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

2013/2014 £000s		2014/2015 £000s
866	**Balance at 1 April**	-470
-1,336	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	-7,579
-470	**Balance at 31 March**	**-8,049**

48 ACCUMULATED ABSENCES ACCOUNT

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

2013/2014 £000s		2014/2015 £000s
4,280	**Balance at 1 April**	4,577
	Transactions in Year	
-4,280	Settlement or cancellation of accrual made at the end of the preceding year	-4,577
4,577	Amounts accrued at the end of the current year	4,495
297	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	-82
4,577	**Balance at 31 March**	**4,495**

49 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Corporate Finance and ICT on 9 September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

50 RELATED PARTY TRANSACTIONS

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

Central Government

The 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). Grants received from government departments are set out in the analysis in Note 20. In addition Sefton paid £11.814m to HM Revenue and Customs for Employers' National Insurance Contributions. Amounts owed from and to Central Government at 31 March 2015 are shown in Notes 31 and 33.

Members' Interests

Members of the Council have direct control over the Council's financial and operating policies. During 2014/2015, works and services to the value of £0.713m were commissioned from companies in which one or more Members have declared an interest. These are shown in the table below. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants and payments for goods and services totalling £0.963m were made to voluntary organisations in which one or more Members have declared an interest. The most significant of these are shown in the table below. The grants were awarded by the Corporate Services Cabinet Member and were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants.

2014/2015	Income £000s	Expenditure £000s	Receivables £000s	Payables £000s
Careers Connect	-1	712	0	0
Imagine Independence Charity	0	490	0	0
Nazareth House (Crosby)	0	452	0	0

2013/2014	Income £000s	Expenditure £000s	Receivables £000s	Payables £000s
Greater Merseyside Connexions Partnership (now Careers Connect)	-6	1,324	0	0
Imagine Independence Charity	0	446	0	0
Waterloo Community Association	0	16	0	0

Other Public Bodies

A number of Councillors are nominated to serve as representatives on other public bodies. These include, for example, Aintree University Hospital NHS Foundation Trust, British Destinations, Formby Pool Trust, Local Government Association, Merseyside Fire and Rescue Authority, Merseyside Integrated Transport Authority, Merseyside Pension Fund, Merseyside Police Authority, Merseyside Recycling and Waste Authority, One Vision Housing and Sefton Council for Voluntary Service.

Significant transactions during the year and balances at year-end with related public bodies included:

2014/2015	Income £000s	Expenditure £000s	Receivables £000s	Payables £000s
Merseyside Police and Crime Commissioner	-34	12,219	247	0
Merseyside Fire and Rescue Authority	-29	6,062	111	-28
Parish Councils	-5	1,241	0	0
Merseyside Integrated Transport Authority	-117	25,471	0	0
Merseyside Recycling and Waste Authority	-284	12,201	0	0
Merseyside Pensions Authority - Employers' Contributions	0	39,999	0	0
One Vision Housing Limited	-834	306	60	-1
Sefton New Directions Limited	-735	8,913	125	0
Sefton CVS	-6	1,152	1	0

2013/2014	Income £000s	Expenditure £000s	Receivables £000s	Payables £000s
Merseyside Police and Crime Commissioner	-3	11,717	584	-3
Merseyside Fire and Rescue Authority	-30	5,868	268	-36
Parish Councils	-11	1,173	13	-1
Merseyside Integrated Transport Authority	-1,028	25,581	301	0
Merseyside Recycling and Waste Authority	-1,837	11,868	0	0
Merseyside Pensions Authority - Employers' Contributions	0	19,125	0	-1,599
One Vision Housing Limited	-1,203	296	75	0
Sefton New Directions Limited	-383	8,927	66	0
Sefton CVS	-4	1,237	0	-9

The amounts owed by the Merseyside Police Authority and Merseyside Fire and Rescue Authority are the net amounts of Council Tax outstanding (after allowing for the Provision for Bad and Doubtful Debts) that relates to these bodies. There is no Provision for Bad and Doubtful Debts for amounts due from other bodies as all amounts have been assessed as being fully collectable.

Officers' Interests

The Strategic Director (People) is a trustee of Careers Connect. The financial transactions have been disclosed in the table above under Members' Interests.

The Husband of the Head of Vulnerable People is an employee of Sefton CVS. The financial transactions have been disclosed in the table above under Other Public Bodies.

No senior officers received a car loan in 2014/2015, however there are two senior officers with a current car loan, the loan outstanding at the end of the year was £0.005m.

Subsidiary and associated companies

Details of the Council's interest in companies is set out in Note 52.

Note: Some organisations ceased to be related parties at the end of 2013/2014 so are not shown in 2014/2015.

51 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2013/2014 £000s		2014/2015 £000s
-518	Interest received	-634
7,064	Interest paid	6,694

52 INTEREST IN COMPANIES

Sefton New Directions Limited

Sefton New Directions Limited was incorporated on 15 January 2007 and began trading on 1 April 2007. It is a wholly owned subsidiary of the Council. Its principal activity is providing Social Care Services for Adults and those with Learning and / or Physical Disabilities.

On 31 March 2015, the Company had net liabilities of £1.834m (£0.418m on 31 March 2014). In 2014/2015 the Company reported a pre-tax profit of £1.859m (a £0.985m profit in 2013/2014) and a profit of £1.451m after tax (a £0.710m profit in 2013/2014).

The Council has not received any dividends from the Company during 2014/2015 or 2013/2014.

Should the company be wound up, the Council has committed to meeting any accumulated deficit on the Merseyside Pension Fund plus any retirement costs in respect of the Company's employees. The accumulated deficit was estimated to be £5.429m at 31 March 2015 (£2.100m at 31 March 2014).

The Company's accounts for 2014/2015 have been audited and copies can be obtained from The Company Secretary, Sefton New Directions Head Office, Third Floor, The Investment Centre, 375 Stanley Road, Bootle, Merseyside, United Kingdom, L20 3EF.

53 OPERATING LEASES

Authority as a Lessee

The Council employs operating leases to obtain the use of certain vehicles and equipment. During 2014/2015 operating lease payments totalled £0.047m (£0.117m in 2013/2014).

In addition, the Council leases a number of properties from third parties under operating lease agreements. During 2014/2015 lease rentals paid for properties under these lease agreements totalled £0.119m (£0.164 in 2013/2014).

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

31 March 2014 £000s		31 March 2015 £000s
421	Not later than one year	303
581	Later than one year and not later than five years	401
1,473	Later than five years	4,637
2,475		5,341

Authority as a Lessor

The Council leases a number of properties to third parties under operating lease agreements. The assets leased include shops, offices, land and other commercial properties. These property leases are for economic development purposes to provide suitable affordable accommodation for local businesses. During 2014/2015 lease rentals received from these operating lease agreements totalled £1.559m (£1.739m in 2013/2014).

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

31 March 2014 £000s		31 March 2015 £000s
1,514	Not later than one year	1,301
5,146	Later than one year and not later than five years	4,787
253,837	Later than five years	251,015
260,497		**257,103**

54 FINANCE LEASES

Authority as Lessee

The Council has acquired a number of administrative buildings and its IT and telecommunications system under finance leases.

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

31 March 2014 £000s		31 March 2015 £000s
5,270	Other Land and Buildings	4,632
0	Vehicles, Plant, Furniture and Equipment	0
5,270		4,632

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

31 March 2014 £000s		31 March 2015 £000s
	Finance lease liabilities (net present value of minimum lease payments):	
577	• Current	602
5,864	• Non-current	5,262
4,442	Finance costs payable in future years	3,997
10,883	Minimum lease payments	9,861

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s
Not later than one year	1,022	1,022	577	602
Later than one year and not later than five years	3,723	3,181	2,203	1,751
Later than five years	6,138	5,658	3,660	3,511
	10,883	9,861	6,440	5,864

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/2015 £0.015m contingent rents were payable by the Authority (£0.015m were paid in 2013/2014).

Authority as Lessor

The Authority has leased out three properties on finance leases with remaining terms of between 1 and 5 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2014 £000s		31 March 2015 £000s
	Finance lease debtor (net present value of minimum lease payments):	
130	• Current	68
261	• Non-current	194
31	Unearned finance income	19
123	Unguaranteed residual value of property	79
545	Gross investment in the lease	360

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2014 £000s	31 March 2015 £000s	31 March 2014 £000s	31 March 2015 £000s
Not later than one year	185	96	142	76
Later than one year and not later than five years	319	264	239	205
Later than five years	41	0	41	0
	545	360	422	281

There is a possibility that worsening financial circumstances might result in lease payments not being made. The Authority collects the lease payments due by issuing sundry debtor accounts. The Council has set aside an allowance for uncollectible sundry debtor accounts of £2.091m at 31 March 2015 (£3.192m at 31 March 2014) to which any unrecoverable lease payments would therefore be charged.

55 PFI AGREEMENT / SERVICE CONCESSION

Crosby Leisure Centre

On 18 September 2001, the Council entered into an agreement under a Private Finance Initiative with Waterfront Leisure (Crosby) Limited for the provision and operation of a leisure centre in Crosby. Under the terms of the agreement Waterfront Leisure constructed the centre and will operate it for a period of 25 years in accordance with the Council's specification. The contractor has the obligation to maintain the building to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the leisure centre. The building and any plant and equipment installed will be transferred to the Council at the end of the 25 year contract for nil consideration. The Council only has the right to terminate the contract if it pays within three months:

1. the senior cost;
2. any redundancy payments of the contractor that have been reasonably incurred;
3. all amounts shown in the base financial model as payable by the contractor from the termination date.

Payments

The Council will pay an annual unitary charge for the serviced facility. At the start of the contract it was estimated this would total £23.860m over the life of the concession period (25 years). The figure is subject to inflationary increases with potential reductions should the service provided fall below specified standards. The charge is also eligible for government grant. The centre was opened on 17 February 2003. Payments to the contractor in 2014/2015 were £1.221m (£1.202m in 2013/2014) with government grants of £0.561m received in the year (£0.561m in 2013/2014).

The outstanding commitments (Unitary Payments) due to be made to Waterfront Leisure (Crosby) Limited each year until the end of the contract in 2028 are required to be brought in to the Comprehensive Income and Expenditure Statement. In addition to this unitary payment, Waterfront Leisure generates income through the provision of goods and services, which has enabled a lower unitary payment charge.

The table below shows the outstanding commitment for the PFI contract and has been split between the key elements. It should be noted that the outstanding commitment has been inflated using the inflationary factors included within the original contract.

Commitments under PFI Contract	Reimbursement of Capital Expenditure £000s	Interest £000s	Service Charge £000s
Contract Payments in 2015/2016	140	425	631
Contract Payments between 2016/2017 and 2019/2020	434	1,509	3,041
Contract Payments between 2020/2021 and 2024/2025	1,138	1,522	4,053
Contract Payments between 2025/2026 and 2027/2028	1,141	560	2,602

Liabilities

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

2013/2014 £000s		2014/2015 £000s
-3,072	Balance outstanding at start of year	-2,965
107	Payments during the year	112
-2,965	Balance outstanding at the year-end	-2,853

Property Plant and Equipment

The assets used to provide services at Crosby Leisure Centre are recognised on the Council's Balance Sheet. The following table shows the value of assets held under Crosby Leisure Centre PFI scheme at each Balance Sheet date and an analysis of the movement in those values:

2013/2014 £000s	Other Land & Buildings: PFI Assets	2014/2015 £000s
	Cost or Valuation	
7,450	Opening Balance at 1 April	7,451
1	Additions	2
0	Revaluations	-363
7,451	Closing Balance at 31 March	7,090
	Depreciation and Impairments	
0	Opening Balance at 1 April	-205
-205	Depreciation Charge	-205
0	Revaluations	410
-205	Closing Balance at 31 March	0
	Balance Sheet Amount	
7,450	Opening Balance at 1 April	7,246
7,246	Closing Balance at 31 March	7,090

Arvato Public Sector Services Limited

On 1 October 2008, the Council entered into an agreement with Arvato Public Sector Services Limited to manage the following services: Information Technology, Transactional Human Resources and Payroll, Benefits, Revenues and Customer Contact. The contract also contains an element for assets to be provided by arvato to deliver the services contained in the contract. This has been assessed as requiring the administrative plant and equipment assets involved to be accounted for in the same way as the PFI contract, i.e. on Balance Sheet with a corresponding liability. Depreciation is totally attributable to the principal charge. Any increase due to indexation (Contingent Rent) is removed from the Net Cost of Services and charged to Financing and Investment Income and Expenditure.

The Council only has the right to terminate the contract if it pays redundancy payments, breakage costs, service provider lost profit for the remainder of the contract, handover costs and direct losses. The service provider has the right to terminate the contract if it pays the Council's retendering costs, reprocurement costs, interim management costs handover costs and direct losses.

Payments

The contract price for the ten years was agreed at the start of the contract and yearly inflation is added to the contract price each 1 April based on the pay award and retail price index for the relevant year, subject to agreed service standards which are reviewed annually. Where necessary, variations to the contract price are negotiated and agreed following changes to statutory requirements or changes in demand.

At 31 March 2015, the amount of payments (at Balance Sheet date prices) due to be made under the agreement, separated into repayment of liability and service charges is as follows (no future interest costs can be established until a contingent rents is calculated in the year the actual 'unitary' charge is made)

Commitments under Service Concession	Repayment of Liability £000s	Service Charge £000s	Total £000s
Contract Payments in 2015/2016	1,001	15,392	16,393
Contract Payments between 2016/2017 and 2018/2019	4,300	38,627	42,927

Liabilities

An analysis of the movement in the value of the liabilities for both schemes is shown below:

2013/2014 £000s		2014/2015 £000s
-7,408	Balance outstanding at start of year	-6,354
1,054	Payments during the year	1,052
-6,354	Balance outstanding at the year-end	-5,302

Property Plant and Equipment / Intangible Assets

The following table shows the value of assets held under the arvato contract at each Balance Sheet date and an analysis of the movement in those values:

2013/2014		Arvato	2014/2015	
Vehicles, Plant & Equipment £000s	Intangible Assets £000s		Vehicles, Plant & Equipment £000s	Intangible Assets £000s
		Cost or Valuation		
8,186	1,355	Opening Balance at 1 April	8,186	1,355
0	0	Additions	0	0
8,186	1,355	Closing Balance at 31 March	8,186	1,355
		Depreciation and Impairments		
-1,907	-226	Opening Balance at 1 April	-2,811	-376
0	-150	Amortisation for the Year	0	-151
-904	0	Depreciation Charge	-901	0
-2,811	-376	Closing Balance at 31 March	-3,712	-527
		Balance Sheet Amount		
6,279	1,129	Opening Balance at 1 April	5,375	979
5,375	979	Closing Balance at 31 March	4,474	828

56 PARTICIPATION IN PENSION SCHEMES

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

The Authority participates in three pension schemes:

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme (TPS)

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

The Scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has approximately 6,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2015, the Authority's own contributions equate to approximately 0.28%.

In 2014/2015, the Council paid £9.648m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of teachers' pensionable pay. The figures for 2013/2014 were £9.733m and 14.1%. Contributions of £0.748m remained payable at the year-end. The contributions due to be paid in 2015/2016 are estimated to be £9.068m.

In cases of redundancy or early retirement in the interests of the efficiency of the service, the Authority is responsible for the cost of any additional benefits awarded that are outside the terms of the teachers' scheme. In 2014/2015 these contributions amounted to £1.256m, representing 1.84% of teachers' pensionable pay. The figures for 2013/2014 were £1.273m and 1.84%.

NHS Pension Scheme

As a result of the transfer of responsibility for Public Health to local authorities in April 2013, a number of staff also transferred who are members of the NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health. It provides staff with specified benefits upon their retirement, and the Authority contributes towards the costs of making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has approximately 9,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the NHS Pension Scheme during the year ending 31 March 2015, the Authority's own contributions equate to approximately 0.002% (0.002% in 2013/14)

In 2014/2015, the Council paid £0.141m to NHS Pensions in respect of retirement benefits, representing 14.0% of the employees' pensionable pay. The figures for 2013/2014 were £0.125m and 14.1%. Contributions of £0.012m remained payable at 31 March 2015 (£0.011m at 31 March 2014). The contributions due to be paid in 2015/2016 are estimated to be £0.140m.

Defined Benefit Schemes

Local Government Pension Scheme (LGPS)

All employees not eligible to join the Teachers' Pension Scheme or the NHS Pension Scheme are, subject to certain qualifying criteria, eligible to join the Local Government Pension Scheme. Wirral Metropolitan Borough Council acts as the administering authority of the LGPS as lead authority for the Merseyside councils' scheme, the Merseyside Pension Fund (MPF). This is a funded defined benefit final salary scheme (career average revalued earnings scheme from 1 April 2014), meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets.

In 2014/2015, the Council paid £40.983m to the MPF in respect of retirement benefits, representing 45.0% of employees' pensionable pay. The figures for 2013/2014 were £20.119m and 22.9%. Contributions of £1.401m remained payable at the year-end (£1.989m at 31 March 2014).

The amount paid in 2014/2015 includes a one-off payment in April of £28.645m to cover the deficit recovery contributions for 2014/2015 to 2016/2017 (for which the Council received a discount). Contributions in 2015/2016 and 2016/2017 will be significantly less as no deficit recovery contribution will be required in those years. The Council has temporarily utilised £19.477m of Earmarked Reserves in 2014/2015 to fund part of the payment. Earmarked Reserves will be increased again in 2015/2016 and 2016/2017 when no deficit recovery payment is required.

In cases of redundancy or early retirement in the interests of the efficiency of the service, the cost of any added years awarded is borne by the Council and not the Local Government Pension Scheme. In 2014/2015 these contributions amounted to £1.437m representing 1.58% of pensionable pay. The figures for 2013/2014 were £1.430m and 1.63%.

The principal risks of the scheme to the Authority are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute, as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits are reversed out of the General Fund via the Movement in Reserves Statement.

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

2013/2014		**Comprehensive Income and Expenditure Statement**	2014/2015	
LGPS £000s	TPS Unfunded Liabilities £000s		LGPS £000s	TPS Unfunded Liabilities £000s
		Cost of Services:		
20,381	0	Current Service Cost	19,402	0
852	0	Curtailment Cost	1,023	0
439	0	Administration Expenses	456	0
		Financing and Investment Income and Expenditure:		
13,574	484	Net Interest Cost	10,448	494
35,246	484	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	31,329	494
-74,624	-822	Re-measurement of the Net Defined Benefit Liability	88,182	698
-39,378	-338	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	119,511	1,192

2013/2014		**Movement in Reserves Statement**	2014/2015	
LGPS £000s	TPS Unfunded Liabilities £000s		LGPS £000s	TPS Unfunded Liabilities £000s
-35,246	-484	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	-31,329	-494
		Actual amount charged against the General Fund for pensions in the year:		
21,549		• employers' contributions payable to the scheme	42,420	
	1,273	• retirement benefits payable direct to pensioners		1,256

Assets and Liabilities in Relation to Retirement Benefits

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2013/2014			2014/2015	
LGPS £000s	TPS Unfunded Liabilities £000s		LGPS £000s	TPS Unfunded Liabilities £000s
-839,065	-12,118	Present Value of the Defined Benefit Obligation	-1,004,616	-12,054
566,072	0	Fair Value of Plan Assets	654,532	0
-272,993	-12,118	Net Liability arising from defined benefit obligation	-350,084	-12,054

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2013/2014			2014/2015	
LGPS £000s	TPS Unfunded Liabilities £000s		LGPS £000s	TPS Unfunded Liabilities £000s
884,995	13,729	Opening Balance at 1 April	839,065	12,118
20,381	0	Current Service Cost	19,402	0
36,670	484	Interest Cost on Pension Liabilities	36,355	494
5,564	0	Contributions from scheme participants	5,989	0
		Remeasurement Gains (-) and Losses:		
5,055	125	- Actuarial Gains / Losses arising from changes in demographic assumptions	0	0
-51,286	-525	- Actuarial Gains / Losses arising from changes in financial assumptions	134,382	664
-33,710	-422	- Experience Gains / Losses	0	34
-29,456	-1,273	Benefits paid	-31,600	-1,256
852	0	Curtailment Cost	1,023	0
839,065	12,118	Closing Balance at 31 March	1,004,616	12,054

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

2013/2014			2014/2015	
LGPS £000s	TPS Unfunded Liabilities £000s		LGPS £000s	TPS Unfunded Liabilities £000s
551,075	0	Opening Balance at 1 April	566,072	0
23,096	0	Interest Income	25,907	0
		Remeasurement Gains / Losses (-):		
-5,317	0	- The return on plan assets, excluding the amount included in the net operating expense	46,200	0
21,549	1,273	Contributions from Employer	42,420	1,256
5,564	0	Contributions from Employees into the Scheme	5,989	0
-29,456	-1,273	Benefits paid	-31,600	-1,256
-439	0	Administration Expenses	-456	0
566,072	0	Closing Balance at 31 March	654,532	0

Local Government Pension Scheme Assets Comprised:

2013/2014			2014/2015	
Quoted £000s	Unquoted £000s		Quoted £000s	Unquoted £000s
15,029	**0**	Cash and Cash Equivalents	**19,834**	**0**
		Equities:		
149,632	0	- UK Quoted	156,171	0
172,360	0	- Global Quoted	197,145	0
321,992	**0**		**353,316**	**0**
		Bonds:		
23,883	0	- UK Government	32,727	0
14,936	0	- UK Corporate	16,952	0
53,875	0	- UK Index Linked	63,882	0
92,694	**0**		**113,561**	**0**

2013/2014 Quoted £000s	2013/2014 Unquoted £000s		2014/2015 Quoted £000s	2014/2015 Unquoted £000s
		Property:		
0	27,638	- UK Direct Property	0	36,654
3,491	8,958	- Property Managed (UK)	2,160	8,705
0	5,311	- Property Managed (Global)	0	6,545
3,491	**41,907**		**2,160**	**51,904**
		Alternatives:		
406	14,553	- Private Equity (UK)	262	19,571
0	13,730	- Private Equity (Global)	0	17,934
1,600	23,175	- Hedge Funds (UK)	1,636	3,534
0	847	- Hedge Funds (Global)	0	19,963
1,714	5,128	- Infrastructure (UK)	1,767	9,163
0	4,496	- Infrastructure (Global)	0	5,433
8,258	7,893	- Opportunities (UK)	11,978	13,418
4,869	4,290	- Opportunities (Global)	1,964	7,134
16,847	**74,112**		**17,607**	**96,150**
450,053	**116,019**	**Total Assets (Quoted / Unquoted)**	**506,478**	**148,054**
	566,072	**Total Assets**		**654,532**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Teachers' Pension Scheme Unfunded Liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

2013/2014		2014/2015
	Long-term expected rate of return on assets in the scheme:	
7.0%	Equity Investments	6.5%
3.4%	Government Bonds	2.2%
4.3%	Other Bonds	2.9%
6.2%	Property	5.9%
0.5%	Cash/Liquidity	0.5%
Dependent on Type of Asset	Other Assets	Dependent on Type of Asset
	Mortality assumptions (years):	
22.3	Longevity at 65 for current pensioners: Men	22.4
25.2	Longevity at 65 for current pensioners: Women	25.3
24.7	Longevity at 65 for future pensioners: Men	24.8
28.0	Longevity at 65 for future pensioners: Women	28.1
	Other assumptions	
2.4%	Rate of Inflation - CPI	2.0%
3.9%	Rate of increase in salaries	3.5%
2.4%	Rate of increase in pensions - CPI	2.0%
4.4%	Rate for discounting scheme liabilities (LGPS)	3.2%
4.3%	Rate for discounting scheme liabilities (TPS Unfunded Liabilities)	3.1%

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption	Decrease in Assumption
	£000s	£000s
Local Government Pension Scheme		
Longevity (increase or decrease in 1 year)	19,775	-19,775
Rate of Inflation (increase or decrease by 0.1%)	18,036	-18,036
Rate of Increase in Salaries (increase or decrease by 0.1%)	3,983	-3,983
Rate of Increase in Pensions (increase or decrease by 0.1%)	18,036	-18,036
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	-17,719	17,719
Teachers' Additional Unfunded Pensions		
Longevity (increase or decrease in 1 year)	510	-510
Rate of Inflation (increase or decrease by 0.1%)	86	-86
Rate for Discounting Scheme Liabilities (increase or decrease by 0.1%)	-85	85

Impact on the Authority's Cash Flows

The objectives of the Local Government Pension Scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 21 years. Funding levels are monitored on an annual basis. The most recent triennial valuation took place on 31 March 2013 and has set contributions levels for 2014/2015 to 2016/2017. This valuation took account of the changes to the scheme from 1 April 2014 which introduced a new career average revalued earnings scheme for future service rather than a final salary scheme. The next valuation will take place on 31 March 2016.

The total payments expected to be made to the local government pension scheme by the Council in the year to 31 March 2016 is £13.372m. This is significantly lower than previous years due to the one-off payment made in April 2014 to cover the deficit contributions for the years 2014/2015 to 2016/2017.

The total payments expected to be made by the Council to former teachers receiving additional unfunded pensions in the year to 31 March 2016 is £1.256m.

The weighted average duration of the defined benefit obligation for Local Government Pension Scheme members is 18 years in 2014/2015 (18 years in 2013/2014). The weighted average duration for former teachers receiving additional unfunded pensions is 7 years in 2014/2015 (7 years in 2013/2014).

57 CONTINGENT LIABILITIES

Business Rates Appeals: The Council has made a provision for Appeals that is its best estimate of the actual liability as at the year-end based on appeals that were outstanding at 31 March 2015. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office Agency so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

Collateral warranty by the Council in favour of the Security Trustee (Prudential Trustee Company Limited)

The Council has given a number of warranties for up to 35 years in respect of environmental pollution, statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, wayleaves, telecommunications and works undertaken.

In addition the following specific warranties have been given from the date of transfer (30 October 2006):

- Unlimited warranty for up to 35 years in respect of vires claims
- Warranty for up to 20 years in respect of claims in relation to asbestos, except that this shall not apply in respect of the first £10,685,780 of costs and expenses incurred in aggregate on asbestos works.

In aggregate the value of these warranties is limited to £100,500,000 plus any costs associated with interest and loan breakage costs due under the One Vision Loan Agreement.

Collateral warranty by the Council in favour of One Vision Housing Limited

The Council has given a number of warranties for up to 17 years in respect of statements, title, encumbrances, planning matters, statutory obligations, adverse orders, tenancies, information and statistics supplied, sales off, disputes and litigation, rights of entry to maintain and repair, absence of adverse replies, electricity sub-stations and shop leases, leasehold property, wayleaves, telecommunications and works undertaken.

In addition the following specific warranties have been given from the date of transfer (30 October 2006):

- Warranty not exceeding £100,500,000 for up to 20 years in respect of environmental pollution.
- Warranty for up to 20 years in respect of claims in relation to asbestos, except that this shall not apply in respect of the first £8,439,750 of costs and expenses incurred in aggregate on asbestos works.
- Unlimited warranty for up to 17 years in respect of vires claims.

Contamination Costs: During 2011/2012 it was identified there was a site in the Borough that was contaminated and there would be significant costs associated with clearing the contamination. Sefton has established an Earmarked Reserve of £1.500m to cover potential costs associated with clearing the contamination. There is a potential further liability if the costs of clearing the contamination are greater than currently envisaged.

Equal Pay Claims: The Council have created a provision to cover the potential costs of claims received to 31 March 2015 which are expected to be settled in 2015/2016. There are currently no other equal pay claims that have been lodged with the Council.

Merseyside Pension Fund - Contractor Admission Bodies: The Council provides guarantees for any potential unfunded liabilities on the Merseyside Pension Fund for Sefton New Directions Limited and Arvato Public Sector Services Limited. The most recently notified value of the guarantee for Sefton New Directions Limited is £4.615m. The most recently notified value of the guarantee for Arvato Public Sector Services Limited is £9.539m. Sefton and Arvato's parent company would jointly fund any future liability, the split dependent on the factors leading to the liability. The values are highly dependent on market conditions at the time of the valuation and can vary significantly between valuations.

Municipal Mutual Insurance: The Scheme of Arrangement for the above company was enacted during 2012/2013. The liability upon the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not reported between 1974 and 1992. Whilst the Council has considered the financial impact in producing its Statement of Accounts, by including resources in its Insurance Provision, there is a risk that the Council's financial liability could increase from this level.

Claims Against the Council: The Council has received claims seeking compensation relating to transactions with the Council. Sefton has established a provision of £0.500m and has set aside capital resources to cover the potential payments and associated legal costs if the Council are not able to successfully defend the claims made against the Authority. There is a potential further liability if all aspects of the claims cannot be successfully defended.

58 CONTINGENT ASSETS

Plaza Community Cinema, Crosby: The Council provided financial assistance to the Trustees of the Plaza Cinema between 2006 and 2008. If the Cinema ceases to trade before 16 July 2016 then £100,000 will be due to the Council.

Receipts from Former Council House Sales: The Council have agreed to share any proceeds of former council house sales if they are subsequently sold by One Vision Housing Limited. The arrangement lasts until 31 March 2037 and the amount received will depend on the number of sales each year.

VAT Sharing Arrangement: As part of the voluntary stock transfer an agreement was reached with One Vision Housing Limited to share their VAT that they can claim from HM Revenue and Customs. This arrangement is unique to councils and registered social landlords upon transfer. This arrangement is due to end on 30 October 2016. Sefton's share of reclaimable VAT is likely to be in the region of £0.1m until the end of the arrangement.

59 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. Typical financial instruments include trade payables and borrowings (liabilities) and investments and trade receivables (assets).

Financial Instruments in so far as the Authority is concerned relate to investments, cash and cash equivalents, loans receivable, borrowings, trade payables and receivables.

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

	Long Term		Current	
	31/03/2014 £000s	31/03/2015 £000s	31/03/2014 £000s	31/03/2015 £000s
Investments				
Loans and receivables	1	11	20,084	10,110
Available for sale financial assets	0	5,059		
Cash and cash equivalents			36,847	39,136
Total investments	1	5,070	56,931	49,246
Receivables				
Loans and receivables	7,301	5,890		
Financial assets carried at contract amounts			35,371	39,811
Total Receivables	7,301	5,890	35,371	39,811
Borrowings				
Financial liabilities at amortised cost	120,527	110,197	3,439	10,963
Bank overdraft			6,403	486
Total borrowings	120,527	110,197	9,842	11,449
Other Long Term Liabilities				
PFI and finance lease liabilities	20,229	17,940		
Total other long term liabilities	20,229	17,940		
Payables				
Financial liabilities carried at contract amount			32,540	42,405
PFI and finance lease liabilities			2,285	2,288
Total payables			34,825	44,693

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

	31 March 2015		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Total £000s
Interest expense	-6,739	0	
Interest payable and similar charges	-6,739	0	-6,739
Interest Receivable		660	
Income on Investment Properties	0	1,559	
Interest and investment income	0	2,219	2,219
Net loss (-) / gain for the year	-6,739	2,219	

Comparative figures for the previous financial year are made up as follows:

	31 March 2014		
	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost £000s	Loans and receivables £000s	Total £000s
Interest expense	-7,112	0	
Interest payable and similar charges	-7,112	0	-7,112
Interest Receivable		576	
Income on Investment Properties	0	1,597	
Interest and investment income	0	2,173	2,173
Net loss (-) / gain for the year	-7,112	2,173	

<u>Fair Value of Assets and Liabilities.</u>

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

- The discount rate used in the net present value calculation is equal to the current rate in relation to the same instrument from a comparable lender. This rate will be the rate applicable in the market on the date of valuation, for an instrument of the same duration.
- For PWLB debt the new borrowing rate has been used, as opposed to the premature repayment rate.

The fair value calculation has been based on the comparable new borrowing / deposit rate for the same financial instruments from a comparable lender. A consistent approach has been applied to assets and liabilities.

The purpose of the fair value valuation is to allow evaluation quantitatively of the Authority's financial position and performance with regard to each class of financial instrument, and also to indicate the extent of the Authority's risk exposure arising as a result of these transactions. The fair value also indicates the cost / benefits to the Council of retaining fixed interest borrowings and investments to maturity.

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Borrowing	123,966	131,364	121,160	145,790
Other Short and Long-term liabilities	22,514	26,829	20,228	25,301

Following the requirement to report the fair value of PFI and other Service Concessions, short term liabilities are now included in the above table. This enables the full carrying amount of the concessions to be included and comparable against the fair value. The previous year's figures have been restated to reflect this.

The fair value is more than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest above the current market rate increases the amount that the Authority would have to pay if the lender requested or agreed to early repayment of the loan.

	31 March 2014		31 March 2015	
	Carrying amount £000s	Fair value £000s	Carrying amount £000s	Fair value £000s
Loans and Receivables	20,084	20,096	10,110	10,112
Long-term Receivables	7,301	7,301	5,890	5,890

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

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Short term receivables and payables are carried at cost as this is a fair approximation of the value.

60 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority is required to disclose information, which enables the user of these statements of accounts to evaluate the nature and extent of any risk arising from Financial Instruments.

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

i) Credit risk – the possibility that other parties may fail to pay amounts due to the Authority;
ii) Liquidity risk – the possibility that the Authority may not have funds available to meet its commitments to make payments;
iii) Market risk – the possibility that financial loss may arise for the Authority as a result of changes in such measures as interest rates or stock market movements.

The Treasury Management Policy and Strategy documents approved by Council annually seek to limit the risk of potential adverse effects on resources available to fund services arising due to the impact of unpredictable movements in the financial markets on treasury management activity undertaken by the in-house team.

Credit Risk

The main element of credit risk the Authority is exposed to arises from deposits with banks, building societies and money market funds, as well as credit exposures to the Authority's customers.

This risk is managed through the Authority's Treasury Management Policy and Strategy documents approved by Council annually. These documents set out the limits in terms of value and duration over which investment can be made with the various Banks and Building Societies included on the Authority's Counter Party lending list. This counter party list is made up of the institutions that have been rated using the Fitch and Moody's scoring methodologies and any changes to the institutions rating that result in a non-compliance with the minimum criteria will see the institution taken off the counter party list.

Credit rating agencies such as Fitch and Moody's rate institutions depending upon:

- Long term ability to meet all of their most senior financial obligations on a timely basis
- Short term ability to meet financial obligations within a relatively short time period
- Individual rating attempts to assess how a bank would be viewed if it was entirely independent of any external support
- Support rating is the likelihood of a potential supporter's propensity and ability to support the institution

The sovereign rating is an additional rating criteria that is now used. It reflects the strength of a country's economy, and hence the ability of a country's Government to support its financial institutions.

The credit criteria in respect of Financial Assets held by the Authority is as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with banks	Sovereign rating: AA+ Short Term: F1+ Long Term: A- Individual rating: C Support: 2 Active in sterling markets	£25m (the Authority currently operates a £15m operational limit)
Deposits with building societies	Short Term: F1 (Fitch) / P-1 (Moody) Active in sterling markets Minimum total assets: £2,000m	£7.5m (except Nationwide £15m)
Deposits with money market funds	Sovereign rating: AAA	£15m

The above table demonstrates that the Authority will only invest in institutions that have the highest credit rating scores. For Banks, a risk score of F1+ (exceptionally strong credit quality), A- (high credit quality – low credit risk and considered to have a strong capacity to pay financial commitments) and Building Societies that have a risk score of F1 (highest credit quality), P-1 (low risk).

The following analysis summarises the Authority's potential maximum exposure to credit risk at the balance sheet date. The figures represent the actual investment made and, based on experience of default and uncollectability over the last 10 financial years, adjusted to reflect current market conditions:

Estimated maximum exposure at 31/03/14		Amount at 31/03/15	Historical experience of default	Historical experience adjusted for market conditions at 31/03/15	Estimated maximum exposure to default & uncollectability at 31/03/15
£000s		£000s A	% B	% C	£000s (A x C)
0	Deposits with Banks	19,802	0	0	0
0	Deposits with Money Market	29,318	0	0	0
0	Deposits Other	5,074	0	0	0
393	Customers	14,023	3.83%	3.83%	537
393					**537**

The Authority has no history of non-repayment of investments. There were no instances of counterparties failing to meet contractual obligations in relation to deposits during the financial year, and whilst no guarantee can be given against default, the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority also reduces its exposure of credit risk by limiting the number of investments with a maturity period of between 1 and 5 years to a maximum of 40% of our total investments. This ensures that the Authority does not tie up all its funds for a long period of time, increasing the risk of a bank running into financial problems.

As mentioned previously, the Authority has changed its investment policy with banks and now only invests with extremely highly rated banks (with a Sovereign rating: AA+) that are backed by the Government in which the bank is situated. The profile of investments by country is shown below:

	Total Investments at 31 March 2014 £000s	Total Investments at 31 March 2015 £000s
United Kingdom Banks	20,084	10,110
Other: CCLA	0	5,059
Other: Funding Circle	0	10
	20,084	15,179

The Authority does not generally allow credit for customers, such that £10.926m of the £14.023m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2014 £000s	31 March 2015 £000s
Less than three months	2,407	3,492
Three months to one year	2,529	2,332
More than one year	6,769	5,102
	11,705	10,926

A provision for bad debts relating to customers exists which totals £2.091m at 31 March 2015 (£3.192m at 31 March 2014). This provision relates to a wide variety of assets of which none are individually significant. The provision was increased by £0.404m in 2014/2015 (£0.769m in 2013/2014) and £1.505m was written-off during the year (£0.542m in 2013/2014).

Of this debt £3.810m is secured against properties at 31 March 2015 (£4.994m as at 31 March 2014). These properties are held as collateral but cannot be pledged or resold unless the owner defaults.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loans Board (PWLB) and Money Markets as a result of the annual Treasury Management Policy and Strategy documents approved by Council. The authority has set an affordable borrowing limit that reflects its underlying need to borrow for a capital purpose, and this includes an allowance for exceptional cash flow movements. There is thus no significant risk that the Authority will be unable to raise finance to meet its commitments.

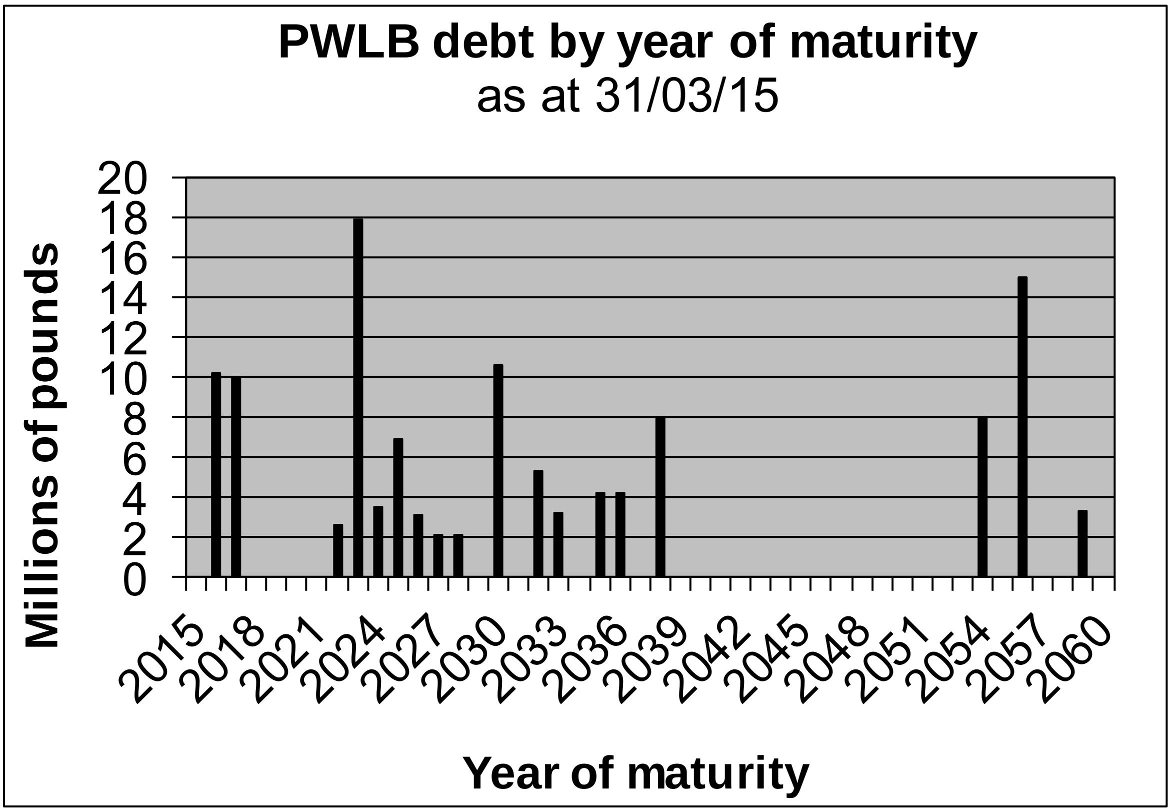
The risk for the Authority is that it will need to replace its borrowings at a time when interest rates are unfavourable, leading to additional ongoing financing costs. The strategy for the Council is to ensure that by careful planning of the repayment date for new and replacement loans, and (when economic to do so) the restructuring of debt, the maturity profile of its fixed rate loans do not exceed or fall below the limits for the periods set out below. These limits also ensure that the Authority does not have significant amounts of variable borrowing in the long term, exposing itself to major movements in interest rates. Analyses of the Council's debt by type and maturity are shown in the following tables.

31 March 2014 £000s	**Analysis of Loans by Type:**	Range of Interest Rates Payable (%)	31 March 2015 £000s
123,946	Public Works Loan Board	0.00 – 0.00	121,140
0	Money Market		0
16	Individuals	0.00	16
0	Other Local Authorities		0
4	Other	0.00	4
123,966	**Total**		121,160

31 March 2014 £000s	Analysis of Loans by Maturity:	31 March 2015 £000s
3,439	Maturing within one year	10,963
10,330	Maturing in 1-2 years	10,000
10,000	Maturing in 2-5 years	0
24,090	Maturing in 5-10 years	30,966
14,227	Maturing in 10-15 years	17,929
19,040	Maturing in 15-20 years	12,693
16,462	Maturing in 20-25 years	12,231
0	Maturing in 25-30 years	0
0	Maturing in 30-35 years	0
8,000	Maturing in 35-40 years	8,000
18,358	Maturing in 40-45 years	18,358
20	Maturing in more than 45 years	20
123,966	**Total**	121,160

The Analysis of Loans by Type shows the total of loans that are due to be repaid within one year (shown as Short-Term Borrowing on the Balance Sheet) and those due to be repaid in more than one year (shown as Long-Term Borrowing on the Balance Sheet).

The maturity profile of the Council's PWLB debt only is shown in the following chart.



All trade and other payables are due to be repaid within one year.

Market Risk

a) Foreign Exchange Risk

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

b) Price Risk

The Authority has no financial assets at the Balance Sheet date which are classified as ‘Available for Sale’ for example equity shareholdings and quoted investments and is thus not exposed to risk arising from movements in the price of such assets due to changes in general economic conditions.

c) Interest Rate Risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. As an example of this, a rise in interest rate has the following effects:

i) Borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise;
ii) Borrowings at fixed rates – the fair value of the loan will fall;
iii) Investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise;
iv) Investments at fixed rates – the fair value of the investment will fall.

Borrowings are carried at amortised cost on the Balance Sheet not fair value, and so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in variable rates on borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The annual Treasury Management Policy and Strategy documents approved by Council contain a number of strategies for managing interest rate risk. To guard against the impact of adverse changes in interest rates, the maximum proportion of borrowing subject to variable interest rates is limited to 33% along with a maximum proportion of investments subject to variable rates limited to 40%.

During periods of falling interest rates, and where economic circumstances make it favourable, the Authority will look to reschedule its loans in order to limit its exposure to losses and so reduce its capital financing costs.

The in-house Treasury Management team receives professional advice and has an active strategy for assessing interest rate exposure via the use of indicators. This is used to establish and monitor the budget for capital financing costs, allowing any adverse changes to be accommodated. The monitoring of interest rate exposure assists with the decision as to whether new borrowing or investment undertaken is fixed or variable.

Based on the assessment strategy for interest rate risk if interest rates had been 1% higher with all other variables held constant on 31 March, the financial effect would be (note that the percentages quoted are for illustrative purposes only and are not an indication of the likely change):

31 March 2014 £000s		31 March 2015 £000s
497	Increase in interest receivable on variable rate investments (and resultant impact on the Surplus or Deficit on the Provision of Services)	587
13,453	Increase in fair value of fixed rate loans (no impact on Other Comprehensive Income and Expenditure)	14,915
122	Increase in fair value of fixed rate investments (impact on Other Comprehensive Income and Expenditure)	-25
-1,031	Increase in fair value of financial liabilities (no impact on Other Comprehensive Income and Expenditure)	-985

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The 1% variation chosen for sensitivity analysis can be treated as a flat line change, so a 5% variation will result in amounts totalling five times the amount included in the table above.

The Authority held no loans at variable rate at the Balance Sheet date so any movement in interest rates will have no effect on the Comprehensive Income and Expenditure Statement.

61 STATEMENT OF ACCOUNTING POLICIES

(a) GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2014/2015 financial year and its position at the year end of 31 March 2015. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/2015* and the *Service Reporting Code of Practice for Local Authorities 2014/2015*, supported by *International Financial Reporting Standards (IFRS)*.

The accounting convention adopted in the Statement of Accounts is primarily historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. All accounting policies have been consistently applied.

The accounts have been prepared on a going concern basis. The assumption is that the Council will continue in operation for the foreseeable future.

(b) ACCRUALS OF INCOME AND EXPENDITURE

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

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

(c) BUSINESS IMPROVEMENT DISTRICTS

A Business Improvement District (BID) scheme applies to an area in Southport Town Centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

(d) CARBON REDUCTION COMMITMENT

The Council is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme has completed its introductory phase and the second phase of the scheme started in April 2013. The Council is required to purchase allowances retrospectively, on the basis of emissions (i.e. carbon dioxide produced as energy is used). As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised.

The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the cost of the Councils services and is apportioned to services on the basis of energy consumption.

(e) CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Authority has nine different reserve accounts as at 31 March 2015 that it has determined to be Cash Equivalents.

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

(f) CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Property, Plant and Equipment and Intangible Assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the service.

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

(g) EMPLOYEE BENEFITS

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which the employees render service for the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu), earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year to which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's appointment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line 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.

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

Post-Employment Benefits
Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health.
- Local Government Pension Scheme (Merseyside Pension Fund) administered by Wirral Metropolitan Borough Council.

These Schemes are defined benefits schemes in that they provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

However, the arrangements for the Teachers' Pension Scheme and NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and 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. The Public Health line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

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

- The liabilities of the Merseyside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of current earnings for current employees.
- Liabilities are discounted to their present value at current prices using a discount rate of 3.2% based on the indicative rate of return on high quality corporate bonds (based on a weighted average of 'spot yields' on AA rated corporate bonds).
- The assets of Merseyside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted Securities – current bid price,
  - Unquoted securities – professional estimate,
  - Unitised securities- current bid price,
  - Property – market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- Past Service Cost - the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs,
- Net Interest on the Net Defined Benefit Liability (Asset), i.e. net interest expense of the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the year as a result of contribution and benefit payments.

Remeasurements comprising:

- The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Merseyside Pension Fund

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

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

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (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.

(h) EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

(i) FINANCIAL INSTRUMENTS

General Comment

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability in another. Most straight forward financial assets (receivables, bank deposits, investments etc.) and liabilities (payables, borrowings etc) are covered by this policy.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the investment. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

Financial Assets are classified into two types;

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.

- Available for sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Council has one Available for Sale Asset.

Loans and receivables

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

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

Any gains or losses that result from the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

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

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

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

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

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

Warranties and Guarantees
The Council has entered into a number of Guarantees that are not required to be accounted for as Financial Instruments. These guarantees are reflected in the Statement of Accounts to the extent that at some future date a provision or earmarked reserve may have to be set up. These guarantees relate to:

- Housing stock transfer warranties,
- Pension guarantees related to contractor admissions bodies, such as New Directions, arvato and Capita Symonds.

(j) FOREIGN CURRENCY TRANSLATION

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effected.

(k) GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until 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 received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant services line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (Non-Ringfenced Government Grants and Capital Grants and Government Grants) in the Comprehensive Income and Expenditure Statement.

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

(l) HERITAGE ASSETS

A heritage asset is an asset that is held due to its historical, artistic, scientific, technological, or environmental qualities, and is maintained principally for its contribution to knowledge and culture. The Authority's heritage assets are held in a number of locations, such as Town Halls and the Atkinson Centre.

The collection consists principally of a ceramic collection, a silver collection, works of art, an Egyptology collection, several war memorials, and the art installation "Another Place". The collection is mainly valued on an insurance valuation basis. However, a number of war memorials are held that are valued at a nominal £1.

The assets are felt to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The Authority considers that obtaining valuations for the collection would involve disproportionate cost. This is because of the diverse nature of the assets and the lack of comparable market values.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment (note (q). The carrying amounts of Heritage Assets would be reviewed where there was evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise about its authenticity. Any impairment would be recognised and measured in accordance with the Authority's general policies on impairment (see Impairment section of note (u)). If any items were disposed of, the proceeds would be accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

(m) INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licenses) is capitalised when it is expected that the future economic benefits or service potential will flow from the intangible asset to the Council.

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

Intangible assets are carried at amortised cost. An intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

(n) INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has a material interest in a company that is a subsidiary and is required to prepare group accounts. In the Council's own single entity accounts the interest in the company is recorded as a long term investment at cost.

In the group accounts transactions and balances between the Council and subsidiary are netted out on consolidation.

(o) INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the First-In-First-Out costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

(p) INVESTMENT PROPERTY

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

Investment Properties are measured initially at cost. This is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition. They are subsequently measured 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 revalued. An annual revaluation of all investment properties is undertaken. 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 in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any proceeds above £10,000) the Capital Receipts Reserve.

(q) LEASES

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

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for a payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

THE COUNCIL AS A LESSEE

Finance Leases

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

Lease payments will be apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability,
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (i.e. there is a rent free period at the commencement of the lease).

THE COUNCIL AS A LESSOR

Finance Leases

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

Lease rentals receivable will be apportioned between:

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of Plant or Equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (i.e. there is a premium paid at the commencement of the lease).

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the term on the same basis as rental income.

(r) OVERHEADS AND SUPPORT SERVICES

The costs of overhead and support services are charged to those services that benefit from them, in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities 2013/2014. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core — costs relating to the Council's status as a multi functional, democratic organisation,
- Non Distributed Costs — the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale, Assets Under Construction and Surplus Assets.

These two cost categories are defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Total Cost of Services.

(s) PRIOR YEAR ADJUSTMENTS, CHANGES IN ACCOUNTING POLICY AND ESTIMATES AND ERRORS

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

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

(t) PRIVATE FINANCE INITIATIVE AND SIMILAR CONTRACTS

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

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

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

- Fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;

- Finance Cost – An interest charge on the outstanding Balance Sheet Liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent Rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the balance sheet liability towards the PFI operator (the profile of write downs is calculated on the same basis as for a finance lease);
- Lifecycle replacement costs - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

(u) PROPERTY, PLANT AND EQUIPMENT

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

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

Measurement
Assets are initially measured at cost, comprising:

- The purchase price,
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,
- The initial estimate of the costs of dismantling and removing the item and restoring the site upon which it is located.

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

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost,
- Non HRA dwellings and rented property - fair value, determined using the basis of existing use,
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use.

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

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

Assets included in the balance sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

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

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

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

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

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

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

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

Depreciation
Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, such assets that are not yet available for use (i.e. assets under construction) and assets held for a commercial return (i.e. investment properties).

Where an item of Property Plant or Equipment asset has major components whose cost is significant in relation to the total cost of the item, then the components are depreciated separately. CIPFA had allowed an amnesty so that only as assets were revalued did significant components need to be valued separately. Therefore buildings that hadn't been revalued since 2009/2010 may have previously contained significant components that had yet to be separated. As the Council has a five year revaluation programme, all components will have been separately valued by 2014/2015.

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

Disposals and non-current assets held for sale
When it becomes apparent that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously 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 the 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

When an asset has been fully depreciated it is assumed, unless otherwise known, that the asset is disposed of or decommissioned in the following year. The gross value of the asset and the matching accumulated depreciation are then written out as disposals in that year.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written off value of disposals is not a charge against council tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustments account from the General Fund Balance in the Movement in Reserves Statement.

(v) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Amounts required to settle any obligation have not been discounted when included in the accounts.

Equal Pay Claims

The Authority has established a provision to cover the potential costs of known Equal Pay claims that are expected to be settled in 2015/2016. This is accounted for in line with the normal policy above.

Claims against the Council

Sefton has established a provision to cover potential payments relating to claims made against the Council and associated legal costs if the Council were not able to successfully defend the claims. The outcomes of the claims are expected to be known in 2015/2016.This is accounted for in line with the normal policy above.

Internal Insurance Cover

The Authority has established a provision to cover the potential costs of certain known uninsured losses, i.e. losses arising from excesses that apply to the Authority's main insurance policies. This is accounted for in line with the normal policy above.

Provision for NDR Appeals

The Authority has established a provision to cover the potential costs for refunding ratepayers who have successfully appealed against the rateable value of their properties. The provision covers the Council's locally retained share (49%) of the cost. This is accounted for in line with the normal policy above.

Contingent liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

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

(w) RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When the 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 of Reserves Statement so that there is no net change 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- these reserves are explained in the relevant notes and policies.

(x) REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or from 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.

(y) 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.

8 COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2013/2014 £000s	INCOME AND EXPENDITURE ACCOUNT	Note	2014/2015 Business Rates £000s	2014/2015 Council Tax £000s	2014/2015 Total £000s
	INCOME				
	Council Tax				
-119,632	Income from Council Tax Payers			-124,271	-124,271
	Transfers from the General Fund				
-150	Hardship Relief			-137	-137
	Business Rates				
-65,932	Income from Business Ratepayers		-75,493		-75,493
-1,957	Transitional Protection Payments		0		0
	Contributions				
-1,004	Contributions towards previous year's deficit	2	-3,048	0	-3,048
-188,675	**Total Income**		**-78,541**	**-124,408**	**-202,949**
	EXPENDITURE				
	Distribution of Resources				
114,787	Precepts and Demands - Council Tax	4		117,791	117,791
65,545	Shares of Non-domestic Rates Income	5	61,890		61,890
0	Transitional Protection Payments		857		857
	Transfers to the General Fund				
322	Cost of Collection Allowance		322		322
425	Council Tax Benefit	6		120	120
	Impairment of Debts / Appeals				
2,903	Provision for Bad and Doubtful Debts	7	700	1,797	2,497
4,636	Provision for Appeals	8	5,491		5,491
	Contributions				
0	Contributions towards previous year's surplus	2	0	1,141	1,141
188,618	**TOTAL EXPENDITURE**		**69,260**	**120,849**	**190,109**
-57	**MOVEMENT ON THE FUND BALANCE**		**-9,281**	**-3,559**	**-12,840**
	COLLECTION FUND BALANCES				
1,009	Balances Brought Forward		3,541	-2,589	952
-57	Movement on the Fund Balance in Year		-9,281	-3,559	-12,840
952	**BALANCES AT YEAR END**		**-5,740**	**-6,148**	**-11,888**
	BALANCES TO BE ALLOCATED				
1,770	Central Government		-2,870	0	-2,870
-470	Sefton MBC		-2,813	-5,237	-8,050
-265	Merseyside Police and Crime Commissioner		0	-629	-629
-83	Merseyside Fire and Rescue Authority		-57	-282	-339
952			**-5,740**	**-6,148**	**-11,888**

NOTES TO THE COLLECTION FUND

1 COUNCIL TAX BASE

The Council's tax base, i.e., the number of chargeable dwellings in each valuation band for 2014/2015 (adjusted for dwellings where discounts apply) converted to a number of band D dwellings, has been calculated as follows:

Band	Number of Chargeable Dwellings After Discounts	Proportion of Band D Charge	Band D Equivalent Dwellings
A*	86.75	5/9	48.19
A	19,586.52	6/9	13,057.68
B	18,597.93	7/9	14,465.06
C	23,853.97	8/9	21,203.53
D	12,611.86	9/9	12,611.86
E	7,238.91	11/9	8,847.56
F	3,500.46	13/9	5,056.22
G	2,470.55	15/9	4,117.58
H	184.76	18/9	369.52
	88,131.71		79,777.20
Adjustment for estimated collection rate (96.50%)			-2,792.20
Adjustment for Ministry of Defence properties			7.00
Council Tax Base			76,992.00

* Properties subject to disabled relief

Band "D" Equivalent is the statutory method of expressing the cost of Council Tax for any given area if all properties are valued as a proportion of a band D property, e.g. band H, which is equivalent to twice the value of band D, would therefore be charged twice the band D equivalent.

2 COLLECTION FUND SURPLUS / DEFICIT PAYMENTS IN THE YEAR

The following amounts were paid during the year in respect of the estimated collection fund surplus / deficit:

Council Tax	2013/2014 £000	2014/2015 £000
Sefton Council	-855	972
Merseyside Police and Crime Commissioner	-103	117
Merseyside Fire and Rescue Service	-46	52
	-1,004	1,141

Business Rates	2013/2014 £000	2014/2015 £000
Central Government	0	-1,524
Sefton Council	0	-1,494
Merseyside Fire and Rescue Service	0	-30
	0	-3,048

3 BUSINESS RATES MULTIPLIER AND RATEABLE VALUE

Under the arrangements for nationally uniform business rates, the Council collects rates for its area, which are based on local rateable values multiplied by a uniform rate. The multiplier rate was set at 48.2p in the pound in 2014/2015 (47.1p in 2013/2014).

At 31 March 2015 the total non-domestic rateable value was £179,035,362 in Sefton (£177,685,331 at 31 March 2014).

4 PRECEPTS AND DEMANDS ON THE COLLECTION FUND

The following precepts and demands have been made on the fund during the year:

Council Tax	2013/2014 £000	2014/2015 £000
Sefton Council (Including Parish Precepts)	97,775	100,337
Merseyside Police and Crime Commissioner	11,755	12,059
Merseyside Fire & Rescue Authority	5,257	5,395
	114,787	117,791

5 SHARES OF NON-DOMESTIC RATES INCOME

Business rates income is shared on the following basis:

Business Rates	Share %	2013/2014 £000	2014/2015 £000
Central Government	50%	32,773	30,945
Sefton Council	49%	32,117	30,326
Merseyside Fire & Rescue Authority	1%	655	619
	100%	65,545	61,890

6 TRANSFERS TO / FROM THE GENERAL FUND – COUNCIL TAX BENEFIT

Council tax benefit ceased to be paid from 1 April 2013 and was replaced by a local council tax reduction scheme in 2013/2014. At the time of the last subsidy claim there were still a number of claims for council tax benefit outstanding that related to a period before 1 April 2013. In order to fund the cost of these claims the Government allowed billing authorities to retain any amounts recouped as a result of previous overpayments. The amount recouped in the year exceeded outstanding payments made and the net income recorded was transferred to the General Fund at the year-end.

7 PROVISION FOR BAD AND DOUBTFUL DEBTS

The Collection Fund provides for bad debts on Council Tax and Business Rates arrears. The following movements on the bad debt provisions were recorded in the year:

Council Tax	2013/2014 £000	2014/2015 £000
Balance at 1 April	-3,350	-4,973
Write-offs in year	353	1,578
Increase / Decrease in Year	-1,976	-1,797
Balance at 31 March	-4,973	-5,192

Business Rates	2013/2014 £000	2014/2015 £000
Balance at 1 April	-2,409	-1,519
Written-off in year	1,817	660
Increase / Decrease in Year	-927	-700
Balance at 31 March	-1,519	-1,559

8 PROVISION FOR APPEALS

The Collection Fund also provides for provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2015. The table below shows the movements on the appeals provision in the year:

Business Rates	2013/2014 £000	2014/2015 £000
Balance at 1 April	0	-4,636
Movement in the Year	-4,636	-5,491
Balance at 31 March	-4,636	-10,127

9 GROUP ACCOUNTS

The standard financial statements consider the Council only as a single entity. Sefton Council now conducts some of its adult and social care services activities through a wholly owned company, Sefton New Directions Limited, which began trading on 1 April 2007.

Thus a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements. As a result, group financial statements are used to reflect the full extent of Sefton Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group.

The following pages include:

- Group Movement in Reserves Statement,
- Group Comprehensive Income and Expenditure Statement,
- Reconciliation of the Single Entity Deficit / Surplus (-) on Provision of Services to the Group Deficit / Surplus (-) on Provision of Services,
- Group Balance Sheet,
- Group Cash Flow Statement, and,
- Notes to the Group Accounts.

The main effect of consolidation has been to increase revenue reserves by £1.363m (£0.088m reduction as at 31 March 2014), representing the Authority's 100% share of accumulated net losses in the Company.

The Group Comprehensive Income and Expenditure Statement records a deficit for Sefton New Directions Limited of £1.417m (a £5.732m surplus in 2013/2014).

After adjusting for Movements on Reserves the surplus achieved by Sefton New Directions Limited in 2014/2015 was £1.451m (a £0.710m surplus in 2013/2014).

Both organisations have a financial year-end of 31 March.

Copies of the Company's accounts for 2014/2015 can be obtained from The Company Secretary, Sefton New Directions Head Office, Third Floor, The Investment Centre, 375 Stanley Road, Bootle, Merseyside, United Kingdom, L20 3EF.

GROUP 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 unusable 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.

Movements in Reserves in 2014/2015	Council Usable Reserves £000	New Directions Surplus £000	Total Usable Reserves £000	New Directions Pensions Reserve £000	Council Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2014	-107,543	88	-107,455	330	-111,848	-218,973
Movements in Year						
Deficit / Surplus (-) on the provision of services	9,989	-1,451	8,538	0	0	8,538
Other Comprehensive Income and Expenditure	0	0	0	2,868	80,991	83,859
Total Comprehensive Income and Expenditure	9,989	-1,451	8,538	2,868	80,991	92,397
Adjustments between accounting basis and funding basis under regulations (Note 5 of single entity accounts)	6,118	0	6,118	0	-6,118	0
Net Increase (-) / Decrease before Transfers to Earmarked Reserves	16,107	-1,451	14,656	2,868	74,873	92,397
Transfers to / from Earmarked Reserves (Note 38 of single entity accounts)	0	0	0	0	0	0
Increase in Year	16,107	-1,451	14,656	2,868	74,873	92,397
Balance at 31 March 2015	-91,436	-1,363	-92,799	3,198	-36,975	-126,576

Movements in Reserves in 2013/2014	Council Usable Reserves £000	New Directions Surplus £000	Total Usable Reserves £000	New Directions Pensions Reserve £000	Council Unusable Reserves £000	Total Authority Reserves £000
Balance at 1 April 2013	-91,612	798	-90,814	5,352	-110,215	-195,677
Movements in Year						
Deficit / Surplus (-) on the provision of services	57,569	-710	56,859	0	0	56,859
Other Comprehensive Income and Expenditure	0	0	0	-5,022	-75,133	-80,155
Total Comprehensive Income and Expenditure	57,569	-710	56,859	-5,022	-75,133	-23,296
Adjustments between accounting basis and funding basis under regulations (Note 5 of single entity accounts)	-73,500	0	-73,500	0	73,500	0
Net Increase (-) / Decrease before Transfers to Earmarked Reserves	-15,931	-710	-16,641	-5,022	-1,633	-23,296
Transfers to / from Earmarked Reserves (Note 38 of single entity accounts)	0	0	0	0	0	0
Increase in Year	-15,931	-710	-16,641	-5,022	-1,633	-23,296
Balance at 31 March 2014	-107,543	88	-107,455	330	-111,848	-218,973

GROUP 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.

2013/2014			Note		2014/2015		
Gross Expenditure	Gross Income	Net Expenditure / Income (-)			Gross Expenditure	Gross Income	Net Expenditure / Income (-)
£000s	£000s	£000s		Cost of Services	£000s	£000s	£000s
112,298	-27,119	85,179		Adult Social Care	111,696	-26,952	84,744
9,649	-6,134	3,515		Central Services to the Public	14,752	-8,304	6,448
268,362	-202,529	65,833		Children's and Education Services	276,447	-207,358	69,089
8,665	-397	8,268		Corporate and Democratic Core	9,169	-1,205	7,964
35,023	-10,152	24,871		Cultural and Related Services	29,243	-10,700	18,543
22,740	-8,690	14,050		Environmental and Regulatory Services	23,944	-14,848	9,096
21,291	-8,679	12,612		Highways and Transport Services	26,464	-12,704	13,760
124,303	-117,241	7,062		Housing Services	115,430	-111,890	3,540
3,818	0	3,818		Non Distributed Costs	6,094	0	6,094
14,310	-7,611	6,699		Planning Services	16,202	-7,373	8,829
18,344	-20,523	-2,179		Public Health	17,896	-20,215	-2,319
375	0	375	2	Exceptional Costs (New Directions)	-73	0	-73
639,178	**-409,075**	**230,103**		**Total Continuing Operations**	**647,264**	**-421,549**	**225,715**
				Other Operating Income and Expenditure			
		854		Precepts paid to Parish Councils			872
		37,385		Levies			37,602
		10		Contribution to Housing Pooled Capital Receipts			10
		49,326		Loss on the disposal of non-current assets			156
		63		Loss on Disposal of Assets Held for Sale			6,424
		-3,568		Other Operating Income			-727
		84,070					44,337
				Financing and Investment Income & Expenditure			
		7,121		Interest payable and similar charges			6,741
		13,981	7	Net Interest on the Net Pension Defined Benefit Liability			10,661
		-583		Interest Receivable			-674
		-1,214		Trading Operations			-1,295
		-1,559		Income and Expenditure on Investment Properties			-1,520
		488		Changes in the Fair Value of Investment Properties			-1,513
		-50		Gain on the disposal of Investment Properties			-241
		18,184					12,159
				Taxation and Non-specific Grant Income			
		275		Taxation			408
		-99,991		Income from Council Tax			-104,340
		-30,383		Non-Domestic Rates Income			-33,380
		-125,776		Non-Ringfenced Government Grants			-112,302
		-19,623		Capital Grants and Contributions			-24,059
		-275,498					-273,673
		56,859		**Deficit on Provision of Services**			**8,538**
		313		Deficit / Surplus (-) on Revaluation of non-current assets			-7,830
		0		Surplus on Revaluation of Available for Sale Financial Assets			-59
		-81,968	7	Re-measurement of the Net Defined Benefit Liability			92,465
		1,500		Deferred Tax re. Actuarial losses/gains on pension fund assets and liabilities for Sefton New Directions Limited			-717
		-80,155		**Other Comprehensive Income and Expenditure**			**83,859**
		-23,296		**Total Comprehensive Income and Expenditure**			**92,397**

Reconciliation of the Single Entity Deficit / Surplus (-) on Provision of Services to the Group Deficit / Surplus (-) on Provision of Services

2013/2014 £000s		2014/2015 £000s
57,569	Deficit for the year on Provision of Services on the Authority Income and Expenditure Statement	9,989
-710	Surplus in the Group Income and Expenditure Statement Attributable to Group Entities (adjusted for Intra-Group Transactions)	-1,451
56,859	**Deficit for the year on Provision of Services on the Group Income and Expenditure Statement**	**8,538**

GROUP 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2014 £000s		Note	31 March 2015 £000s
551,335	Property, Plant and Equipment	8	541,694
11,057	Heritage Assets		11,057
38,362	Investment Property		41,758
1,230	Intangible Assets		1,041
0	Long Term Investments		5,070
7,301	Long Term Receivables		5,890
609,285	**Long-Term Assets**		606,510
20,084	Short Term Investments		10,110
7,759	Assets Held for Sale		1,259
623	Inventories		684
35,475	Short Term Receivables	9	39,830
2,021	Prepayments		2,611
32,558	Cash and Cash Equivalents	10	41,939
98,520	**Current Assets**		96,433
-3,439	Short Term Borrowing		-10,963
-33,049	Short Term Payables	11	-43,051
-13,520	Receipts in Advance		-14,199
-762	Provisions	12	-1,290
-2,285	Deferred Liabilities		-2,288
-53,055	**Current Liabilities**		-71,791
-8,242	Provisions		-9,958
-120,527	Long Term Borrowing		-110,197
-20,229	Deferred Liabilities		-17,940
-286,770	Pensions Liability	7	-366,481
-9	Grants/Contributions Receipts in Advance (Capital)		0
-435,777	**Long Term Liabilities**		-504,576
218,973	**Net Assets**		**126,576**

31 March 2013 £000s	Balance Sheet (Continued)	Notes	31 March 2015 £000s
	Reserves		
	Usable Reserves		
17,792	General Fund - Delegated Schools		17,446
10,066	General Fund - Non Delegated Services		8,396
-88	New Directions - Profit and Loss Account		1,363
60,653	Earmarked Reserves		45,316
7,231	Capital Receipts Reserve		7,139
11,801	Capital Grants and Contributions Unapplied		13,139
107,455			92,799
	Unusable Reserves		
72,228	Revaluation Reserve		77,587
329,140	Capital Adjustment Account		318,300
-724	Financial Instruments Adjustment Account		-665
0	Available for Sale Financial Instruments Reserve		59
422	Deferred Capital Receipts		278
-285,441	Pensions Reserve	7	-365,336
470	Collection Fund Adjustment Account		8,049
-4,577	Accumulated Absences Account		-4,495
111,518			33,777
218,973	**Total Group Reserves**		**126,576**

The Notes to the single entity accounts on pages 21 to 96, and to the Group Accounts on pages 107 to 114 form part of the financial statements.

GROUP CASH FLOW STATEMENT

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

2013/2014 £000s		Note	2014/2015 £000s
	Operating Activities		
56,859	Net Deficit on the provision of services		8,538
-41,063	Adjustments to net surplus or deficit on the provision of services for non-cash movements		-30,502
-26,565	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		18,261
-10,769	Net cash flows from Operating Activities	13	-3,703
	Investing Activities		
27,232	Purchase of property, plant and equipment, investment property and intangible assets		26,464
0	Purchase of short-term and long-term investments		5,010
0	Other payments for investing activities		0
-4,384	Proceeds from the sale of property, plant and equipment, investment property and intangible assets		-2,071
-30	Proceeds from short-term and long-term investments		-10,000
-17,690	Other receipts from investing activities		-25,561
5,128	Net cash flows from Investing Activities		-6,158
	Financing Activities		
0	Cash receipts of short- and long-term borrowing		0
-8,772	Other receipts from financing activities		-4,612
2,229	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		1,849
1,024	Repayments of short- and long-term borrowing		3,243
0	Other payments for financing activities		0
-5,519	Net cash flows from Financing Activities		480
-11,160	**Net decrease / increase (-) in cash and cash equivalents**		**-9,381**
-21,398	Cash and cash equivalents at the beginning of the reporting period		-32,558
-32,558	**Cash and cash equivalents at the end of the reporting period**	10	**-41,939**

NOTES TO THE GROUP ACCOUNTS

1 INTRODUCTION

The notes below include details of where the inclusion of Sefton New Directions Limited has altered the disclosures within Sefton's single entity accounts. All other notes to the Group Financial Statements are as shown in the Notes to the single entity accounts.

2 EXCEPTIONAL COSTS

During the year New Directions incurred exceptional costs as follows:

2013/2014 £000		2014/2015 £000
121	Redundancy Costs	0
75	FRS17 Curtailment Costs re. Redundancies	56
179	FRS17 Pension Costs Provision re. Redundancies	-129
375	**Total**	-73

Exceptional items in the current year includes the release of an over provision for changes in staffing structures that were provided for in prior periods.

3 DISCLOSURE OF AUDIT COSTS

Sefton New Directions Limited incurred the following fees relating to external audit and inspection.

2013/2014 £000		2014/2015 £000
13	Fees payable to Hazlewoods for external audit services	13
13	**Total**	**13**

Sefton's expenditure on audit costs is shown in Note 18 to the single entity accounts.

4 ASSETS ON OPERATING LEASES

Sefton New Directions Limited made operating lease payments of £0.066m in 2014/2015 relating to Land and Buildings and other assets (£0.061m in 2013/2014). Sefton New Directions was committed to making payments of £0.084m for operating leases in 2015/2016; £0.032m of this commitment is due to expire in one year and £0.052m is due to expire in over five years.

Sefton's expenditure on operating leases is shown in Note 53 to the single entity accounts.

5 AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS DECISIONS

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

The authority is also required to disclose this information in the way it is reported internally to management. The Authority's departmental income and expenditure analysis is provided in Note 7 to the single entity accounts. This remains unchanged when presented on a Group Basis and as a result is not repeated here.

The following tables provide a reconciliation between the departmental income and expenditure provided in Note 7 to the single entity accounts and (1) the cost of services and (2) the surplus or deficit on the provision of services shown in the Group Comprehensive Income and Expenditure Statement.

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

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

2013/2014 £000		2014/2015 £000
261,728	**Net expenditure in the Departmental Analysis**	233,405
-910	Net income of services and support services not included in the Analysis	-1,566
-30,157	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	-4,382
-558	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-1,742
230,103	**Cost of Services in Group Comprehensive Income and Expenditure Statement**	225,715

Reconciliation to Subjective Analysis

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

2014/2015	Departmental Analysis £000	Sefton New Directions £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other Service Income	-121,615	-9,227	7,644	0	38,480	**-84,718**	-7,273	**-91,991**
Interest and investment income	0	0	0	0	0	**0**	-2,233	**-2,233**
Income from council tax	0	0	0	0	0	**0**	-104,340	**-104,340**
Income from NNDR	0	0	0	0	0	**0**	-33,380	**-33,380**
Other Operating Income	0	0	0	0	0	**0**	-2,481	**-2,481**
Government grants and contributions	-301,754	0	-35,077	0	0	**-336,831**	-136,361	**-473,192**
Total Income	-423,369	-9,227	-27,433	0	38,480	**-421,549**	-286,068	**-707,617**

2014/2015 (continued)	Departmental Analysis £000	Sefton New Directions £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Employee Expenses	226,719	6,156	-2,667	0	0	**230,208**	13,334	**243,542**
Other service expenses	383,261	1,476	-938	-1,742	-6,612	**375,445**	3,280	**378,725**
Support Service Recharges	31,115	0	753	0	-31,868	**0**	0	**0**
Depreciation amortisation and impairment	15,679	29	25,903	0	0	**41,611**	64	**41,675**
Interest Payments	0	0	0	0	0	**0**	6,741	**6,741**
Precepts and Levies	0	0	0	0	0	**0**	38,474	**38,474**
Payment to Housing Capital Receipts Pool	0	0	0	0	0	**0**	10	**10**
Gain or Loss on Disposal of non-current assets	0	0	0	0	0	**0**	6,580	**6,580**
Taxation	0	0	0	0	0	**0**	408	**408**
Total Expenditure	656,774	7,661	23,051	-1,742	-38,480	**647,264**	68,891	**716,155**
Surplus or deficit on the provision of services	233,405	-1,566	-4,382	-1,742	0	**225,715**	-217,177	**8,538**

The table below shows comparative figures for 2013/2014:

2013/2014	Departmental Analysis £000	Sefton New Directions £000	Amounts not reported to management for decision making £000	Amounts not included in I&E £000	Allocation of Recharges £000	**Cost of Services £000**	Corporate Amounts £000	**Total £000**
Fees, charges & other Service Income	-120,593	-9,264	4,074	0	46,516	**-79,267**	-7,063	**-86,330**
Interest and investment Income	0	0	0	0	0	**0**	-2,180	**-2,180**
Income from council tax	0	0	0	0	0	**0**	-99,991	**-99,991**
Income from NNDR	0	0	0	0	0	**0**	-30,383	**-30,383**
Other Operating Income	0	0	0	0	0	**0**	-3,618	**-3,618**
Government grants and contributions	-307,478	0	-22,330	0	0	**-329,808**	-145,399	**-475,207**
Total Income	-428,071	-9,264	-18,256	0	46,516	**-409,075**	-288,634	**-697,709**
Employee Expenses	220,523	6,128	904	0	0	**227,555**	16,499	**244,054**
Other service expenses	399,122	2,203	-14,335	-558	-17,328	**369,104**	3,369	**372,473**
Support Service Recharges	29,188	0	0	0	-29,188	**0**	0	**0**
Depreciation amortisation and impairment	40,966	23	1,530	0	0	**42,519**	488	**43,007**
Interest Payments	0	0	0	0	0	**0**	7,121	**7,121**
Precepts and Levies	0	0	0	0	0	**0**	38,239	**38,239**
Payment to Housing Capital Receipts Pool	0	0	0	0	0	**0**	10	**10**
Gain or Loss on Disposal of non-current assets	0	0	0	0	0	**0**	49,389	**49,389**
Taxation	0	0	0	0	0	**0**	275	**275**
Total Expenditure	689,799	8,354	-11,901	-558	-46,516	**639,178**	115,390	**754,568**
Surplus or deficit on the provision of services	261,728	-910	-30,157	-558	0	**230,103**	-173,244	**56,859**

6 EMPLOYEES' EMOLUMENTS IN EXCESS OF £50,000

Sefton New Directions Limited had one employee whose remuneration was over £50,000 in 2014/2015 (none in 2013/2014):

Details of Sefton Employees' Emoluments are shown in Notes 15 and 16 to the single entity accounts.

7 PARTICIPATION IN PENSION SCHEMES

Sefton New Directions Limited employees are eligible to join the same Local Government Pension Scheme as those employees in Sefton.

The following transactions have been made in the Group Comprehensive Income and Expenditure Statement during the year:

2013/2014		**Comprehensive Income and Expenditure Statement**	2014/2015	
Sefton Council £000s	Sefton New Directions Limited £000s		Sefton Council £000s	Sefton New Directions Limited £000s
		Cost of Services:		
20,381	778	Current Service Cost	19,402	806
852	75	Curtailment Cost	1,023	56
439	0	Administration Expenses	456	0
		Financing and Investment Income & Expenditure:		
14,058	-77	Net Interest Cost	10,942	-281
35,730	776	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	31,823	581
-75,446	-6,522	Actuarial Losses on Pension Assets and Liabilities	88,880	3,585
0	1,500	Deferred Tax re. Actuarial losses on pension fund assets and liabilities for Sefton New Directions Limited	0	-717
-39,716	-4,246	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	120,703	3,449

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2013/2014			2014/2015	
Sefton Council £000s	Sefton New Directions Limited £000s		Sefton Council £000s	Sefton New Directions Limited £000s
-851,183	-29,572	Present Value of the Defined Benefit Obligation	-1,016,670	-36,634
566,072	27,472	Fair Value of Plan Assets	654,532	31,205
0	441	Related Deferred Tax Assets	0	1,086
-285,111	-1,659	Net Liability arising from defined benefit obligation	-362,138	-4,343

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of scheme liabilities

2013/2014			2014/2015	
Sefton Council £000s	Sefton New Directions Limited £000s		Sefton Council £000s	Sefton New Directions Limited £000s
898,724	35,905	1 April	851,183	29,572
20,381	778	Current Service Cost	19,402	806
37,154	1,496	Interest Cost on Pension Liabilities	36,849	1,340
5,564	201	Contributions by scheme participants	5,989	205
-80,763	-8,298	Remeasurement Gains (-) and Losses	135,080	5,290
-30,729	-585	Benefits paid	-32,856	-635
852	75	Curtailment Cost	1,023	56
851,183	29,572	31 March	1,016,670	36,634

Reconciliation of fair value of scheme assets:

2013/2014			2014/2015	
Sefton Council £000s	Sefton New Directions Limited Restated £000s		Sefton Council £000s	Sefton New Directions Limited £000s
551,075	27,314	1 April	566,072	27,472
23,096	1,573	Interest Income	25,907	1,621
-5,317	-1,776	Remeasurement Gains / Losses (-)	46,200	1,705
22,822	745	Employer contributions	43,676	837
5,564	201	Contributions by scheme participants	5,989	205
-30,729	-585	Benefits paid	-32,856	-635
-439	0	Administration Expenses	-456	0
566,072	27,472	31 March	654,532	31,205

The liabilities show the underlying commitments that the Authority and Sefton New Directions Limited have in the long-run to pay additional retirement benefits. The total liability of £366m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in an overall balance of £135m.

The deficit for Sefton New Directions Limited on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

The total contributions expected to be made to the Local Government Pension Scheme by Sefton New Directions Limited in the year to 31 March 2016 is £0.757m.

Basis for Estimating Assets and Liabilities

All assumptions are the same as for Sefton Council (shown in Note 56 to the Notes to the single entity accounts) except for the rate for discounting scheme liabilities which is 3.3%.

8 PROPERTY, PLANT AND EQUIPMENT

The Property, Plant and Equipment (PP&E) figure in the Group Balance Sheet includes £0.185m for Vehicles, Plant and Equipment of Sefton New Directions Limited at 31 March 2014 (£0.041m at 31 March 2014) and £0.014m for Land and Buildings (£0.020m at 31 March 2014). Details of Sefton's PP&E are shown in Note 21 to the single entity accounts.

9 CURRENT ASSETS

The Current Assets figure in the Group Balance Sheet includes £0.102m for Receivables of Sefton New Directions Limited at 31 March 2015 (£0.104m at 31 March 2014). Details of Sefton's Receivables are shown in Note 31 to the single entity accounts.

10 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents held by Sefton MBC and Sefton New Directions Limited are shown below:

31 March 2014 £000s		31 March 2015 £000s
30,444	Sefton MBC - Cash and Cash Equivalents	38,650
2,114	Sefton New Directions Limited - Bank Deposits	3,289
32,558	**Total Cash and Cash Equivalents**	41,939

11 CURRENT LIABILITIES

The Current Liabilities figure in the Group Balance Sheet includes £0.646m for Payables of Sefton New Directions Limited at 31 March 2015 (£0.544m at 31 March 2014). Details of Sefton's Payables are shown in Note 33 to the single entity accounts.

12 PROVISIONS

The Current Liabilities figure in the Group Balance Sheet includes £0.352m for Short Term Provisions of Sefton New Directions Limited at 31 March 2015 (£0.528m at 31 March 2014). Details of Sefton's provisions are shown in Note 34 to the single entity accounts. Movements in New Directions' provisions during the year were as follows:

	2014/15	1 April 2014 £000s	Additions in Year £000s	Applied In Year £000s	Released In Year £000s	31 March 2015 £000s
	Short-term					
(a)	Restructuring Costs	-528	0	181	0	-347
(b)	Deferred Tax	0	-5	0	0	-5
		-528	**-5**	**181**	**0**	**-352**

Comparable figures for the previous year are shown below:

	2013/14	1 April 2013 £000s	Additions in Year £000s	Applied In Year £000s	Released In Year £000s	31 March 2014 £000s
	Short-term					
(a)	Restructuring Costs	-276	-328	76	0	-528
		-276	**-328**	**76**	**0**	**-528**

(a) **Restructuring Costs** – Restructuring costs reflects a provision for severance payments as management made and communicated a formal decision prior to 31 March 2014 to eliminate certain positions. Payments are expected to be made in the year ending 31 March 2015. The full amount was not utilised during the year ended 31 March 2015 due to the longer than expected process of implementing restructuring and liaising with trade unions. Such factors are the main uncertainties regarding the timing and quantum of payments yet to be made.

(b) **Deferred Tax** – This relates to the difference between accumulated depreciation and amortisation and capital allowances (-£0.033m) and other timing differences (£0.028m).

13 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2013/2014 £000s		2014/2015 £000s
-517	Interest received	-646
7,064	Interest paid	6,694

14 STATEMENT OF ACCOUNTING POLICIES

In addition to the accounting policies described in the Note 61 to the single entity accounts, the following policy is applicable to Sefton New Directions.

(a) EXCEPTIONAL COSTS

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of Sefton New Directions' financial performance. The additions to the Restructuring Provision are considered to be exceptional.

10 ANNUAL GOVERNANCE STATEMENT

1.1 Sefton 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. Sefton 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, Sefton Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 Sefton Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Sefton Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement. The Code of Corporate Governance requires updating in 2015/16.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and corporate vision and to consider whether those objectives have led to the delivery of appropriate services that are value for money. The Councils governance arrangements are designed to manage risk to a reasonable level, the arrangements cannot eliminate risk but can provide reasonable assurance for the Annual Governance Statement.

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 remove all risk of failing to achieve our 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:

i. identify and prioritise the risks that could prevent the Council from achieving its policies, aims and objectives;
ii. assess how likely it is that identified risks will happen and what would be the potential impact if they did; and
iii. manage the risks efficiently, effectively and economically.

2.3 The governance framework has been in place at Sefton Council from the 1 April 2014 and up to the date of the approval of the statement of accounts.

2.4 The following paragraphs summarise the core principles of Sefton Councils Governance Framework and reflect the arrangements in place to meet the six core principles of effective governance, which are:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

3. THE GOVERNANCE FRAMEWORK

3.1 The key elements of Sefton's systems and processes that comprise the Council's governance arrangements are:

- The Vision for the Council has been expressed in "One Council." This encompasses the priorities for the Council, its promises, what the leaders of the organisation are committed to and how the Council will work in partnership with the public, partners, providers and businesses;
- Members articulate their priorities for the Council in the Medium Term Financial Plan and Budget 2015-2017;
- The Constitution establishes the roles and responsibilities of the executive, non-executive and scrutiny functions. It also sets out delegation arrangements to Members and Officers, Financial Procedure Rules, Member / Officer Protocols and other supporting procedures of how decisions are taken and the processes and controls required to manage risk;
- The Head of Paid Service / Chief Executive is responsible and accountable to the authority for all aspects of operational management;
- The Head of Corporate Legal Services as Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with;
- The Head of Corporate Finance & ICT, as Section 151 Officer, is responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of financial control;
- Procedures rules, policies and internal management processes are established for Financial Management, Procurement, Health and Safety, Whistleblowing and Complaints Handling, Anti-Fraud and Corruption and Information Governance and Data Security;
- The Constitution sets out Codes of Conduct, which define the standards of behaviour for members and employees;
- All decisions made by Committees, Council, Cabinet, Cabinet Members are recorded and published on line for transparency;
- An Audit and Governance Committee is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment, the independent scrutiny of the Council's financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment; and for overseeing the financial reporting process;
- The Council has a Risk Strategy, Policy and Risk Management Handbook and the Audit And Governance Committee review the Council Corporate Risk Register quarterly and are responsible for monitoring the effective development and operation of Risk Management within the Council;
- Senior Management utilise Management Accountability Frameworks as a means of managing risk and performance;
- An Internal Audit function is resourced and maintained with regular reports to the Audit and Governance Committee;
- An External Audit function reports to "those charged with governance" in respect of the Annual Accounts of the Council;
- Reports relating to Fraud are provided to the Audit and Governance Committee on a quarterly basis, incorporating both proactive work undertaken and with regards investigation work undertaken;

- All major projects have their own project boards and risk registers and the Strategic Capital Investment Group reviews major investment strategies of the Council;
- Induction and development training is provided for members;
- The Public Engagement and Consultation Standards Panel co-ordinates and ensures the quality of public engagement and consultation;
- Annual accounts are published on a timely basis to communicate the Council's activities and achievements and its financial position and performance;

4. REVIEW OF EFFECTIVENESS

4.1 Sefton Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, which includes a report on the effectiveness of internal audit and also by comments made by the external auditors and other review agencies and inspectorates. An improvement plan has been drawn up resulting from the review; progress against the improvement plan will be reported to Audit & Governance on a quarterly basis.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is outlined as follows:

4.2 The Council continues to assess how its overall corporate governance responsibilities are discharged in line with the CIPFA Code of Corporate Governance (based on the new CIPFA/SOLACE guidance on ensuring 'Good Governance in Local Government') and the addendum "Delivering Good Governance in Local Government Framework" published in 2012. During 2014/15, CIPFA issued international guidance on Good Governance in the Public Sector. The key elements of this guidance will be reviewed in 2015/16 to determine how governance arrangements can be enhanced.

4.3 The Constitution is regularly reviewed by the Head of Corporate Legal Services (Monitoring Officer) and the Head of Governance and Civic Services, all amendments undertaken in 2014/15 have been reported to the Council's Audit & Governance Committee in accordance with the Council's Constitution and the Terms of Reference of the Committee. Protocols for the Hearing of Standards issues have been developed and included in the Audit & Governance Committee's responsibilities.

4.4 The Councils review of effectiveness of the system of internal control is informed by:

- the work undertaken by Internal Audit during the year
- the review of Internal Audit and compliance with the Public Sector Internal Audit Standards
- the work undertaken by the external auditor and reported in the annual audit and inspection letter
- other work undertaken by independent inspection bodies
- The Governance review.

4.5 The key aspects of the review of effectiveness are:

Council Planning and Outcomes

4.6 There is a clear vision of the outcomes which the Council wants to achieve for local people set out in "One Council." In 2015/16, it is intended that, all Council papers will be referenced to the Vision and Core Purpose of the Council and Council paper templates will be updated accordingly.

4.7 The Council operates a planning process which integrates all aspects of strategic, operational and financial planning which has the full involvement of members and all senior managers of the Council. This ensures financial plans realistically support the delivery of the Council's priority outcomes and strategy obligations in the short and medium terms.

4.8 The Council has outlined objectives for each service in its Service Standards document.

4.9 The Council prepares and utilises the Sefton Strategic Needs Assessment to inform Council strategies, including the Health and Wellbeing Strategy, and in turn is a factor which informs budget allocation.

4.10 The budget process for 2015/16 was subject to robust challenge by councillors and involved consultation with residents and communities.

4.11 The Council has rationalised the use of reserves to identify resources for investment and it is the intention to draw reserves together with a view to prioritising investment.

Performance Management

4.12 Management Accountability Frameworks are prepared by each Service / Directorate as a means of identifying mitigating actions for the key risks facing the delivery of objectives for Council services. A process exists for developing training needs, including for senior managers, which is reviewed at the Learning and Development Board

4.13 The Council intends to review and improve its performance management arrangements in 2015/16.

Constitution Review

4.14 The Council's Constitution has been subject to regular in-depth review at the Audit and Governance Committee throughout the year.

4.15 This has included a review of the Council's Confidential Reporting (Whistleblowing) arrangements, which was presented to the Audit and Governance Committee in March 2015.

Statutory Officers

4.16 The corporate statutory functions undertaken by the Head of Paid Service, Monitoring Officer and S.151 Officer were effectively fulfilled during 2014/15 and up to the date of this report.

Decision Making and Scrutiny

4.17 The Cabinet is responsible for the key decisions of the Council. The Cabinet met frequently and made decisions in line with the Council's overall policies and budget. The decisions of the Cabinet were subject to scrutiny through four Overview and Scrutiny Committees and Management Board, which met regularly during the year.

4.18 The Overview and Scrutiny Committees have reviewed a wide variety of reports, including joint working arrangements and scrutiny with the Health Service, Children Services Review, Liverpool Combined Authority Scrutiny, Ofsted Annual Report for the region and the impact of Welfare Reform in Sefton.

4.19 All decisions made by Committees, Council, Cabinet, Cabinet Member (under their delegated powers) and Chief Officer executive decisions are recorded and published on line for transparency. Delegation arrangements for Cabinet Members are reviewed annually as part of the appointments process. The Council publishes a calendar of meetings and deadlines for the submission of agenda items; agendas and reports are produced promptly and provided to the relevant Members.

4.20 One of the agreed actions from the Annual Governance Statement for 2013/14 was for the Corporate Complaints procedure to be reviewed. New procedures have been developed and a new system is to be implemented in 2015/16.

4.21 The Standards function is conducted by the Audit and Governance Committee, who are responsible for ensuring high ethical standards amongst elected members. In 2014/15, procedural rules were reviewed with revised procedures approved by the Council and the Constitution updated.

Audit and Governance Committee

4.22 The Audit and Governance Committee provides independent assurance on the adequacy of the Council's governance environment. All parties are represented on the Audit and Governance Committee.

4.23 The Committee met regularly during 2014/15, considering reports, from the Chief Internal Auditor including the Annual Internal Audit Report, the S.151 officer, the Monitoring officer and the External Auditor.

Internal Audit

4.24 The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of Council activities. It is the duty of the Chief Internal Auditor to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council.

4.25 Based upon the work of Internal Audit during 2014/15, the Interim Chief Internal Auditor provided the Council with an overall fair assurance opinion on the arrangements for gaining assurance through the governance framework and on the controls reviewed as part of the Internal Audit programme. A "fair" opinion is summarised as there being some weaknesses in key areas and the application of key controls examined. The level of assurance remained at a similar level from 2013/14.

4.26 There were some significant concerns identified from audits and investigations at a relatively limited number of specific schools. This emphasises the need for a refreshed and enhanced audit input into school governance.

4.27 It was also highlighted to the Audit and Governance Committee that it would benefit from increased levels of coverage by Internal Audit in 2015/16 in order to provide a more comprehensive level of assurance.

4.28 The Public Sector Internal Audit Standards were introduced from April 2013. A self-assessment of Internal Audit's compliance with the Standards has been undertaken and presented to the Audit and Governance Committee in June 2015. This self-assessment has identified several areas where development and improvement will be targeted in 2015/16, including a revised Internal Audit Charter which will be submitted to the Audit and Governance Committee.

Risk Management

4.29 The Council managed its risks during 2014/15 in accordance with the Council's Risk Management Handbook. The Senior Leadership Team considers the Corporate Risk Register on a quarterly basis. Quarterly risk management reports were submitted to the Audit and Governance Committee.

4.30 The Internal Audit Plan for 2015/16, presented to the Audit and Governance Committee in March 2015, is based upon the key risks faced by the Council identified in Risk Registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2015/16.

4.31 It was intended for the Council to develop its risk framework further in 2014/15 with the standardisation of Departmental / Section / Risk Registers as part of the process to further embed risk management throughout the Council. Further work is required in 2015/16 to implement these actions.

External Audit

4.32 PwC is currently the Council's appointed External Auditor. As well as the examination of the Council's financial statements, the work of the Council's External Auditor includes an assessment of the degree to which the Council delivers value for money in the use of its resources. In its Annual Report for 2013/14, PwC stated that the Council had proper arrangements in place for securing economy, effectiveness and efficiency in its use of resources and for securing financial resilience. Meetings have been held with Ernst & Young, who will commence auditing the Council from 2015/16.

Other External Inspections

4.33 An Ofsted Inspection of Early Years Provision was presented to the Children's Services Overview and Scrutiny Committee in March 2015. The Overview and Scrutiny report concluded that "the most recent Early Years inspection outcome data.. reveals a very positive picture, with the exception of childminders" and " .. Early Years Outcomes are at a very high standards, in most cases outperforming National and Local averages…"

Fraud

4.34 The Audit and Governance Committee received regular reports related to counter fraud and fraud investigations throughout 2014/15.

4.35 Actions set out in the previous Annual Governance Statement relating to improvements in Strategic Counter Fraud arrangements have not been implemented, however, and these actions, together with a comprehensive review of the Council's position related to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption needs to be reported to the Audit and Governance Committee in 2015/16.

Member Development

4.36 Induction training was provided for new members during 2014/15 and member training and development sessions were provided and well attended covering several areas such as the Care Act, Corporate Parenting and Emergency Planning.

4.37 Training has also been provided to members of the Audit and Governance Committee.

Consultation and Engagement

4.38 The Public Consultation and Engagement Panel met regularly during 2014/15 and received a wide variety of reports on how the Council engages with residents and the public. The Panel provided an Annual Report on its activities in June 2014.

Third Party Assurance

4.39 The Council initiated actions to improve reliance it can place upon arvato undertaking assurance reviews on the fundamental systems it operates on behalf of Sefton Council. This has involved the provision of self-assessments by arvato, however, further developments are required prior to the Council being able to place appropriate levels of reliance upon these self-assessments.

4.40 The transfer of the Council's financial management system to Halton Council has removed the need for some of these tasks to be completed and the Council will draw upon assurances obtained by Halton Council in 2015/16.

Partnership Governance

4.41 Arrangements relating to governance arrangements for when the Council enters working arrangements with other bodies have been enhanced by the introduction of a "New Realities" framework, which set out collaborative and partnership working principles with the Voluntary, Community and Faith sector. A framework for working in partnership with Parish and Town Councils was also set out in the "Parish and Town Council Charter for Sefton."

4.42 These partnership frameworks will be further enhanced in 2015/16 by the agreement of a Strategic Alliance agreement for working arrangements with other local authorities.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 Sefton Council continues to face very significant financial challenges associated with a significant reduction in Central Government funding and demographic pressures for services. The Council's Medium Term Financial Strategy is reflective of these pressures and will be subject to annual review to ensure the Council can recognise these challenges and have plans in place to address these. This is becoming increasingly more difficult as efficiency opportunities diminish and will result in the Council planning for further significant service cuts in future years.

5.2 The Annual Governance Statement process allows the Council to identify any significant actions it is proposing to undertake to its corporate governance arrangements. The following includes an outline of actions taken or proposed to deal with significant governance issues.

5.3 Code of Corporate Governance

The Code of Corporate Governance was previously approved by the Council in 2007/08. The Code has limited visibility within the Council and requires review, refreshing and publicising. The review should be informed by the latest CIPFA Guidance on Good Governance in the Public Sector. A revised version of the Code will be presented to the December meeting of the Audit and Governance Committee. A process for the overseeing the implementation of the Code of Corporate Governance throughout the year should be reinstated and methods explored of the monitoring of governance throughout the Council with more widespread senior management input.

5.4 Delivery of Council Objectives and Performance Management

The Performance Management system utilised by the Council, as per the Council Intranet, will be updated in light of the Council restructure and linked to Council Objectives.

5.5 Corporate Complaints Procedure

The implementation of an action from the 2013/14 Annual Governance Statement for the Complaints procedure to be reviewed was delayed pending the introduction of a relevant new I.T system and the new procedures will be introduced in 2015/16.

5.6 Schools Governance

Audit coverage of schools in 2014/15 identified significant concerns and highlights the need to review and prioritise coverage in conjunction with assessing the Council's risk profile.

5.7 Internal Audit Assurance

There is a need for a more significant proportion of Audit resources to be directed towards assurances required as contained within the Audit Plan agreed at the Audit and Governance Committee. This was reported in the Chief Internal Auditor's Annual Report to the Audit and Governance Committee.

5.8 Public Sector Internal Audit Standards (PSIAS)

The self-assessment against the Public Sector Internal Audit Standards identified partial compliance. Improved compliance with the standards will be developed in 2015/16 by means of an action plan. Progress will be reported to Audit & Governance Committee.

5.9 Risk Management

The Council's Risk Management arrangements need enhancing in order that both Corporate and Service risks are effectively identified and managed. This will aid the embedding of risk management throughout the Council.

5.10 Managing the Risk of Fraud

The Council needs to formally assess its position against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

5.11 Third Party Assurance

Further work is required to ascertain the most appropriate means of seeking assurance on fundamental systems operated by a contractor.

5.12 Management of Deprivation of Liberty Standards

There has been an increase in the number of requests for assessments as a result of the clarification of the law in respect of Managing the Deprivation of Liberty standards. Management have responded to this by establishing a process and additional staff to ensure assessments with the aim of ensuring the more efficient undertaking of assessments

5.13 Care Act Implementation

Senior Management have assessed that one of the impacts of the introduction of the Care Act 2014 has been an increase in assessments, care arranging and safeguarding incidents. Actions have been undertaken to address these challenges by the securing of additional capacity.

6. STATEMENT

6.1 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of the effectiveness and will monitor the implementation and operation as part of the next annual review.

Signed

Robert Brennan
Chair, Audit and Governance Committee

Margaret Carney
Chief Executive

Date

9th September 2015

ANNUAL GOVERNANCE STATEMENT 2014/2015

SIGNIFICANT GOVERNANCE ISSUES - ACTION PLAN

AGS Ref	Governance Issue	Actions Planned To Address The Issue	Responsible Officer(s)	Target Date
5.3	**The Code of Corporate Governance has not been updated.**	The Code to be reviewed and updated during 2015/16.	Head of Regulation and Compliance.	December 2015
5.3	**There is limited visibility within the Council of the Code of Corporate Governance and processes relating to the monitoring of the implementation of the actions from the Annual Governance Statement throughout the year require improvement.**	A process for the regular review of the implementation of the Code of Corporate Governance should be reinstated with reporting to the Audit and Governance Committee. Methods of engaging senior management, such as via Assurance Statements, in the review of governance arrangements to be agreed and communicated.	Head of Regulation and Compliance / S.151 Officer	December 2015
5.3	**New CIPFA Guidance on Good Governance in the Public Sector**	The CIPFA /IFAC International Framework on "Good Governance in the Public Sector should be reviewed to determine how governance arrangements can be enhanced.	Head of Regulation and Compliance	December 2015
5.4	**Delivery of Council Objectives and Performance Management**	Performance Management and Service Delivery processes be reviewed and linked to the Council's Vision and Strategic Objectives.	Head of Paid Service	March 2017
5.5	**The revised Complaints Procedures to be formally adopted.**	The Complaints Procedure to be formally adopted.	Head of Communities	October 2015
5.6	**Schools Governance**	Internal Audit coverage of Schools Governance to be reviewed and presented to the Audit and Governance Committee.	Chief Internal Auditor	December 2015
5.7	**Internal Audit Delivery**	Increased levels of assurance to be attained by Internal Audit and to be monitored by the provision of KPI data to the Audit and Governance Committee.	Chief Internal Auditor	March 2016
5.8	**Public Sector Internal Audit Standards**	Actions identified from the self-assessment of Internal Audit against the Public Sector Internal Audit Standards to be addressed and reported back to the Audit and Governance Committee.	Chief Internal Auditor	January 2016
5.9	**Risk Management**	Development of the Council's Risk Framework. Standardisation of Departmental / Section / Operational Risk Register	Head of Corporate Finance & ICT	December 2015

5.10	**Counter Fraud Arrangements**	The Council should assess itself against and report to the Audit and Governance Committee on compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. Policies and Procedures relating to strategic counter fraud to be reviewed amended and approved. Training to be delivered to raise awareness of the Councils counter fraud response. A Fraud Response Plan to be developed agreed and approved.	Head of Corporate Finance & ICT / Chief Internal Auditor	December 2015
5.11	**Third Party Assurance**	The Council should determine its optimum approach to the provision of assurance in respect of the fundamental systems operated by arvato.	Head of Corporate Finance & ICT	December 2015

Independent auditors' report to the Members of Sefton Metropolitan Borough Council (the "Authority")

Report on the financial statements

Our opinion

In our opinion, Sefton Metropolitan Borough Council's Group and Authority financial statements (the "financial statements"):

- give a true and fair view of the state of the Group and of the Authority's affairs as at 31 March 2015 and of the Group and of the Authority's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

What we have audited

The financial statements comprise:

- the Group and Authority Balance Sheets as at 31 March 2015;
- the Group and Authority Comprehensive Income and Expenditure Statements for the year then ended;
- the Group and Authority Movement in Reserves Statements for the year then ended;
- the Group and Authority Cash Flow Statements for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a statement of accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Responsible Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response ; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Responsible Financial Officer

As explained more fully in the Statement of Responsibilities set out on page 11 the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Group's and the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Responsible Financial Officer's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of Accounts 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.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, Sefton Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Our responsibilities and those of the Authority

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 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Certificate

We certify that we have completed the audit of the Group and of the Authority financial statements of Sefton Metropolitan Borough Council in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Ian Looker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square, Manchester
25 September 2015

(a) The maintenance and integrity of the Sefton Metropolitan Borough Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

12 GLOSSARY

ACCOUNTABLE BODY

Projects financed from Government / European resources in some instances require grant claims from recognised legal entities, especially when a partnership or voluntary organisation is involved. This accountable body (usually the local authority) is held responsible for the proper completion of grant claims, ensuring that appropriate financial systems are in place and to receive and distribute the grant.

ACCRUALS

The concept that income and expenditure are recognised in the accounts as they are earned or incurred not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

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

(i) Events have not coincided with the actuarial assumptions made for the last valuation (Asset and Liability Gains and Losses); or

(ii) The actuarial assumptions have changed.

AMORTISATION

The accounting technique of recognising a cost or item of income in the Income and Expenditure Account 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.

AUTHORITY

Another term used to refer to the Council.

BALANCES

These represent accumulated monies of the Authority. Non-School General Fund balances may be utilised to reduce the amount to be met from Revenue Support Grant, NNDR and local taxpayers. School balances can be used by schools to finance future years’ expenditure.

BEST VALUE

The Local Government Act 1999 introduced the principle of Best Value and places a statutory duty on authorities to provide economy, efficiency and effectiveness in the provision of its services.

BUSINESS IMPROVEMENT DISTRICT

Business Improvement Districts are business led partnerships which are created through a ballot process to deliver additional services to local businesses.

Business Improvement Districts cover a defined area in which a levy is charged on all business rate payers in addition to the business rates bill. This levy is used to develop projects which will benefit businesses in the local area.

CAPITAL CHARGES

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

CAPITAL EXPENDITURE

Capital expenditure is the acquisition of a fixed asset or expenditure which adds to the value of the existing fixed asset (e.g. building of a school). It can be spent either directly by the local authority or indirectly in the form of grants to other persons or bodies.

CAPITAL RECEIPTS

The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance Capital Expenditure or to repay leasing charges or outstanding debt on assets originally financed through loan. A proportion of capital receipts may need to be set aside to meet future liabilities.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

CIPFA is the leading professional accountancy body for public services, which has responsibility for setting accounting standards in Local Government.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN GREAT BRITAIN (THE CODE)

The Statement of Accounts is produced in accordance with CIPFA's Code of Practice on Local Authority Accounting in Great Britain, which is updated annually. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which "presents fairly" the financial position and transactions of a local authority.

COMMUNITY ASSETS

These are assets that the Authority intends to hold indefinitely, have no determinable useful life and may have restrictions on their disposal. Examples include parks and historic buildings.

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority’s control.

CONTINGENT LIABILITY

A condition that 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 that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

COUNCIL TAX

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

CURRENT SERVICE COSTS (PENSIONS)

The increase in the present value of a defined benefit scheme’s liabilities expected to arise from employee service in the current year.

CURTAILMENT

For a defined benefit scheme, 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 scheme so that some or all of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEFERRED CAPITAL RECEIPTS

Deferred Capital Receipts are derived from the sale of Assets receivable over an agreed period of time, principally mortgages relating to the sale of Council houses.

DEFERRED CREDITS

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 Council houses.

DEFINED BENEFIT SCHEME

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

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme 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 scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

DEPRECIATED REPLACEMENT COST (DRC)

A method of valuation that provides a recognised proxy for the market value of specialised properties.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

DISCRETIONARY BENEFITS

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

EARMARKED RESERVES

Earmarked reserves are created by setting resources aside for future events or to equalise expenditure between years. Earmarked reserves do not affect service expenditure in the year of creation.

EMOLUMENTS

Amounts paid to or receivable by an employee including expenses allowances chargeable to tax, and the estimated money value of any other benefits received by an employee other than in cash.

EVENTS AFTER THE BALANCE SHEET DATE

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

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.

EXPECTED RATE OF RETURN (ON PENSIONS ASSETS)

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

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.

FAIR FUNDING

Under Section 48 of the School Standards Framework Act 1998, Local Education Authorities (LEAs) are required to have schemes dealing with the financing of schools. These govern the financial relationship between maintained schools and LEAs from the inception of the new funding framework on 1 April 1999

FINANCE LEASE

A lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee.

FIXED ASSETS

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

GENERAL FUND

This is the account where costs are charged for the year of the major functions for which the Authority is responsible (excluding the Collection Fund). Income to the Fund includes charges made by the Authority, specific Government and other grants and receipts from the Collection Fund.

HERITAGE ASSETS

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture.

IMPAIRMENT

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

INFRASTRUCTURE ASSETS

These include facilities to enable other developments to take place, including roads, street lighting and coastal defence works.

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. Purchased intangibles (e.g. software licences) are capitalised at cost, whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity’s financial position, and a standardised method of comparison with financial statements of the other entities.

INVENTORIES

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

LIQUID RESOURCES

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

LOCAL MANAGEMENT OF SCHOOLS (FAIR FUNDING)

The Authority is required to delegate responsibility for the management of a large proportion of its Nursery, Primary, Secondary and Special School budgets to schools. Individual schools are allocated a share of the budget through a formula mechanism, which distributes funds primarily on the basis of age weighted pupil numbers.

LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

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.

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, but the proceeds are split, with 50% paid to Central Government, 1% paid to the Merseyside Fire and Rescue Authority and 49% retained by the Council.

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 REALISEABLE 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.

NON-OPERATIONAL ASSETS

These are assets, which are held by the authority but not directly occupied, used or consumed in the delivery of services. Examples include assets that are surplus to requirements, pending sale or redevelopment.

OPERATING LEASES

In an operating lease, the ownership of the asset remains with the leasing company and the annual rent is charged to the annual service account. Expenditure financed by operating leases does not count against capital allocations.

OPERATIONAL ASSETS

These are assets that are held and occupied, used or consumed in the direct delivery of services for which the Authority is responsible.

PAST SERVICE COST / GAIN

For a defined benefit scheme, the increase or reduction in the present value of the scheme liabilities related to employees service in prior periods arising in the current period as a result of the revision of scheme benefits.

PAYABLES

Amounts owed by the Authority for goods and services provided for which payment has not been made by the end of the financial year.

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 issued by the Merseyside Police and Crime Commissioner, Merseyside Fire and Rescue Authority (and Parish Councils where appropriate), which is collected by the Council on their behalf by adding the precept to its own Council Tax.

PRIOR YEAR ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies and from the correction of fundamental errors. They do not include normal recurring corrections and adjustments of accounting estimates made in prior years.

PROVISIONS

Provisions represent sums set aside for liabilities or losses, which are certain to arise but, owing to their inherent nature, cannot be quantified with any certainty.

PUBLIC WORKS LOANS BOARD (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

RECEIVABLES

Sums of money due to the Authority but not received by the end of the financial year.

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.

REMUNERATION

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

RESERVES

A reserve is an amount, which has been set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

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 SUPPORT GRANT (RSG)

This is a Government grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

REVENUE EXPENDITURE

This is money spent on the day-to-day running costs of providing services (e.g. salary costs). It is usually of a constantly recurring nature and produces no permanent asset.

SCHEME LIABILITIES

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

SECTION 52 / 106 AGREEMENTS

The Council is able to restrict or regulate the development or use of land by requiring that a developer deposit funds with the Authority when granting planning permission. The funds are either used directly by the Authority to undertake work, such as providing access from the existing highway to a new development, or held as a deposit which is refundable to the developer when the conditions attached to the planning permission, such as landscaping work, are complied with. The statutory basis for such agreements is currently contained within Section 106 of the 1990 Town and Country Planning Act and previously, within Section 52 of the 1971 Town and Country Planning Act.

SERVICE REPORTING CODE OF PRACTICE (SERCOP)

A CIPFA Code established to modernise the system of Local Authority accounting and reporting to ensure that it meets the changed and changing needs of modern Local Government; particularly the duty to secure and demonstrate best value in the provision of services.

The Code establishes ‘proper practice’ with regard to consistent financial reporting below the Statement of Accounts level and is statutory force in England by regulations made under the Local Government Act 2003.

SET ASIDE CAPITAL RECEIPTS

These are receipts that have to be reserved under the Local Government and Housing Act 1989 and can only be used to repay external debt or in substitution for new external borrowing.

SETTLEMENT

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.

SPECIFIC GOVERNMENT GRANTS

These are designed to aid particular services or reimburse the costs of payments made to claimants. Examples of specific grants include Dedicated Schools Grant, Standards Fund and Housing and Council Tax Benefit Subsidy. Assistance may also be given in aid of specific capital expenditure, e.g. Housing Market Renewal Grant and Stronger Safer Communities Fund.

STATUTORY PROVISION FOR THE FINANCING OF CAPITAL INVESTMENT

This is the amount required to be set aside from revenue for the repayment of external loans. It is calculated in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414], in conjunction with the DCLG guidance on the minimum revenue provision (published in February 2012).

TREASURY MANAGEMENT

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

TRUST FUNDS

These are funds administered by the Council on behalf of charitable organisations and/or specific organisations.

USABLE CAPITAL RECEIPTS

These are receipts which, after allowing for the proportion to be set aside, may be used to finance capital expenditure.

USEFUL LIFE

The period over which the Local Authority will derive benefits from the use of a fixed asset.

13 ABBREVIATIONS

A & G	Audit and Governance
CDC	Corporate and Democratic Core
CERMS	Continuous Emission Rate Monitoring System
CFR	Capital Financing Requirement
CIA	Chief Internal Auditor
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CVS	Council for Voluntary Service
DCLG	Department of Communities and Local Government
DRC	Depreciated Replacement Cost
DSG	Dedicated Schools Grant
EUV	Existing Use Value
HCF&ICT	Head of Corporate Finance and ICT
HCLS	Head of Corporate Legal Services
HCP	Head of Corporate Personnel
HMRI	Housing Market Renewal Initiative
HR	Human Resources
HRA	Housing Revenue Account
IAS	International Accounting Standards
ICT	Information and Communication Technology
FRS	Financial Reporting Standard
IFRS	International Financial Reporting Standard
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LEA	Local Education Authority
LGPS	Local Government Pension Scheme
MBC	Metropolitan Borough Council
MMI	Municipal Mutual Insurance Limited
MPF	Merseyside Pension Fund
MRICS	Member of the Royal Institution of Chartered Surveyors
NHS	National Health Service

NDR	Non-Domestic Rates
PCT	Primary Care Trust
PFI	Private Finance Initiative
PP&E	Property, Plant and Equipment
PWLB	Public Works and Loans Board
REECH	Renewables and Energy Efficiency in Community Housing
RSG	Revenue Support Grant
SOLACE	Society of Local Authority Chief Executives
SERCOP	Service Reporting Code of Practice
TPS	Teachers' Pension Scheme
VAT	Value Added Tax
VOA	Valuation Office Agency

14 USEFUL ADDRESSES

Additional financial information on Sefton MBC and related organisations is usually available at libraries throughout the Borough and on our website (www.sefton.gov.uk). Further copies are also available upon request to the following addresses.

Sefton Council

Head of Corporate Finance and ICT,
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

Sefton New Directions

Sefton New Directions Limited Annual Financial Statements can be obtained from:

Sefton New Directions Limited Head Office,
Third Floor,
The Investment Centre,
375 Stanley Road,
Bootle,
Merseyside,
United Kingdom
L20 3EF

Pension Fund Information

The Merseyside Pension Fund's Annual Report can be obtained from:

The Pension Manager
Merseyside Pension Fund,
PO Box 120,
7th Floor,
Castle Chambers,
43 Castle Street,
Liverpool
L69 2NW

CONTACT US

If you have any questions or comments on the Statement of Accounts please write to the Head of Corporate Finance and ICT at the above address. We would particularly like to hear from you if you have any suggestions on how the accounts could be improved.