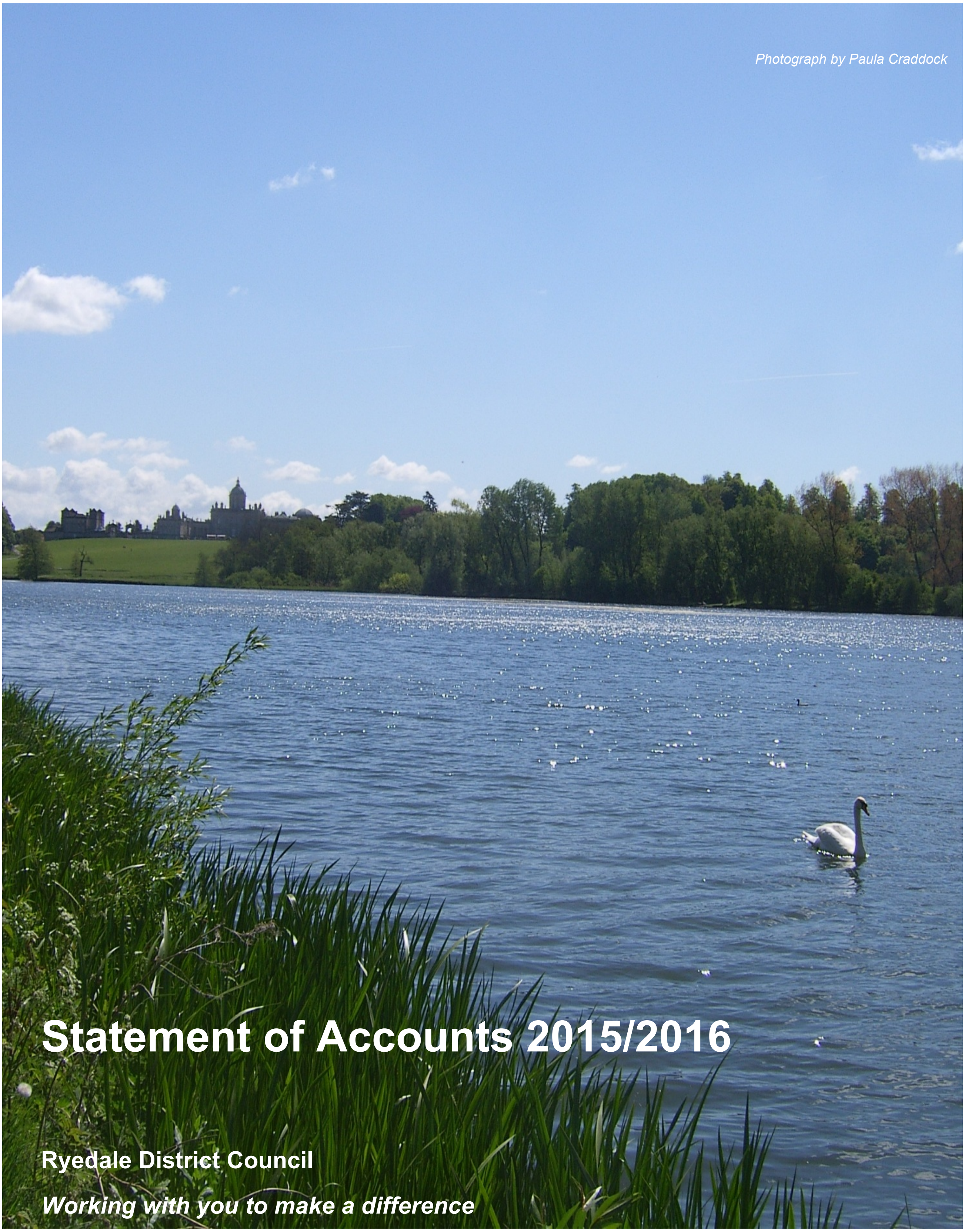
RYEDALE
DISTRICT
COUNCIL


Photograph by Paula Craddock

Statement of Accounts 2015/2016

Ryedale District Council

Working with you to make a difference

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1. **Introduction**

The Narrative Report (a change in requirements for 2015/16 replacing the Explanatory Foreword) provides a concise explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

2. **Explanation of the Financial Statements**

The Council's accounts for the year ended 31 March 2016 are set out on pages 9 to 69. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2015/2016* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the ***Statement of Responsibilities for the Accounts*** - sets out the respective responsibilities of the Authority and the Chief Financial Officer (Finance Manager).

- the ***Movement in Reserves Statement*** – this statement shows the movement in the year on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services more details of which are shown in the Comprehensive Income and Expenditure Statement. The net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

- the ***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.

- the ***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 (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those 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'.

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

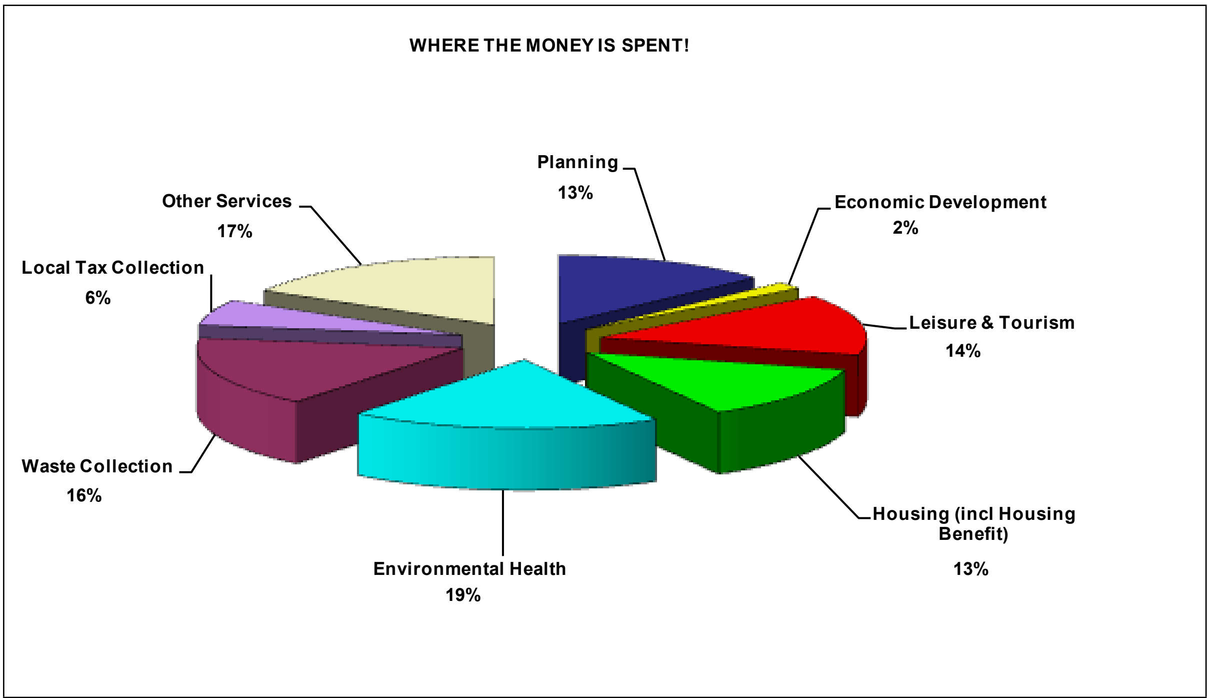
Supplementary Statements:

- the ***Collection Fund Statement*** – 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.

- the ***Annual Governance Statement*** – which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

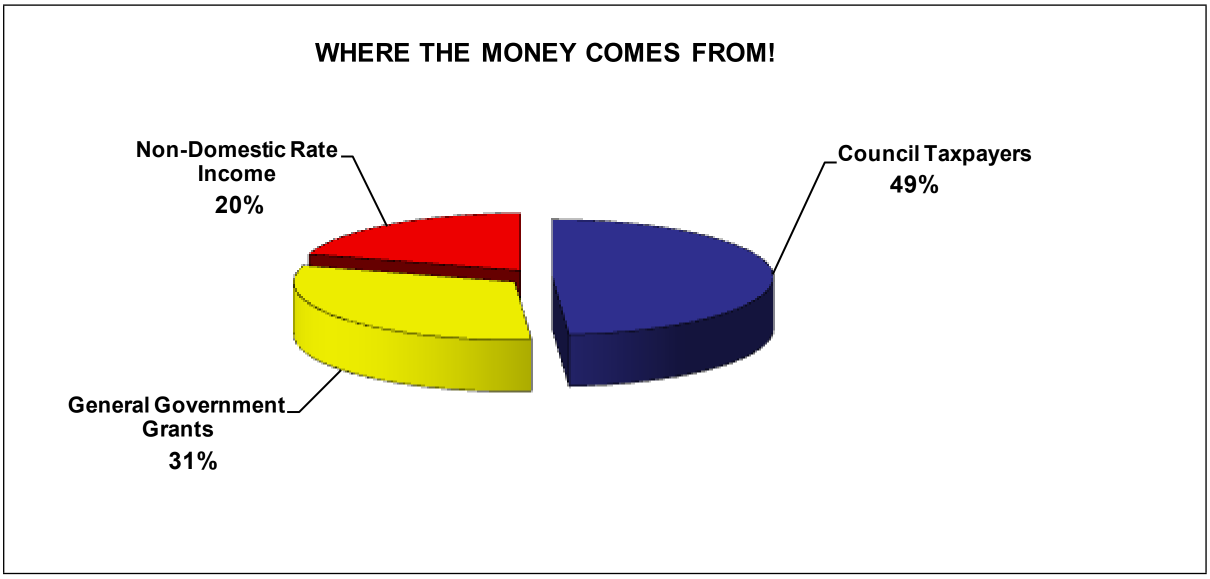
3. General Fund Revenue Expenditure in 2015/2016

The net cost of the Authority's revenue activities was £8.188m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on Pages 84 and 85 of this document.

After adjusting for the payment of parish precepts of £0.749m, the receipt of investment income (£0.099m) and the net credit from appropriations £0.262m the amount met from Taxation and Non-Specific Grant Income was £9.100m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 49% (£4.440m) was provided by the Council Taxpayers, an additional 20% (£1.852m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 31% (£2.808m) from non-ringfenced general government grants such as the Revenue Support Grant.

4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2015/16 and how these compared with the actual expenditure are set out below:

	Original Budget £000	Actual £000	Difference £000
Net Cost of Services	**7,935**	**8,188**	**253**
Other Operating Expenditure:			
Precepts paid to Parish Councils	749	749	-
Capital Receipts unattached to non current assets	-	(13)	(13)
(Gains) / Losses on disposal of non current assets	-	-	-
	749	**736**	**(13)**
Financing and Investment Income & Expenditure			
Interest Payable	103	72	(31)
Pensions interest cost & expected return on pension assets	1,120	653	(467)
Income from Investments	(59)	(99)	(40)
Income and expenditure in relation to investment properties	(27)	18	45
	1,137	**644**	**(493)**
Taxation & Non Specific Grant Income			
Council Precept	(4,379)	(4,379)	-
Collection Fund Surplus	(104)	(62)	42
Retained Business Rates	(1,775)	(1,852)	(77)
Revenue Support Grant	(1,315)	(1,315)	-
Other General Government Grants	(1,443)	(1,492)	(49)
	(9,016)	**(9,100)**	**(84)**
(Surplus) / Deficit on Provision of Services	**805**	**468**	**(337)**
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	-	-
Actuarial (gains) / losses on Pensions assets / liabilities	-	(2,873)	(2,873)
Total Comprehensive Income and Expenditure	**805**	**(2,405)**	**(3,210)**
Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves	(1,276)	1,552	2,828
Contributions to (+) or from (-) earmarked reserves	471	853	382
Increase/Decrease in General Fund Balance for Year	**-**	**-**	**-**

In overall terms, the Council achieved a surplus of £650k for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to the Council's New Homes Bonus Reserve.

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 84 and 85.

There are no material assets acquired or liabilities incurred that warrant specific disclosure and explanation.

5. Reserves

The balance of General Fund Earmarked Reserves during 2015/16 has increased by £0.853m from £5.056m to £5.909m at 31 March 2016.

Major drawings included a sum of £0.494m from the Collection Fund Equalisation Reserve to offset the deficit from Business Rates Income and a drawdown of £0.213m from the Restructure Reserve as contribution towards the costs of redundancy.

Major contributions to reserves and balances included the transfer of £0.401m into the Capital Fund to finance the capital programme and the transfer of £1.190m into the New Homes Bonus Reserve.

For further details regarding the purpose and balances of the Authority's reserves see Note 8 to the Accounts.

6. **Pension Liability**

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £20.440m as at 31 March 2015 to £18.359m as at 31 March 2016. This decrease of £2.081m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

7. **Capital Expenditure**

The original capital budget for the financial year 2015/16 totalled £1.263m. As 2015/16 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year. This in turn has lead to the re-profiling of planned financing through prudential borrowing. The re-profiling of expenditure resulted in an increase of £0.826m and a revised budget of £2.089m.

The total amount invested in the capital programme for 2015/16 was £1.076m. Investment in schemes included essential IT Infrastructure works (£0.133m), Housing Grants and Loans (£0.519m) and a final contribution towards the Pickering Flood Defence Scheme (£0.200m).

Under spends included Housing Grants and Loans (£0.264m), Property Condition Survey (£0.243m), slippage on the Assembly Rooms and Milton Rooms Preservation Works (£0.155m) and IT Infrastructure Strategy (£0.101m).

Of the £1.076m capital expenditure incurred some £0.740m was funded through external borrowing, with a further £0.302m being financed by external grants and contributions.

The variance between the forecast capital expenditure and the final outturn for the year was an underspend of £1.013m This variance will need re-profiling into 2016/17 along with associated financing. Therefore this does not present any financial issues for the Council.

The table below summarises the approved resources available for the 2015/16 Capital Programme and the indicative programme to 2019/20. This level of resources ensure that overall planned spending and funding are in balance.	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
No revenue consequences					
Capital receipts	443	30	30	30	30
Grants and Contributions	200	200	200	200	200
Council Resources	706	745	519	465	365
Total	**1,349**	**975**	**749**	**695**	**595**
With revenue consequences					
Prudential Borrowing	740	320	0	0	0
Total	**740**	**320**	**0**	**0**	**0**
Total	**2,089**	**1,295**	**749**	**695**	**595**

8. **Changes in Accounting Policy**

There were no significant changes to Accounting Policy in 2015/16.

9. **Non Adjusting Events after the Reporting Date**

On the 23rd June 2016 the UK voted to leave the European Union. The full impact of this is unknown and inevitably the country is now in a period of uncertainty.

10. **Sustainability**

Sustainability in Procurement is the process of purchasing goods and services which takes into account the wider outcomes whether these are social, economic or environmental impact that such purchasing has on people and communities whilst still achieving value for money. This generally means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally.

Ryedale District Council is addressing this through:

- Embedding sustainability within the procurement process including whole life costing
- Raising awareness within the authority
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

"The Public Services (Social Value) Act 2012 places a statutory duty on authorities to consider in their procurement and commissioning processes:

a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and

b) how, in conducting the process of procurement, it might act with a view to securing that improvement"

Ryedale District Council is committed to ensuring any secured improvement is sustained.

Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but where possible, also seek to:

- Benefit local people and organisations, including developing the third sector and SMEs in our district
- Encourage innovative approaches to social, environmental and economic issues in our district
- Deliver sustainable solutions, benefiting our communities beyond the length of a contract
- Improve job opportunities and skills in the district

A number of initiatives have been introduced to reduce greenhouse gas emissions from Council owned buildings, as well as in transportation including LED lighting and efficient gas fired boilers, resulting in lower CO_2 emissions from reduced energy use.

Operational vehicle mileage has reduced as adjustments to waste collection rounds have been made, particularly with the changes to the garden waste service with a reduced level of households since charges were implemented (46% participation rate) plus Staff and Councillor mileage has reduced significantly over the last few years as employee numbers have decreased as part of ongoing transformational efficiencies programmes to rationalise and cutting out “waste” from back office processes. Additionally, all replacement vehicles benefit from the technological advances in reducing vehicle emissions such as Euro 6 technology. Our vehicles are going further on every litres of diesel that we use compared to previous years.

Other initiatives include recycling redundant wheelie bins and every effort is made to source second hand reconditioned parts for vehicles where feasible.

Changes to the waste collection service are on-going using route optimisation software to streamline collection rounds, leading to time saving, fewer road miles and reduced fuel use.

11. Medium Term Financial Plan for 2015/16 to 2019/20

In preparing the Medium Term Financial Plan (MTFP) for 2015/16 to 2019/20, the aim was to align to the objectives set out in the Council Plan. The MTFP was approved at Council on 23 February 2015 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

The revenue budget reductions included in the MTFP highlighted that the Council would have to continue to significantly reconfigure its future business and organisational arrangements in order to provide value for money public services. Information provided in the settlement was for 2015/16 only and no indicative figures were issued for 2016/17. Subsequent announcements, ending with the 2016/17 final Local Government Finance Settlement of 8 February 2016, have enabled a much more comprehensive assessment of the Council's future financial position. As a result the budget reduction requirement for the period 2015/16 to 2019/20 increased from £1.4m in February 2015 to £2.1m in February 2016.

The major influences on the budget going forward into 2017/18 and beyond are the continued anticipated reductions in Government support, including the outcomes from the New Homes Bonus consultation as well as implementation of 100% business rates retention, coupled with expenditure pressures including pay and price inflation.

The Medium Term Financial Plan will be revisited and will elaborate further on how the Council expects to deliver future savings to tackle the projected deficits over the period 2017/18 to 2019/20. If no action is taken, the deficit by 2019/20 is forecast to be a minimum of £1.1m. Closing the gap is likely to happen through a combination of a range of measures that are currently being appraised through the Council's transformation programme "Towards 2020". The future impact of the United Kingdom’s decision to leave the European Union will be included in these local level considerations as and when it becomes known.

11. Further Information

Further information about the accounts is available from Financial Services, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority’s website.

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 this Authority, that officer is the Finance Manager (s151);

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- to approve the Statements of Accounts.

The Chief Finance Officer's Responsibilities

The Finance Manager (s151) 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 Finance Manager (s151) has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent; and

- complied with the local authority Code.

The Finance Manager (s151) has also:

- kept proper accounting records which were up-to-date; and

- taken reasonable steps for the prevention and detection of fraud and other irregularities, through the use of Veritau North Yorkshire Ltd.

Certification of the Accounts

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

Signed: P Johnson .... Dated: 30 June 2016
P Johnson
Finance Manager (s151) ***The Statement of Accounts is unaudited and may be subject to change***

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 22 September 2016.

Signed: .... Dated: 22 September 2016
Cllr. Mrs L Cowling
Chairman of Policy & Resources Committee

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2014	**-**	**3,605**	**155**	**62**	**3,822**	**1,804**	**5,626**
Movement in reserves during 2014/15							
Surplus or (deficit) on the provision of services	(603)	-	-	-	(603)	-	(603)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(3,479)	(3,479)
Total Comprehensive Income and Expenditure	(603)	-	-	-	(603)	(3,479)	(4,082)
Adjustments between accounting basis & funding basis under regulations (note 7)	2,054	-	32	(62)	2,024	(2,024)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	1,451	-	32	(62)	1,421	(5,503)	(4,082)
Transfers to/from Earmarked Reserves (note 8)	(1,451)	1,451	-	-	-	-	-
Increase / Decrease in 2014/15	**-**	**1,451**	**32**	**(62)**	**1,421**	**(5,503)**	**(4,082)**
Balance as at 31 March 2015	**-**	**5,056**	**187**	**-**	**5,243**	**(3,699)**	**1,544**
Movement in reserves during 2015/16							
Surplus or (deficit) on the provision of services	(468)	-	-	-	(468)	-	(468)
Other Comprehensive Income and Expenditure	-	-	-	-	-	2,873	2,873
Total Comprehensive Income and Expenditure	(468)	-	-	-	(468)	2,873	2,405
Adjustments between accounting basis & funding basis under regulations (note 7)	1,321	-	98	-	1,419	(1,419)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	853	-	98	-	951	1,454	2,405
Transfers to/from Earmarked Reserves (note 8)	(853)	853	-	-	-	-	-
Increase / Decrease in 2015/16	**-**	**853**	**98**	**-**	**951**	**1,454**	**2,405**
Balance as at 31 March 2016	**-**	**5,909**	**285**	**-**	**6,194**	**(2,245)**	**3,949**

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
1,240	408	832	Central Services to the Public	1,321	373	948
1,281	30	1,251	Cultural and Related Services	1,210	40	1,170
4,864	1,957	2,907	Environmental and Regulatory Services	4,960	2,051	2,909
2,076	927	1,149	Planning Services	2,130	919	1,211
370	795	(425)	Highways and Transport Services	337	823	(486)
14,475	13,076	1,399	Housing Services	14,064	13,024	1,040
1,247	40	1,207	Corporate and Democratic Core	1,280	42	1,238
(180)	2	(182)	Other Corporate and Non Distributed Costs	159	1	158
25,373	17,235	8,138	**COST OF SERVICES**	25,461	17,273	8,188
683	20	663	Other Operating Expenditure (Note 9)	749	13	736
1,261	273	988	Financing and Investment Income and Expenditure (Note 10)	931	287	644
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
5,285	14,471	(9,186)	Taxation and Non-Specific Grant Income (Note 11)	5,333	14,433	(9,100)
		603	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			468
		(957)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			-
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		4,436	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(2,873)
		3,479	**OTHER COMPREHENSIVE INCOME & EXPENDITURE**			(2,873)
		4,082	**TOTAL COMPREHENSIVE INCOME & EXPENDITURE**			(2,405)

Balance Sheet as at 31 March 2016

31 March 2015 £000		31 March 2016 £000	Notes Ref.
15,999	Property Plant & Equipment	15,737	12
-	Heritage Assets	-	13
2,287	Investment Property	2,306	14
141	Intangible Assets	32	15
-	Assets Held for Sale	-	21
-	Long Term Investments	-	16
253	Long Term Debtors	324	16
18,680	**Long Term Assets**	18,399	
9,114	Short Term Investments	11,612	16
230	Assets Held for Sale	170	21
73	Inventories	37	17
1,153	Short Term Debtors	1,080	19
288	Cash and Cash Equivalents	71	20
10,858	**Current Assets**	12,970	
-	Cash and Cash Equivalents	-	20
(23)	Short Term Borrowing	(21)	16
(4,709)	Short Term Creditors	(4,617)	22
(137)	Other Short Term Liabilities	(133)	16
(556)	Provisions	(643)	23
-	Liabilities in Disposal Groups	-	
-	Revenue Grants Receipts in Advance	(50)	33
(5,425)	**Current Liabilities**	(5,464)	
-	Long Term Creditors	(1,398)	16
-	Provisions	-	23
(1,750)	Long Term Borrowing	(1,711)	16
(20,440)	Liability Related to Defined Pension Scheme	(18,359)	39
(379)	Other Long Term Liabilities	(488)	16
-	Donated Assets Account	-	33
-	Capital Grants Received in Advance	-	33
(22,569)	**Long Term Liabilities**	(21,956)	
1,544	**Net Assets / (Liabilities)**	3,949	
5,243	Usable Reserves	6,194	24
(3,699)	Unusable Reserves	(2,245)	25
1,544	**Total Reserves**	3,949	

Chief Finance Officers Certificate:

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2016

Signed:

P Johnson

Peter Johnson
Finance Manager (s151)

Dated: 30th June 2016

2014/15 £000		2015/16 £000
(603)	Net surplus or (deficit) on the provision of services	(468)
3,642	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)	2,046
(288)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 26b)	(400)
2,751	Net cash flows from Operating Activities	1,178
(4,726)	Net cash flows from Investing Activities (Note 27)	(2,355)
1,956	Net cash flows from Financing Activities (Note 28)	960
(19)	Net increase or (decrease) in cash and cash equivalents	(217)
307	Cash and cash equivalents at the beginning of the reporting period	288
288	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**71**

1. ACCOUNTING POLICIES

i General Principles

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

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

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority 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 Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. 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 one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. **Exceptional Items**

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 the Authority's financial performance.

v. **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

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

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

vi. **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following to record the real cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation, 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 authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. **Employee Benefits**

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 salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of 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 salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 Pension 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 Authority participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

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

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

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

- The assets of the North Yorkshire pension fund attributable to the Authority 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 revenue accounts of services for which the employees worked

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

  -net interest cost on the net defined benefit liability (asset), i.e. net interest expense for 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 of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising :

  -the return on plan assets – excluding amounts included in net interest on the net defined 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 North Yorkshire 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 Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

viii. **Events After the Reporting Period**

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; and

- 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 material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

ix. **Financial Instruments**

Financial Liabilities

The Code requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the Code also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

Financial Assets

Financial assets are classified into two types:

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

The Code requires the fair value of each class of financial asset to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. Any changes in fair value are balanced by an entry in the Available-for-Sale Reserve. The Code also states that fair value disclosures are not required for short-term trade receivables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter into any available-for-sale asset arrangements during the financial year.

Loans and Receivables

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

The council operates 2 housing loan schemes, Property and Landlord Improvement Loans. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. Additionally the Council has granted a loan to a local business. These loans have not been treated as soft loans on the grounds of materiality.

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

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

Available-for Sale Assets

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

During the financial year 2015/16 the Authority did not enter into any financial instrument transactions.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments; and

- the grants or contributions will be received.

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

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

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

xii. Heritage Assets

Heritage assets are recognised and held at valuation rather than at fair value and under certain conditions at historical cost. The treatment of revaluation gains and losses are in accordance with the Authority's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note xviii in this summary of significant accounting policies.

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.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service 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 impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO 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.

xv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvi. Leases

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

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

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

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease’s inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the 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 are apportioned between:

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

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

The Authority 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 use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. 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 the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal, matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, 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 on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the

General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 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 payment, e.g. there is a premium paid at the commencement of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. Overheads and Support Services

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

- Corporate and Democratic Core – costs relating to the Authority'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 non-current Assets Held for Sale and Assets under Construction.

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

xviii. Property, Plant and Equipment

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

Recognition

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

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; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be 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 amount of the asset given up by the Authority.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost.
- surplus assets - fair value, determined by the measurement of the highest and best value use of the asset.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as a proxy for 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 i.e. vehicles, plant, furniture and equipment.

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and

- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

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

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Account Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

xix. <u>Provisions, Contingent Liabilities and Contingent Assets</u>

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 Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Further information can be found at note 23 to the accounts.

Contingent Liabilities

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

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

Contingent Assets

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

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

xx. Reserves

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

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

xxi. Revenue Expenditure Funded from Capital under Statute

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

xxii. VAT

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

xxiii. Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

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

Level 3 – unobservable inputs for the asset or liability.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

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

Item	Uncertainties	Effect if Actual Results differ from Assumptions
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.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.117m.
Arrears	At 31 March 2016, the Authority had a balance for short term debtors of £1.491m. A review of significant balances suggested that an impairment of doubtful debts of 27.6% (£411k) was appropriate. However, in the current economic climate it is not certain that this allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £411k to be set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2015/16 that warrant separate disclosure.

6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Peter Johnson Finance Manager (s151) on 30 June 2016.

All events between the balance sheet date and the issue date have been considered and there are no Adjusting Post Balance Sheet events to disclose.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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.

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of 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.

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 those purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied 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.

2015/16 Adjustments

2015/16	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	699	-	-	(699)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(19)	-	-	19
Amortisation of intangible assets	150	-	-	(150)
Capital grants and contributions applied	(302)	-	-	302
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	808	-	-	(808)
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	77	-	-	(77)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(186)	-	-	186
Capital expenditure charged against the General Fund	(69)	-	-	69
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
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	(77)	77	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(13)	13	-	-
Repayment of principal on loans	-	8	-	(8)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
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	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,076	-	-	(2,076)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,284)	-	-	1,284
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	(527)	-	-	527
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	(12)	-	-	12
Total Adjustments	**1,321**	**98**	**-**	**(1,419)**

2014/15 Comparative Figures

2014/15 Comparative Figures	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,203	-	-	(1,203)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	340	-	-	(340)
Amortisation of intangible assets	157	-	-	(157)
Capital grants and contributions applied	(256)	-	-	256
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	693	-	-	(693)
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	10	-	-	(10)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(154)	-	-	154
Capital expenditure charged against the General Fund	(3)	-	-	3
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(62)	62
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	(10)	10	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(20)	20	-	-
Repayment of principal on loans	-	2	-	(2)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
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	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,743	-	-	(1,743)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,314)	-	-	1,314
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	(343)	-	-	343
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	8	-	-	(8)
Total Adjustments	**2,054**	**32**	**(62)**	**(2,024)**

8. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance At 31/03/14 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance At 31/03/15 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance At 31/03/16 £000
General Reserve	546	-	1	547	-	-	547
Capital Fund	605	(3)	811	1,413	(34)	461	1,840
Collection Fund Equalisation Reserve	968	(430)	37	575	(494)	-	81
Ryedale Developm't Fund	301	(116)	-	185	(83)	-	102
Election Reserve	43	-	15	58	(57)	20	21
Council Tax Hardship Fund	-	-	6	6	-	6	12
New Homes Bonus Reserve	-	-	446	446	-	1,190	1,636
Grants Reserve	154	-	6	160	(8)	-	152
IT Fund	108	(13)	9	104	(13)	9	100
ICE Fund	297	-	324	621	-	-	621
Local Developm't Framework Reserve	50	-	-	50	-	-	50
Operational Reserve	381	(65)	23	339	(17)	36	358
Restructure Reserve	152	-	400	552	(213)	50	389
Total	**3,605**	**(627)**	**2,078**	**5,056**	**(919)**	**1,772**	**5,909**

The main purpose of the reserves is as follows:

(a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.

(b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.

(c) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings.

(d) The Authority provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the District. Grants are also issued to support rural community transport initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.

(e) An Election Reserve is used to equalise the effect of the four yearly District Election costs.

(f) An Information Technology (IT) Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.

(g) The Operational Reserve allows Service Units to set aside a proportion of savings in their budgets earmarked to be used in later years. It also includes revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Statement and are identified for specific services but not yet applied.

(h) The Restructure Reserve was established to cover the set-up costs associated with the restructure of the Council.

(i) A reserve was established to cover the additional cost associated with accelerating the completion of the Local Development Framework.

(j) The Ryedale Development Fund has been established from the balance of the 2012/13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

(k) The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account.

(l) A New Homes Bonus Reserve has been established to be utilised in line with Member priorities.

(m) The Council Tax Hardship Fund has been established to finance the cost of discretionary council tax relief awarded.

9. OTHER OPERATING EXPENDITURE

2014/15 £000		2015/16 £000
683	Parish council precepts	749
-	Payments to the Government Housing Capital Receipts Pool	-
-	(Gains)/losses on the disposal of non-current assets	-
(20)	Capital receipts unattached to non-current assets	(13)
663	Total	736

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15 £000		2015/16 £000
32	Interest payable and similar charges	72
678	Pensions net interest on the net defined benefit liability/(asset)	653
(71)	Interest receivable and similar income	(99)
349	Income and expenditure in relation to investment properties and changes in their fair value	18
988	Total	644

11. TAXATION AND NON SPECIFIC GRANT INCOME

2014/15 £000		2015/16 £000
(4,324)	Council tax income	(4,440)
(1,791)	Non domestic rates income and expenditure	(1,852)
(3,024)	Non-ringfenced government grants	(2,808)
(47)	Capital grants and contributions	-
(9,186)	Total	(9,100)

12. PROPERTY, PLANT AND EQUIPMENT

Movements on Balance Sheet

Movements in 2015/16

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2015	**14,164**	**4,534**	**-**	**484**	**652**	**-**	**19,834**
Additions	1	387	-	27	4	-	419
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(334)	-	-	-	-	(334)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2016	**14,165**	**4,587**	**-**	**511**	**656**	**-**	**19,919**
Accumulated Depreciation and Impairment							
At 1 April 2015	**150**	**3,680**	**-**	**-**	**5**	**-**	**3,835**
Depreciation charge	312	364	-	-	5	-	681
Depreciation written out to the Revaluation Reserve	-		-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(334)	-	-	-	-	(334)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2016	**462**	**3,710**	**-**	**-**	**10**	**-**	**4,182**
Net Book Value							
At 31 March 2016	**13,703**	**877**	**-**	**511**	**646**	**-**	**15,737**
At 31 March 2015	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**
Owned asset as at 31 March 2016	13,703	251	-	511	646	-	15,111
Asset acquired under finance lease as at 31 March 2016	-	626	-	-	-	-	626
Total	**13,703**	**877**	**-**	**511**	**646**	**-**	**15,737**

Comparative Movements in 2014/15

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2014	**15,037**	**4,484**	**-**	**452**	**275**	**-**	**20,248**
Additions	531	448	-	32	3	-	1,014
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(401)	-	-	-	62	-	(339)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(731)	-	-	-	(42)	-	(773)
Derecognition – disposals	-	(398)	-	-	-	-	(398)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	(230)	-	(230)
Other movements in cost or valuation	(272)	-	-	-	584	-	312
At 31 March 2015	**14,164**	**4,534**	**-**	**484**	**652**	**-**	**19,834**
Accumulated Depreciation and Impairment							
At 1 April 2014	**1,353**	**3,746**	**-**	**-**	**-**	**-**	**5,099**
Depreciation charge	305	332	-	-	5	-	642
Depreciation written out to the Revaluation Reserve	(1,296)		-	-	-	-	(1,296)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(212)	-	-	-	-	-	(212)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(398)	-	-	-	-	(398)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2015	**150**	**3,680**	**-**	**-**	**5**	**-**	**3,835**
Net Book Value							
At 31 March 2015	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**
At 31 March 2014	**13,684**	**738**	**-**	**452**	**275**	**-**	**15,149**
Owned asset as at 31 March 2015	14,014	335	-	484	647	-	15,480
Asset acquired under finance lease as at 31 March 2015	-	519	-	-	-	-	519
Total	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**

Depreciation

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

- Other Land and Buildings – 10-60 years
- Vehicles, Plant, Furniture & Equipment - 5-10 years

Capital Commitments

At 31 March 2016 the Authority had entered not entered into any contracts for the construction or enhancement of Property Plant and Equipment (£35k in 2014/15).

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are normally carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Charted Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost.

All properties have been reviewed in 2015/16 by the City of York Council and there has been no impairment loss identified during the year.

13. HERITAGE ASSETS

In compliance with the 2015/16 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts.

14. INVESTMENT PROPERTIES

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:

	2015/16 £000	2014/15 £000
Income from Investment Property	169	202
Net gain / (loss) from fair value adjustment	19	(340)
	188	(138)
Direct operating expenses arising from investment property	(206)	(211)
Net gain / (loss)	(18)	(349)

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

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

	2015/16 £000	2014/15 £000
Balance at start of the year	**2,287**	**2,938**
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains / (losses) from fair value adjustments	19	(340)
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	(311)
Other changes	-	-
Balance at end of the year	**2,306**	**2,287**

Fair Value Hierarchy
All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 Accounting Policy xxiii for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property
The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.
There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use
In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties
The Council's investment property has been valued as at 31 March 2016 by the City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

15. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
5 Years	None	Revenues and benefits system Electronic document management system Cash receipting system Financial management system

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £150k charged to revenue in 2015/16 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across 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.

The movement on Intangible Asset balances during the year is as follows:

	2015/16			2014/15		
	Internally Generated Assets £000	Other Asset Costs £000	Total £000	Internally Generated Assets £000	Other Asset Costs £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	1,130	1,130	-	1,197	1,197
Accumulated amortisation	-	(989)	(989)	-	(898)	(898)
Net carrying amount at start of year	-	141	141	-	299	299
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	41	41	-	-	-
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	(67)	(67)
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	-	-	-	66	66
Amortisation for the period	-	(150)	(150)	-	(157)	(157)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	32	32	-	141	141
Compromising:						
Gross carrying amounts	-	1,171	1,171	-	1,130	1,130
Accumulated amortisation	-	(1,139)	(1,139)	-	(989)	(989)
	-	32	32	-	141	141

There are no items of capitalised software that are individually material to the financial statements:

The Authority has no capital commitments outstanding for the acquisition of intangible assets.

16. FINANCIAL INSTRUMENTS

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

	Long-term		Current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Investments				
Loans and receivables	-	-	11,612	9,114
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Total Investments	**-**	**-**	**11,612**	**9,114**
Debtors				
Loans and receivables	324	253	-	-
Financial assets carried at contract amounts	-	-	1,080	1,153
Total Debtors	**324**	**253**	**1,078**	**1,153**
Borrowings				
Financial liabilities at amortised cost	(1,711)	(1,750)	(21)	(23)
Financial liabilities at fair value through profit and loss	-	-	-	-
Total Borrowings	**(1,711)**	**(1,750)**	**(21)**	**(23)**
Other Liabilities				
Finance lease liabilities	(488)	(379)	(133)	(137)
Total Other Liabilities	**(488)**	**(379)**	**(133)**	**(137)**
Creditors				
Financial liabilities at amortised cost	(1,398)	-	-	-
Financial liabilities carried at contract amount	-	-	(4,617)	(4,709)
Total Creditors	**(1,398)**	**-**	**(4,617)**	**(4,709)**

Fair value of Assets and Liabilities

	Fair value		Historic cost	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Borrowings	(1,979)	(1,961)	(1,732)	(1,773)
Loans and receivables	11,679	9,178	11,612	9,114

There is no difference between the carrying value and fair value of the Authority's debtors and creditors. Minimum future lease payments are disclosed in note 36.

The fair value of borrowings is higher 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 prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1.979m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1.710m would be valued at £1.979m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £2.363m.

17. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance outstanding at start of year	**73**	**83**	**-**	**-**	**-**	**-**	**73**	**83**
Purchases	304	363	-	-	-	-	304	363
Recognised as an expense in the year	(340)	(373)	-	-	-	-	(340)	(373)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	**37**	**73**	**-**	**-**	**-**	**-**	**37**	**73**

18. CONSTRUCTION CONTRACTS

As at the 31 March 2016 the Authority had no significant contracts in progress.

19. DEBTORS

	31 March 2016 £000	31 March 2015 £000
Central government bodies	47	207
Other local authorities	313	237
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	720	709
Total	1,080	1,153

20. CASH AND CASH EQUIVALENTS

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

	31 March 2016 £000	31 March 2015 £000
Cash held by the Council	201	260
Bank current account	(190)	(32)
Special Interest Bearing Account	60	60
Total Cash and Cash Equivalents	71	288

21. ASSETS HELD FOR SALE

	Current		Non Current	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance outstanding at start of year	**230**	**10**	**-**	**-**
Assets newly classified as held for sale:				
Property, Plant and equipment	35	230	-	-
Intangible Assets	-	-	-	-
Revaluation losses	(18)	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	(77)	(10)	-	-
Transfers from non-current to current	-	-	-	-
Balance outstanding at year end	**170**	**230**	**-**	**-**

22. CREDITORS

	31 March 2016 £000	31 March 2015 £000
Central government bodies	1,625	209
Other local authorities	1,727	1,703
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,265	2,797
Total	4,617	4,709

23. PROVISIONS

2015/16	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2015	556	-	556
Additional Provisions made in 2015/16	87	-	87
Amounts used in 2015/16	-	-	-
Unused amounts reversed in 2015/16	-	-	-
Total	643	-	643

2014/15	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2014	508	26	534
Additional Provisions made in 2014/15	48	-	48
Amounts used in 2014/15	-	-	-
Unused amounts reversed in 2014/15	-	(26)	(26)
Total	556	-	556

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

Ryedale District Council, as the business rates billing authority, acts as an agent on behalf Central Government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 40% share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2016.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2016.

24. USABLE RESERVES

31 March 2015 £000		31 March 2016 £000
5,056	Earmarked General Fund Reserves	5,909
187	Capital Receipts Reserve	285
-	Capital Grants Unapplied	-
5,243	**Total Usable Reserves**	**6,194**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 8, together with an explanation of the purpose of each reserve.

Capital Receipts Reserve

2014/15 £000		2015/16 £000
155	Balance at 1 April	187
10	Receipts from disposal of non-current assets	77
22	Other receipts	21
187		285
-	Receipts used to finance capital expenditure	-
187	**Balance at 31 March**	**285**

The Capital Receipts Reserve holds cash received from the disposal of non-current assets, or other money received that can be applied towards financing capital expenditure or repay loan debt.

Capital Grants Unapplied

2014/15 £000		2015/16 £000
62	Balance at 1 April	-
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
62		-
(62)	Grants used to finance capital expenditure	-
-	**Balance at 31 March**	-

This reserve retains the receipts of grants and contributions from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years.

25. UNUSABLE RESERVES

31 March 2015 £000		31 March 2016 £000
3,982	Revaluation Reserve	3,924
-	Available for Sale Financial Instruments Reserve	-
13,327	Capital Adjustment Account	12,219
-	Financial Instruments Adjustment Account	-
-	Deferred Capital Receipts Reserve	-
(20,440)	Pensions Reserve	(18,359)
(442)	Collection Fund Adjustment Account	85
(126)	Accumulated Absences Account	(114)
(3,699)	**Total Unusable Reserves**	**(2,245)**

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.

2014/15 £000		£000	2015/16 £000
3,098	**Balance at 1 April**		3,982
2,055	Upward revaluation of assets	-	
(1,098)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
957	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		-
(64)	Difference between fair value depreciation and historical cost depreciation	(58)	
(9)	Accumulated gains on assets sold or scrapped	-	
(73)	Amount written off to the Capital Adjustment Account		(58)
3,982	**Balance at 31 March**		3,924

Available for Sale Financial Instruments Reserve

The Authority has not entered into any available-for-sale asset arrangements during the financial year.

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 Council.

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

2014/15 £000		£000	2015/16 £000
15,184	**Balance at 1 April**		13,327
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,203)	• Charges for depreciation and impairment of non-current assets	(699)	
-	• Revaluation losses on Property, Plant and Equipment	-	
(157)	• Amortisation of Intangible Assets	(150)	
(10)	• 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	(77)	
(693)	• Revenue Expenditure Funded by Capital Under Statute	(808)	
(2,063)			(1,734)
73	Adjusting amounts written out of the Revaluation Reserve		58
13,194	Net written out amount of the cost of non-current assets consumed in the year		11,651
	Capital financing applied in the year:		
-	• Use of the capital receipts reserve to finance new capital expenditure	-	
256	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	302	
62	• Application of grants to capital financing from the Capital Grants Unapplied Account	-	
154	• Statutory provision for the financing of capital investment charged against the General fund	186	
3	• Capital expenditure charged against the General Fund	69	
475			557
(340)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		19
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(2)	Movements in Long-term Debtors		(8)
13,327	**Balance at 31 March**		12,219

Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from 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 account balance is nil.

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's 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 the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000		2015/16 £000
(15,575)	Balance at 1 April	(20,440)
(4,436)	Re-measurements of the net defined benefit liability/(asset)	2,873
(1,743)	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	(2,076)
1,314	Employer's pensions contributions and direct payments to pensioners payable in the year	1,284
(20,440)	Balance at 31 March	(18,359)

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 would not treat these gains as usable for the financing of new capital expenditure until they are by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

There were no gains during the 2015/16 financial year.

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 rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £000		2015/16 £000
(785)	Balance at 1 April	(442)
343	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	527
(442)	Balance at 31 March	85

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.

2014/15 £000		£000	2015/16 £000
(118)	Balance at 1 April		(126)
118	Settlement or cancellation of accrual made at the end of the preceding year	126	
(126)	Amount accrued at the end of the current year	(114)	
(8)	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		12
(126)	Balance at 31 March		(114)

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

a. Adjust net surplus or deficit on the provision of services for non-cash movements

2014/15 £000		2015/16 £000
643	Depreciation	681
561	Impairment and downward valuations	18
156	Amortisation	150
-	Increase / decrease in impairment for bad debts	-
565	Increase / decrease in creditors	150
906	Increase / decrease in debtors	74
10	Increase / decrease in inventories	36
429	Movement in pension liability	792
10	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	77
362	Other non-cash items charged to the net surplus or deficit on the provision of services	68
3,642		2,046

b. Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2014/15 £000		2015/16 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
(10)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(98)
(278)	Any other items for which the cash effects are investing or financing cash flows	(302)
(288)		(400)

c. Interest received, interest paid and dividends received

2014/15 £000		2015/16 £000
66	Interest received	100
(55)	Interest paid	(73)
-	Dividends received	-

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2014/15 £000		2015/16 £000
(651)	Purchase of property, plant and equipment, investment property and intangible assets	(184)
(18,100)	Purchase of short-term and long-term investments	(24,600)
(115)	Other payments for investing activities	(79)
10	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	98
13,850	Proceeds from short-term and long-term investments	22,100
280	Other receipts from investing activities	310
(4,726)	Net cash flows from investing activities	(2,355)

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2014/15 £000		2015/16 £000
1,750	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
(154)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(165)
-	Repayments of short and long-term borrowing	(40)
360	Other payments for financing activities	1,165
1,956	Net cash flows from financing activities	960

29. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation

Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

2015/16

Committee Income and Expenditure	Policy & Resources £000	Total £000
Fees, charges & other service income	4,592	4,592
Government grants	12,681	12,681
Total Income	**17,273**	**17,273**
Employee expenses	5,055	5,055
Other service expenses	17,114	17,114
Support service recharges	1,970	1,970
Total Expenditure	**24,139**	**24,139**
Net Expenditure	**6,866**	**6,866**

2014/15 Comparative Figures

Committee Income and Expenditure	Policy & Resources £000	Total £000
Fees, charges & other service income	4,571	4,571
Government grants	12,664	12,664
Total Income	**17,235**	**17,235**
Employee expenses	4,973	4,973
Other service expenses	17,081	17,081
Support service recharges	1,823	1,823
Total Expenditure	**23,877**	**23,877**
Net Expenditure	**6,642**	**6,642**

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

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

	2015/16 £000	2014/15 £000
Net expenditure in the Committee Analysis	6,866	6,642
Net expenditure of service and support services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,322	1,496
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	**8,188**	**8,138**

Reconciliation to Subjective Analysis

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

2015/16

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	4,592	-	4,592	-	4,592
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	81	81
Income from council tax	-	-	-	6,292	6,292
Government grants and contributions	12,681	-	12,681	2,808	15,489
Total Income	**17,273**	**-**	**17,273**	**9,181**	**26,454**
Employee expenses	5,055	646	5,701	-	5,701
Other service expenses	17,114	-	17,114	-	17,114
Support service recharges	1,970	-	1,970	-	1,970
Depreciation, amortisation and impairment	-	676	676	-	676
Interest payments	-	-	-	725	725
Precepts & levies	-	-	-	749	749
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(13)	(13)
Total Expenditure	**24,139**	**1,322**	**25,461**	**1,461**	**26,922**
Surplus or Deficit on the Provision of Services	**6,866**	**1,322**	**8,188**	**(7,720)**	**468**

2014/15 Comparative Figures

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	4,571	-	4,571	-	4,571
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	(278)	(278)
Income from council tax	-	-	-	6,115	6,115
Government grants and contributions	12,664	-	12,664	3,071	15,735
Total Income	**17,235**	**-**	**17,235**	**8,908**	**26,143**
Employee expenses	4,973	273	5,246	-	5,246
Other service expenses	17,081	-	17,081	-	17,081
Support service recharges	1,823	-	1,823	-	1,823
Depreciation, amortisation and impairment	-	1,223	1,223	-	1,223
Interest payments	-	-	-	710	710
Precepts & levies	-	-	-	683	683
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(20)	(20)
Total Expenditure	**23,877**	**1,496**	**25,373**	**1,373**	**26,746**
Surplus or Deficit on the Provision of Services	**6,642**	**1,496**	**8,138**	**(7,535)**	**603**

30. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

	2015/16 £000	2014/15 £0000
Allowances	126	120
Expenses	6	6
Total	132	126

A summary of payments made to each member is publicised through the Authority's website. and is also available for viewing at the reception of the administrative offices.

31. OFFICERS REMUNERATION

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

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compen-sation for loss of office £	Pension contribution £	Total £	Note
Chief Executive	2015/16	104,460	-	5,505	-	15,042	125,007	
	2014/15	104,460	-	5,505	-	15,042	125,007	
Corporate Director	2015/16	70,635	-	963	-	10,171	81,769	
	2014/15	53,585	-	722	-	7,716	62,023	A
Head of Health & Environment	2014/15	13,952	-	241	-	2,009	16,202	A
Head of Env Streetscene & Facilties	2015/16	49,739	-	999	-	7,162	57,900	
	2014/15	1,849	-	-	-	266	2,115	B
Head of Corporate Services	2015/16	56,316	-	1,043	-	8,109	65,468	
	2014/15	55,600	-	963	-	8,006	64,569	
Head of Economy & Infrastructure	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	55,600	-	963	-	8,006	64,569	
Head of Planning & Housing	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	55,388	-	963	-	7,976	64,327	
Council Solicitor	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	57,714	-	963	-	8,006	66,683	
Finance Manager (s151)	2015/16	46,853	-	-	-	6,747	53,600	
	2014/15	45,541	-	-	-	6,558	52,099	C

Senior Officers served for the whole of 2015/16 and 2014/15 unless stated below.
Notes:

A The Head of Health and Environment was appointed as Corporate Director on the 1st July 2014

B The Head of Environment, Streetscene and Facilities assumed their new Position on 18th March 2015

C The Finance Manager was appointed s151 Officer on 14th May 2014

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is as follows:

Remuneration Band	2015/16 Number of employees	2014/15 Number of employees
£50,000 - £54,999	1	-
£55,000 - £59,999	4	4
£60,000 - £64,999	-	-
£65,000 - £69,999	-	1
£70,000 - £74,999	1	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1

32. EXTERNAL AUDIT COSTS

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

	2015/16 £000	2014/15 £000
* Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year	42	50
* Fees payable to KPMG LLP in respect of statutory inspections	-	-
* Fees payable to KPMG LLP for the certification of grant claims and returns for the year	11	36
* Fees payable in respect of other services provided by KPMG LLP during the year	4	-
	57	86

The fees for other services payable in 2015/16 related to professional fees for additional audit work linked to a judicial review relating to Wentworth Street Car Park. In 2014/15 all fees were payable to Deloitte LLP.

33. GRANT INCOME

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

	2015/16 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	1,315	1,746
New Homes Bonus	1,387	1,127
Council Tax Freeze Grant	40	39
Council Tax Reform Grant	12	59
Transitional Grant to Rural Local Authorities	0	14
S31 grant Business Rates	648	580
Other Grants	54	39
Total	**3,456**	**3,604**
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	245	210
Housing Benefit Subsidy and Rent Rebate	11,973	12,022
Housing Benefit & Council Tax Support Administration	224	255
Safer Stronger Communities	17	19
Other government grants	44	44
Non Government Grants:		
Recycling	-	3
Total	**12,503**	**12,553**
Contributions	**56**	**97**

As at the 31st March 2016 the Authority has one grant that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant for £50k towards the development of a Food Enterprise Zone (31 March 2015 £nil).

34. RELATED PARTIES

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

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, e.g. council tax bills, housing benefits. Grants received from government departments are set out in Note 33.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 30.

Officers

The Finance Manager (Section 151), Peter Johnson, of Ryedale District Council is a related party of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership by virtue of being a client officer.

Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £000	Payments £000
The Vale of Pickering Internal Drainage Board	- *levy*	-	90
Foss Internal Drainage Board	- *levy*	-	3
Veritau North Yorkshire Ltd	*see note below*	-	52
North Yorkshire Building Control Partnership	*see note below*	(18)	60

At the end of the financial year the total amount due to and from these related parties was £nil.

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2016. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £19,000 as at 31 March 2016.

Entities Controlled or Significantly Influenced by the Council

With effect from 1 October 2014, Sports & Leisure Management Ltd ran the Authority's leisure centre and swimming pools. Payment of grant of £283,000 was made to Sports & Leisure Management Ltd to support the operation of the leisure facilities in 2015/16. Previously, Community Leisure Ltd, an Industrial Provident Society, ran the leisure centre and swimming pools for Ryedale until 30 September 2014.

35. 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	1,526	254
Capital investment		
Property plant and equipment	459	1,014
Investment properties	-	-
Held for sale assets	-	-
Intangible assets	-	-
Revenue expenditure funded from capital under statute	808	693
Loans	80	40
Sources of finance		
Capital receipts	-	-
Government grants and other contributions	(302)	(318)
Sums set aside from revenue		
Direct revenue contributions	(34)	(3)
Minimum Revenue Provision	(186)	(154)
Closing Capital Financing Requirement	2,351	1,526
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	555	855
Assets acquired under finance leases	270	417
Increase / (decrease) in Capital Financing Requirement	825	1,272

36. LEASES

Authority as Lessee – Finance Leases

The Authority has acquired a number of vehicles under finance leases.

This Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles 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 2016 £000	31 March 2015 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	133	137
Non-current	488	379
Finance costs payable in future years	70	58
Minimum lease payments	691	574

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Not later than one year	154	150	133	137
Later than one year and not later than five years	516	392	468	348
Later than five years	21	32	20	31
	691	574	621	516

Authority as Lessee - Operating Leases

The Authority normally acquires vehicles, plant and equipment using operating leases. The Authority also provides certain employees with lease vehicles under three year contract hire agreements.

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

	31 March 2016 £000	31 March 2015 £000
Not later than one year	104	107
Later than one year and not later than five years	81	86
Later than five years	3	-
	188	193

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

	2015/16 £000	2014/15 £000
Minimum lease payments	165	202
Contingent rents	-	-
Sublease payments receivable	-	-
	165	202

Authority as Lessor

The Authority has not leased out property, vehicles or equipment under either finance lease or operating lease arrangements.

37. IMPAIRMENT LOSSES

During 2015/16 the Authority has no impairment loss.

38. TERMINATION BENEFITS

The Authority has agreed to terminate the contracts of 11 employees in 2015/16, incurring liabilities of £214,298.

The number of exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement with total cost per band are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£0 - £20,000	-	-	10	-	10	-	£84,062	-
£20,000 - £70,000	-	-	3	-	3	-	£130,236	-
Total	-	-	13	-	13	-	£214,298	-

39. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

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

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements 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:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
• Current service cost	1,355	1,086	-	-
• Past service costs / (gains)	88	-	-	-
• (Gain) / Loss from settlements	-	-	-	-
Financing and Investment Income and Expenditure:				
• Net interest expense	624	647	9	10
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	2,067	1,733	9	10
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	1,486	(4,769)	-	-
• Actuarial gains and losses due to changes in financial assumptions	(3,543)	9,180	(14)	25
• Actuarial gains and losses due to changes in demographic assumptions	-	-	-	-
• Actuarial gains and losses due to liability experience	(797)	-	(5)	-
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(787)	6,144	(10)	35
Movement in Reserves Statement:				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	787	(6,144)	10	(35)
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers contributions payable to scheme	1,268	1,297		
• Retirement benefits payable to pensioners			16	17

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:

	Local Government: Pension Scheme £000		Discretionary Benefits £000	
	2015/16	2014/15	2015/16	2014/15
Present value of the defined benefit obligation	(66,305)	(68,772)	(259)	(285)
Fair value of plan assets	48,205	48,617	-	-
Net liability arising from defined benefit obligation	(18,100)	(20,155)	(259)	(285)

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

	Local Government: Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2015/16	2014/15	2015/16	2014/15
Opening fair value of scheme assets	48,617	42,599	-	-
Interest income	1,549	1,861	-	-
Remeasurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	(1,486)	4,769	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,268	1,297	16	17
Contributions from employees into the scheme	342	344	-	-
Benefits paid	(2,085)	(2,253)	(16)	(17)
Closing fair value of scheme assets	48,205	48,617	-	-

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

	Funded liabilities: Local Government Pension Scheme £000		Unfunded liabilities: Discretionary Benefits £000	
	2015/16	2014/15	2015/16	2014/15
Opening balance at 1 April	68,772	57,907	285	267
Current service cost	1,355	1,086	-	-
Interest cost	2,173	2,508	9	10
Contribution from scheme participants	342	344	-	-
Remeasurement (gains) and losses:				
• Financial Assumptions	(3,543)	9,180	(14)	25
• Demographic Assumptions	-	-	-	-
• Liability Experience	(797)	-	(5)	-
Past service costs	88	-	-	-
Losses/(gains) on curtailment	-	-	-	-
Entity combinations	-	-	-	-
Benefits paid	(2,085)	(2,253)	(16)	(17)
Closing balance at 31 March	66,305	68,772	259	285

Local Government Pension Scheme assets comprised:

	31 March 2016 £000	31 March 2015 £000
Equities	29,985	29,123
Property	3,519	3,160
Government Bonds	6,797	8,217
Corporate Bonds	2,603	3,306
Cash	386	632
Other	4,917	4,181
Closing fair value of scheme assets at 31 March	48,207	48,619

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

	31 March 2016	31 March 2015
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.3 yrs	23.1 yrs
Women	25.8 yrs	25.6 yrs
Longevity at 65 for future pensioners:		
Men	25.6 yrs	25.4 yrs
Women	28.1 yrs	28.0 yrs
Rate of Inflation (RPI)	2.9%	Not known
Rate of Inflation (CPI)	1.8%	2%
Rate of increase in salaries	3.3%	3.5%
Rate of increase in pensions	1.8%	2%
Rate of revaluation in pension accounts	1.8%	2%
Rate for discounting scheme liabilities	3.4%	3.2%

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 assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

	Base Figure	+0.1% pa -0.1% pa Discount Rate	+0.1% pa -0.1% pa Salary Increase Rate	+0.1% pa -0.1% pa Pension Increase Rate	-1 year +1 year Mortality Assumption
Present Value of Total Obligation (£000)	66,305	65,188 67,441	66,569 66,044	67,175 65,447	67,968 64,633
Change in Present Value of Total Obligation (%)		-1.7 1.7	0.4 -0.4	1.3 -1.3	2.5 -2.5
Projected Service Cost (£000)	1,211	1,171 1,252	1,211 1,211	1,252 1,171	1,250 1,171
Approx Change in Projected Service Cost (%)		-3.3 3.4	0.0 0.0	3.4 -3.3	3.3 -3.3

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The North Yorkshire Pension Fund has an investment strategy in place to address the funding deficit over a 30 year period, based on an appropriate level of employers' contributions, producing a positive cash flow into the fund. The Council is currently five years into this period.

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

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

The authority anticipated to pay £1,284,000 expected contributions to the scheme in the year to 31 March 2016.

The weighted average duration of the defined benefit obligation for scheme members is 17 years 2015/16 (17 years 2014/15).

40. CONTINGENT LIABILITIES

At 31 March 2016, the Authority had one material contingent liability:

Municipal Mutual Insurance
The authority has paid a sum of £19k following the triggering of the scheme of arrangement by Municipal Mutual Insurance Limited (MMI). This figure equates to a levy calculated by the scheme administrators at 25% of settlements paid since 1993. The total amount of claims payments which would be liable to claw-back, at a levy rate of 100%, is currently £75k.

Local Land Charges
A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agreed to settle and some costs were settled in 2015/16. There remains the potential for new claimants to come forward but the value of the liability is unknown.

Pay Claims
The Employment Appeal Tribunal (November 2014) ruled that holiday pay should include non-guaranteed overtime which may have implications for the Council where our employees are required to work overtime as a regular part of their job. There remains the potential for some claims but the scale of any liabilities cannot be assessed.

41. CONTINGENT ASSETS

At 31 March 2016 the Authority had no material contingent assets to report.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The councils overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates; and
    - Its maximum and minimum exposures to the maturity structure of its debt; and
    - Its maximum and annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

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

Credit Risk

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

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

This Authority uses the creditworthiness service provided by its treasury advisers. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2016 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.
The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2016 £000	Historical Experience of Default %	Historical Experience adjusted for market conditions at 31 March 2016 %	Estimated maximum exposure to default and uncollectability at 31 March 2016 £000	Estimated maximum exposure to default and uncollectability at 31 March 2015 £000
Deposits with Banks and Financial Institutions	11,612	0%	0%	-	-

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

	31 March 2016 £000	31 March 2015 £000
Up to 20 years	718	759
21 to 50 years	1,014	1,014
	1,732	1,773

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

Market Risk

<u>Interest Rate Risk</u>

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

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

the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate borrowings and investments and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has set an upper limit of 5% of it’s borrowings in variable rate loans and an upper limit of 50% of it’s investments in variable rates. However, all investments and borrowings are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

Price Risk

The Authority does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.

2014/15			2015/16		
Council Tax £000	Business Rates £000		Council Tax £000	Business Rates £000	Note
		INCOME			
(32,134)		Council Tax	(33,194)		
		Transfers from General Fund			
-		- Council Tax Benefits	-		
	(16,349)	Income collectable from business ratepayers		(16,638)	
	(17)	Transitional Protection Payments		247	
(32,134)	(16,366)	Total Income	(33,194)	(16,391)	
		EXPENDITURE			
		Precepts and Demands:			(2)
22,369		North Yorkshire County Council	23,119		
4,327		North Yorkshire Police & Crime Commissioner	4,472		
1,313		North Yorkshire Fire & Rescue	1,357		
4,374		Ryedale District Council	4,483		
35		Street Lighting Expenses	36		
		Business Rates:			(3)
	-	Payment to National Pool		-	
	7,553	Central Government		7,296	
	6,042	Ryedale District Council		5,837	
	1,359	North Yorkshire County Council		1,313	
	151	North Yorkshire Fire & Rescue		146	
	111	Allowance for cost of Business Rate Collection		111	
(50)	30	Allowance for Impairment	(50)	(30)	(4)
		Provision for Appeals			(4)
	121			217	
		Provision for non-payment of Council Tax			(4)
108	16	Write Off of uncollectable amounts	93	79	
32,476	15,383	Total Expenditure	33,510	14,969	
342	(983)	(Surplus) / deficit for the year	316	(1,422)	
(1,332)	2,421	Surplus at 1 April	(990)	1,438	
(990)	1,438	Surplus at 31 March	(674)	16	

1. **General**

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on an accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, Central Government, North Yorkshire County Council, North Yorkshire Police & Crime Commissioner and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (10%), central government (50%) and themselves (40%)

2. **Council Tax**

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base, i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	No of Chargeable Dwellings	No of Equivalent Properties	Ratio	Band D Equivalent Dwellings
A	2,360	1,942	6/9	1,295
B	6,203	5,529	7/9	4,301
C	5,754	5,243	8/9	4,660
D	4,235	3,897	1	3,897
E	3,355	3,145	11/9	3,844
F	2,029	1,887	13/9	2,726
G	1,156	1,095	15/9	1,825
H	107	98	18/9	197
TOTAL	25,199	22,836		22,745
Reduction in Class C Exemption				38.30
Cost of LCTS Scheme				(1,933.49)
Less adjustment for Collection Rate				(312.76)
Council Tax Base				20,537.05

Precepts and demands for 2015/16 are analysed as follows:

	Ryedale DC £000	NYCC £000	NYPCC £000	NYFRA £000
2015/16 Precept/Demand	4,379	22,590	4,370	1,326
Payment in respect of 2014/15 surplus	104	529	102	31
	4,483	23,119	4,472	1,357

The balance of Council Tax within the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£000
Ryedale District Council	(91)
North Yorkshire County Council	(468)
North Yorkshire Police & Crime Commissioner	(88)
North Yorkshire Fire & Rescue Authority	(27)

3. **Income from Business Rates**

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate.

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31 March 2016	43,147,416
NDR Rate in £ for 2015/16	49.3p
Small Business Rate in £ for 2015/16	48.0p
Number of Business Premises (Hereditament) at 31 March 2016	2,883
Number of Local Council Tax Support Claimants at 31 March 2016	3,256

Business Rate Yield for 2015/16 is analysed as follows:

	Ryedale DC £000	NYCC £000	NYFRA £000	Government £000
2015/16 Estimates Yield	6,557	1,475	164	8,196
Receipt in respect of 2014/15 deficit	(720)	(162)	(18)	(900)
	5,837	1,313	146	7,296

The balance of Non domestic rates within the Collection Fund is apportioned as follows:

	£000
Ryedale District Council	6
North Yorkshire County Council	2
Central Government	8
North Yorkshire Fire & Rescue Authority	-

4. **Bad and Doubtful Debts and Provision for Appeals**

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £350,000 (2014/15: £400,000) and Business Ratepayers of £100,000 (2014/15: £130,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,607,000 (2014/15: £1,390,000).

1. **Scope of Responsibility**

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

In discharging this overall responsibility, the Authority is also 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.

2. **The Purpose of the Governance Framework**

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) identifies three underlying principles of good governance, namely:

- Openness and Inclusivity
- Integrity
- Accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore each local authority has to be able to demonstrate that it is complying with these principles. To achieve this, the framework document recommends that all local authorities should develop a local code of corporate governance, comprising the following elements:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The Authority has formally adopted a local code of corporate governance, consequently the principles and standards contained in the framework document are recognised as good working practice, and hence are supported and followed. To this end both Officers and Members have had externally provided training to ensure governance arrangements are understood and embedded. This Statement forms part of the overall process within the Authority for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This has been in place within the Authority for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. The Governance Framework

The requirement to have a governance framework, incorporating a sound system of internal control covers all of the Authority's activities. The internal control environment within the Authority consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Authority consist of

Policies and Guidance:

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The Council's Constitution, including Financial Regulations, Procurement Regulations and Contract Standing Orders
- Codes of Conduct for Members and Officers
- The Council Plan
- Medium Term Financial Plan
- Member and Officer Schemes of delegation
- Registers of interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing and Counter Fraud and Corruption
- Asset Management Plan/Capital Strategy Statement
- Strategic Risk Register
- Council Procurement Strategy

Political and Managerial Structures and Processes

The Authority is responsible for agreeing overall policies and setting the budget. The Policy and Resources Committee is responsible for decision making within the policy and budget framework set by the Council. The Authority's Corporate Management Team has responsibility for implementing Authority's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet regularly and the Committees usually every two months. Both the Committees and the Corporate Management Team monitor and review Authority activity to ensure corporate compliance with governance, legal and financial requirements. In addition, the Authority has scrutiny arrangements, through the Scrutiny and Audit Committees that include the review of policies, budgets and service delivery to ensure that they remain appropriate. A forward plan detailing the main work of Committees over the next year has been devised to ensure decisions are taken in a timely manner. Urgent items will be debated as appropriate.

The Authority has developed a process that is intended to reflect political and community objectives as expressed in the Council Plan and acts as a basis for corporate prioritisation. The process has identified the Authority's corporate aims together with a number of associated objectives. These will be reviewed annually to ensure that they continue to meet the needs of the community. The Authority has linked the performance management process across all service areas to provide an integrated performance management system. Each service has developed a performance improvement plan as part of their Service Delivery Plan showing how that service will work to achieve the Authority's objectives.

Financial Management

The Finance Manager (s151 Officer) has the overall statutory responsibility for the proper administration of the Authority's financial affairs, including making arrangements for appropriate systems of financial control. The Authority operates within a system of financial regulations, comprehensive budgetary control, regular management information, administrative procedures (including the segregation of duties) and management supervision.

The Finance Manager (s151 Officer) is a member of the Authority's Corporate Management Team, and is directly responsible to the Chief Executive. The Authority is therefore fully compliant with the requirements of the 2010 CIPFA/SOLACE Application Note to Delivering Good Governance.

Compliance Arrangements

Monitoring and review of the Authority's activities is undertaken by a number of Officers and external regulators to ensure compliance with relevant policies, procedures, laws and regulations. They include:

- The Chief Executive Officer
- The Finance Manager who is the s151 Officer of the Authority and the Chief Finance Officer (CFO)
- The Monitoring Officer
- The Heads of Service
- The External Auditor and various other external inspection agencies
- Internal Audit (provided by Veritau North Yorkshire Limited)
- Finance Officers and other relevant service managers

Value For Money

Through reviews by external auditors, external agencies, internal audit and the Financial Services Manager the Authority constantly seeks ways of ensuring the economic, effective and efficient use of resources, and securing continuous improvement in the way in which its functions are exercised.

Risk Management

The Authority has adopted a formal system of Risk Management. This is effectively delivered through widespread use of Covalent, the Authority's Performance and Risk Management software. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Heads of Service Group. The process is intended to ensure that:

- The Authority identifies, prioritises and takes appropriate mitigation for those risks it identifies as potentially preventing achievement of the Corporate and Community Plan

- The Authority’s assets are adequately protected
- Losses resulting from hazards and claims against the Authority are mitigated through the effective use of risk control measures
- Service managers are adequately supported in the discharge of their responsibilities in respect of Risk Management

The system of Risk Management requires the inclusion of risk evaluation assessments in all Committee reports and the maintenance of a corporate risk register. Relevant staff within the Authority have received training and guidance in Risk Management principles.

A review of Risk Management Procedures was undertaken during the year, the review made a number of recommendations which are included within the AGS Action Plan.

Internal Audit & Fraud

The Authority operates internal audit and internal (non Housing Benefit) fraud investigation functions. Internal audit and counter fraud services are provided by Veritau North Yorkshire Limited – a company partly owned by the Authority. Internal audit services are provided in accordance with the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice for Internal Audit in Local Government. An annual programme of reviews covering financial and operational systems is undertaken, to give assurance to Members and managers on the effectiveness of the control environment operating within the Council. The work of internal audit compliments and supports the work of the external auditors (KPMG for 2015/16). In addition, internal audit provides assurance to the Finance Manager as the Authority’s s151 Officer in discharging his statutory review and reporting responsibilities. The Authority also undertakes an annual review of the effectiveness of its internal audit arrangements as required by the Accounts and Audit Regulations. The results of the review are reported to the Overview & Scrutiny (Audit) Committee.

Internal audit also has an advisory role that provides:

- Advice and assistance to managers in the design, implementation and operation of controls
- Support to managers in the prevention and detection of fraud, corruption and other irregularities

Housing Benefit Counter Fraud work has now largely been transferred to the DWP's Single Fraud Investigation Service and Veritau's Counter Fraud work will now focus on supporting the Council in meeting the requirements of CIPFA's code of practice on managing the risk of fraud and corruption.

The Authority has undertaken an initial assessment of it's compliance against the code and the s151 officer, having considered all the principles, is satisfied that, subject to the actions identified within the assessment report, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Performance Management

The Authority has established effective performance management arrangements. The Chief Executive has overall responsibility for the function and the Corporate Management Team undertakes an ongoing monitoring role. Heads of Service and their Service Unit Managers are expected to deliver improvements or maintain performance standards where appropriate. The Covalent performance management system is used to record and monitor performance.

4. **Review of Effectiveness**

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the Authority's systems of internal control has been undertaken, by the Corporate Management Team. This review has included consideration of:

- Reports received from the Authority's external auditors and other inspection agencies
- The results of internal audit and fraud investigation work
- The views of senior managers, including Chief Executive, the s151 Officer and the Monitoring Officer
- The work of the Heads of Service Group in compiling the Authority's Corporate Risk Register.
- Outcomes of service improvement reviews and performance management processes
- Compliance with the CIPFA Statement on the role of the CFO

In addition, the Authority through its Committees especially the Scrutiny and Audit Committees considers corporate governance issues as they arise throughout the year and agree recommendations for improvement as necessary.

A comprehensive review has been undertaken to support the preparation of this AGS document as required by the Accounts and Audit Regulations 2015. The Authority has produced a detailed statement along with a targeted action plan to ensure that full compliance is achieved. This has followed the best practice framework suggested by CIPFA and adopted by the Authority. An action plan schedule has been produced to ensure compliance and a list of those Officers having responsibility is available.

An Action Plan is appended which identifies and notes progress with previous year's matters of concern, and includes those arising from this year's review. The Annual Governance Statement for 2015/16 will provide details of the work completed against this Plan.

We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Overview & Scrutiny (Audit) Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. **INTERNAL CONTROL ISSUES**

A review of the internal control arrangements in place within the Authority highlighted no significant control issues, however the review did identify areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2015/16 incorporating those issues brought forward from the previous plan, which are still outstanding.

The Authority will continue to seek to improve performance and take action on agreed recommendations by both internal and external agencies.

Signed: .... Dated: 22 September 2016
Janet Waggott
Chief Executive

Signed: .... Dated: 22 September 2016
Cllr Linda Cowling
Leader of the Council

AGS Action Plan 2015/16

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls. Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Finance Manager (s151 Officer).	Ongoing	This will be a continuing issue in 2016/17 and beyond
2015/16	The audit opinion of the control environment for the management of risk is weak.	That the Corporate approach to risk is applied consistently across the council for management of corporate, service, project and partnership risk.	Head of Corporate Services	October 2016	Good progress made following the implementation of the browser version of Covalent. Training undertaken for all managers.
2015/16	The audit opinion of the Internal control environment for the Payroll process remains weak. In the financial year 2015-16 there has been effort made to improve the control environment and whilst progress has been made it is not enough to improve the overall opinion.	In addition to the agreed audit actions, improved joint working is planned between staff involved in Payroll and Finance to improve a number of procedures for the payroll process This will include regular meetings of key staff responsible for the implementation of recommendations with the s151 Officer to ensure progress made continues in the new financial year.	Finance Manager and HR Manager.	October 2016	Initial meeting has been arranged.
2015/16	On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile. These changes arise from on-going changes to benefit administration and continued downward pressure on government funding of Councils as confirmed in the indicative long term financial settlement	The agreed Medium Term Financial Strategy of the Council reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for 2017/18 and future years. The Finance Manager considers the risk as part of the closure of	Finance Manager	Ongoing	2017/18 Budget Strategy recommended for approval by Full Council 7th July 2016. 2015/16 Statement of Accounts will be presented to P&R in September 2016

		accounts including the need to make appropriate provisions and reserves at the year-end.			
2015/16	The Council has identified the publication of data to meet the requirements of the Transparency Code for Local government, as placing the council at risk of a future fraud as information included in the public domain could be used by determined third parties to exploit the Council.	That the Council meet its statutory requirements to publish open data by releasing the minimum level of detail required. That Internal Controls are kept under review and key staff are kept updated on latest techniques used by fraudsters.	Finance Manager (s151)	Ongoing	Currently this has not been a significant issue for the Council however we need to remain constantly vigilant

Independent auditor's report to the members of Ryedale District Council

We have audited the financial statements of Ryedale District Council for the year ended 31 March 2016 on pages 2 to 80. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority at 31 March 2016 and of the Authority's expenditure and income for the year then ended;

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception
The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with ‘Delivering Good Governance in Local Government: a Framework’ published by CIPFA/SOLACE in June 2007; or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Ryedale District Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

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

Auditor’s responsibilities
We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.
We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

resources for the year ended 31 March 2016.

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

Conclusion

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

Certificate

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

Rashpal Khangura
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds,
LS1 4DA
27 September 2016

This analysis provides supplementary information to the audited accounting statements. It provides details of the expenditure and income for each individual service for the Cost of Services line in the Comprehensive Income and Expenditure Statement:

2014/15 Net Exp. £000	Service	2015/16 Expenditure £000	2015/16 Income £000	2015/16 Net Exp. £000
2014/15 Net Exp. £000	Service	2015/16 Expenditure £000	2015/16 Income £000	2015/16 Net Exp. £000
	Central Services to the Public			
139	Grants, Bequests & Donations	126	-	126
37	Emergency Planning	41	-	41
467	Local Tax Collection	748	250	498
215	Elections	331	9	322
(26)	Local Land Charges	75	114	(39)
832	**Net Expenditure Central Services to the Public**	**1,321**	**373**	**948**
	Cultural & Related Services			
113	Culture & Heritage	127	5	122
184	Open Spaces	120	5	115
740	Recreation & Sport	743	14	729
214	Tourism	220	16	204
1,251	**Net Expenditure Cultural & Related Services**	**1,210**	**40**	**1,170**
	Environmental & Regulatory Services			
1	Closed Churchyards	17	-	17
18	Community Safety (CCTV)	14	14	-
48	Community Safety (Crime Reduction)	75	18	57
-	Community Safety (Safety Services)	7	3	4
451	Flood Defence & Land Drainage	315	-	315
662	Recycling	1,614	1,006	608
871	Regulatory Services	1,049	215	834
341	Street Cleansing	341	18	323
(55)	Trade Waste	760	766	(6)
570	Waste Collection	768	11	757
2,907	**Net Expenditure Environmental & Regulatory Services**	**4,960**	**2,051**	**2,909**
	Planning Services			
(31)	Building Control	247	249	(2)
32	Business Support	120	-	120
87	Community Development	109	22	87
297	Development Control	792	424	368
272	Economic Development	302	167	135
145	Environmental Initiatives	131	-	131
347	Planning Policy	429	57	372
1,149	**Net Expenditure Planning Services**	**2,130**	**919**	**1,211**

	Highways & Transport Services			
(485)	Parking Services	279	823	(544)
60	Transport Support	58	-	58
(425)	**Net Expenditure Highways & Transport Services**	**337**	**823**	**(486)**
	Housing Services			
24	Enabling	30	-	30
481	Homelessness	582	272	310
52	Housing Advice	58	1	57
204	Housing Benefits Administration	460	241	219
(22)	Housing Benefits Payments	11,936	11,973	(37)
87	Housing Strategy	114	32	82
346	Other Council Property	27	12	15
11	Other Welfare Services	253	198	55
216	Private Sector Housing Renewal	604	295	309
1,399	**Net Expenditure Housing Services**	**14,064**	**13,024**	**1,040**
	Corporate & Democratic Core			
545	Corporate Management	641	42	599
662	Democratic Representation & Management	639	-	639
1,207	**Net Expenditure Corporate & Democratic Core**	**1,280**	**42**	**1,238**
	Other Corporate & Non Distributed Costs			
20	Other Services	27	1	26
(202)	Non Distributed Costs	132	-	132
(182)	**Net Expenditure Other Corporate & Non Distributed Costs**	**159**	**1**	**158**
8,138	**COST OF SERVICES**	**25,461**	**17,273**	**8,188**

Accounting Concepts
The fundamental accounting principles that are applied to ensure that the Statement of Accounts ‘present fairly’ the financial performance and position of the Council.
Accounting Period
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.
Accounting Policies
Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.
Accruals
Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.
Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Amortisation
The gradual elimination of a debt by periodic payments over a specified number of years.
Asset
Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.
Assets Under Construction
This is the value of work on uncompleted tangible fixed assets at the balance sheet date.
Balance Sheet
A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.
Business Rates Retention Scheme
A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.
Capital Adjustment Account
The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.
Capital Charge
A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.
Capital Expenditure
Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.
Capital Expenditure charged to Revenue Account (CERA)
A method of financing capital expenditure in the accounting period rather than over a number of years.
Capital Financing
The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Programme
The capital schemes the Authority intends to carry out over a specified time period.
Capital Receipts
Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.
Cash Flow Statement
A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.
Charging Authority
The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).
Collection Fund
A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.
Community Assets
Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.
Consistency
The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.
Contingent Asset
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 Authority's control.
Contingent Liability
A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
Corporate and Democratic Core
The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. 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. The code of practice, therefore, does not require these costs to be apportioned to services.
Council Tax
A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.
Creditors
Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.
Current Assets
Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.
Current Liabilities
Amounts that will become due or could be called upon during the next accounting period.
Current Service Cost (Pensions)
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment
For a defined benefit pension 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 can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors
Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.
Deferred Debtors
Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.
Deferred Liabilities
These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.
Defined Contribution Pension 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 and prior periods.
Depreciation
The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.
Emoluments
These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.
Expected Rate of Return on Pension Assets
This applies to a funded defined benefit pension scheme and is 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.
Financial Reporting Standards (FRSs)
Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.
Financial Year
Period of time to which a Statement of Accounts relates. The financial year of the Authority runs from 1 April to 31 March.
Fixed Assets
Tangible and intangible assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.
General Fund
The main account of the Authority that records the costs of service provision.

Going Concern
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Impairment
A reduction in the value of a fixed asset below its carrying amount on the Authority's balance sheet.

Income and Expenditure Account
The Income and Expenditure Account combines the income and expenditure relating to all the Authority's functions.

Infrastructure Assets
These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset
These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost
This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)
Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Investment
An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties
An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

Leasing
A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Liability
An account due to an individual or organisation that will be paid at some future date.

Liquid Resources
Current investments that are readily disposable by the Authority without disrupting its business and are readily convertible to cash.

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.

Minimum Revenue Provision
The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.
Monitoring Officer
Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).
National Non-Domestic Rates (NNDR)
An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities through Top Ups and Tariffs. .
Net Book Value
Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Non- Current Assets
These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.
Non Distributed Costs
These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.
Non-Operational Assets
These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.
Operational Assets
These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.
Past Service Cost
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Post Balance Sheet Events
Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.
Precept
The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.
Precepting Authority
Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.
Prior Year Adjustments (or Prior Period Adjustments)
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.
Provisions
Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.
Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators
The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.
Realisable Value
The value of the asset at existing use, if sold between a willing buyer and a willing seller.
Related Party
Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.
Reserves
Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.
Residual Value
The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.
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 an employer's decision to terminate an employee's employment before the normal retirement date or 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.
Revaluation Reserve
This account contains surpluses and losses arising from the periodic valuation of non-current assets.
Revenue Account
An account which records the Authority's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.
Revenue Expenditure Funded from Capital Under Statute
Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.
Revenue Support Grant (RSG)
A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.
Scheme Liabilities
The liabilities of a defined benefit pension 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 151 Officer (s151)
The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.
Statement of Recommended Practice (SORP)
This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

Stocks (inventories)
Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.
Support Services
The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.
Temporary Borrowing/Investment
Money borrowed or invested for an initial period of less than one year.
Useful Life
The period over which the Authority will derive benefits from the use of an asset.
Work in Progress
The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.