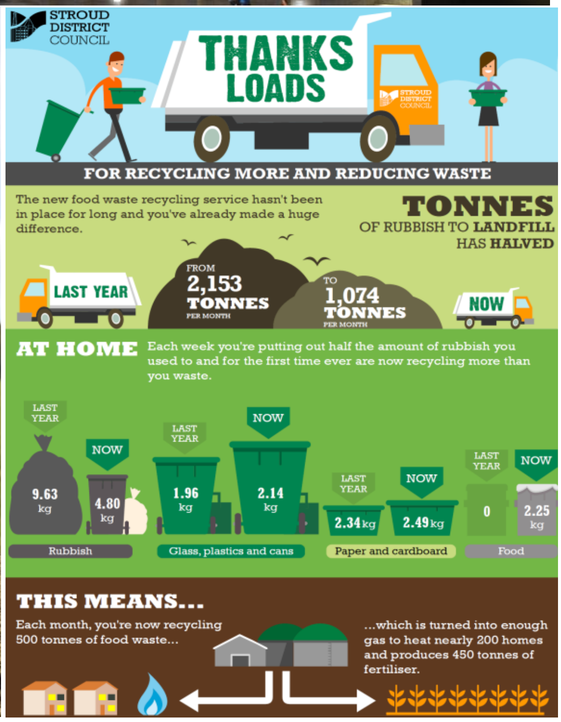
STROUD DISTRICT COUNCIL
www.stroud.gov.uk

Statement of Accounts 2016/2017



Contents

Narrative Report

Introduction to Stroud, Facts and Figures

The District of Stroud is located in the county of Gloucestershire, and covers an area of approximately 45,325 hectares (453 km^2 or 175 miles^2). Much of the eastern half of the District falls into the Cotswold Area of Outstanding Natural Beauty (AONB).

- Stroud has a population of 112,779 (2011 census) living in 51,679 households
- Stroud's population is expected to grow to 129,800 by 2037 (http://www.neighbourhood.statistics.gov.uk/HTMLDocs/dvc183/index.html#25/298/77/null/null/false/false/na/1)
- 3,837 new houses were built 2006-2015 and 7,563 projected to be built 2016-2031 to meet the minimum residual housing requirement(Source: SDC Local Plan)

Council Performance

During 2015, Stroud District Council updated the Corporate Delivery Plan (CDP) 2015-2019 and remains in place for 2016/17. The plan, which is available on the Council's website (link) sets out the vision for the district – to be leading a community that is making Stroud District a better place to live, work and visit for everyone. The CDP seeks to set out how this will be achieved around key priorities:

- **ECONOMY** - Help local people and businesses grow the local economy and increase employment
- **AFFORDABLE HOUSING -** Provide affordable, decent and social housing
- **ENVIRONMENT** - Help the community minimise its carbon footprint, adapt to climate change and recycle more
- **RESOURCES** - Provide value for money to our taxpayers and high quality services to our customers
- **HEALTH AND WELLBEING** - Promote the health and wellbeing of our communities and work with others to deliver

During 2016/17, a number of actions/outcomes have been achieved in relation to the CDP. These involved officers from all parts of the Council, but also from many partner organisations (such as the Homes and Communities Agency, Stroud Valleys Canal Company, Cotswolds Canal Trust). The CDP actions are reviewed and monitored on a quarterly basis and reported to each Committee as part of quarterly performance reports from members. The table below, is not an exhaustive record of the Council's performance, but does provide an indication of the breadth of achievement against the CDP.

Performance against CDP objectives in 2016/17

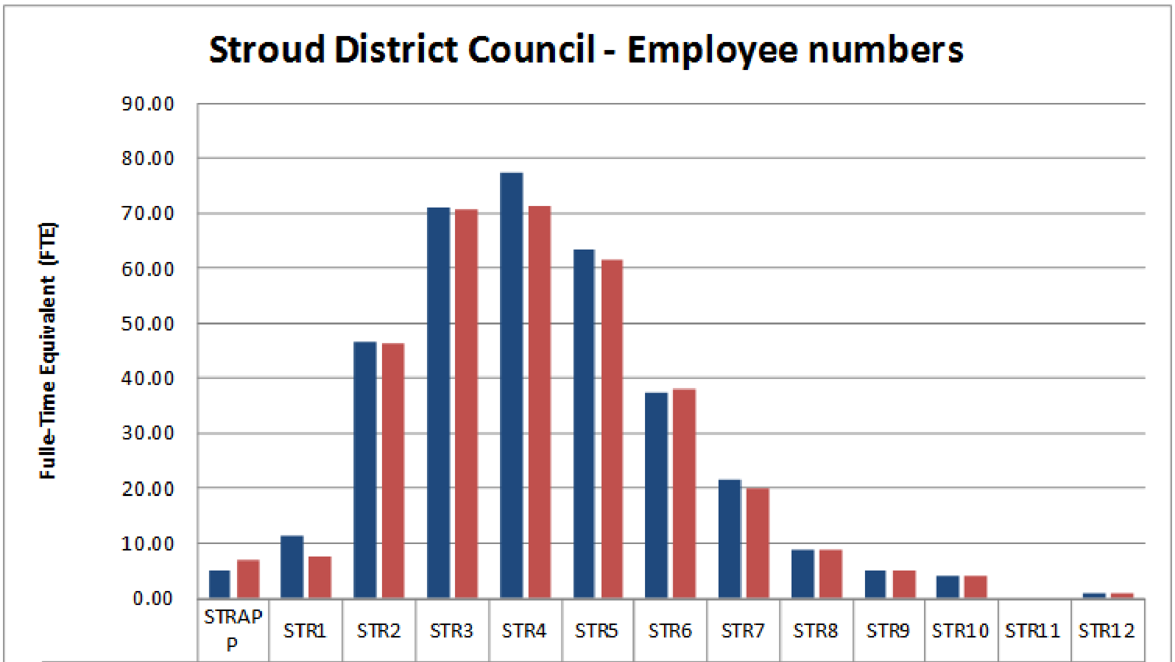
Economy	Affordable Housing	Environment	Resources	Health and Well Being
The Pulse (Dursley Pool) – construction of Fitness and Dance studio completed and opened in July 2016 Developed and implemented our Work Experience Charter working with local schools and businesses	Delivered 82 new Affordable Homes in 2016/17 (14 shared ownership, 68 rental). Investment of £3.5m in existing Housing Stock. Financial inclusion strategy (money management, access to training and employment, credit unions and welfare support) implemented through multi-agency partnership (Stroud Money Advice Forum)	SDC's Local Plan formally adopted in December 2015 Community Infrastructure Levy (CIL) adopted April 2017. New Waste and Recycling service launched including collection of food waste. Significant amount of waste diverted from landfill	£0.347m of budget savings identified in 2016/17 MTFP delivered. Delivery of the Building Control Partnership with Gloucester City Council	Significant increase in member subscriptions at The Pulse (Dursley Pool) following completion of the Fitness and Dance studio extension. Delivered physical activity and learning programmes at the Museum in the Park for 2,000 people from schools, care homes and community groups

The Council also has a Jobs and Growth Plan (link) which was updated during the year. It is underpinned by over £5 million of investment. This includes employment and homes at Littlecombe, Dursley; the largest regeneration site in Gloucestershire, which we now own. Added to that and uniquely, we are leading a £20 million canal regeneration project which has won various national awards. Over the last 12 months:

- a much praised 'Stroud Ambitions' event was delivered again in 2016/17, which offered careers guidance to over 1,000 year nine pupils and was supported by more than 50 local companies;
- jobs and investment at key sites such as Brimscombe Port, near Stroud, and Littlecombe, Dursley has taken place and more is planned;
- we continued a highly successful programme of apprenticeships, work placements and education-business links;
- we improved property management, with over 1,000 people now employed in companies on council owned premises;
- our investment in the local economy has continued. Council house building and improvement programmes; our mortgage scheme; carbon management programme; canal regeneration project; and energy efficiency schemes are all part of this investment;
- we have helped growing companies relocate within the district, with substantial private investment in jobs, apprenticeships and production facilities.

People

As at January 2017 the Council employed 341.42 full-time equivalent (FTE) officers to deliver a wide range of services to the public (352.72 as at January 2016)



	STRAPP	STR1	STR2	STR3	STR4	STR5	STR6	STR7	STR8	STR9	STR10	STR11	STR12
FTE Jan 2016	5.00	11.26	46.52	71.10	77.20	63.44	37.44	21.66	9.00	5.10	4.00	0.00	1.00
FTE Jan 2017	7.00	7.73	46.23	70.73	71.23	61.39	38.05	19.96	9.00	5.10	4.00	0.00	1.00

The Council pays spot salaries to all employees. The table above shows the number of full-time equivalent officers at each pay grade. Further details on staff remuneration are available in the Council's Fair Pay and Senior Pay Policy Statement (link)

Financial Performance

General Fund

The Council's General Fund revenue budget for 2016/17 was agreed against the backdrop of continuing reductions in core Government funding. The council's budget continued to provide funding for investment to support the Jobs and Growth Plan (£2m over 2 years to deliver housing, £0.6m over 2 years to support the Stroud Valleys Initiative intended to mitigate flood risk to unlock housing and employment land within the Stroud valleys).

A balanced budget was set through

- Delivery of £0.347m of savings and efficiencies
- Use of balances £0.356m (revised budget £1.201m)

The majority of the savings related to workforce planning savings and income generation. Stroud's approach in setting out the budget position in its Medium Term Plan (MTFP) is that savings are only included when they are known/certain rather than including indicative savings levels to be achieved in order to balance the budget. However, the 2017/18 MTFP indicated a growing funding gap that may necessitate a change to the approach the council takes to achieving efficiencies and savings.

The budget was revised on 2 occasions in the light of cost pressures arising across Waste and Recycling budgets and the impact of the new Multi-Service contract with Ubico. In April 2016, additional budget of £0.430m was agreed by Council owing to the change in market conditions relating to the sale of recycling material. Further changes were made to the General Fund budget in January 2017, the most significant being additional budget provision of £0.400m to support the Waste and Recycling service following a much higher demand for Food Waste collection than had been anticipated.

New Homes Bonus forms a significant part of the Council's finances to support the General Fund budget. The Council received £3.210m in 2016/17, but this is due to fall to £2.718m in 2017/18 with further reduction likely. Around 21% of the total funding of the General Fund comes from New Homes Bonus (NHB) and constitutes 43% of all government funding allocations for the council. It has been recognised for some time that the council's reliance on NHB represents a considerable financial risk to the Council with the MTFP assuming NHB allocations would reduce significantly over time.

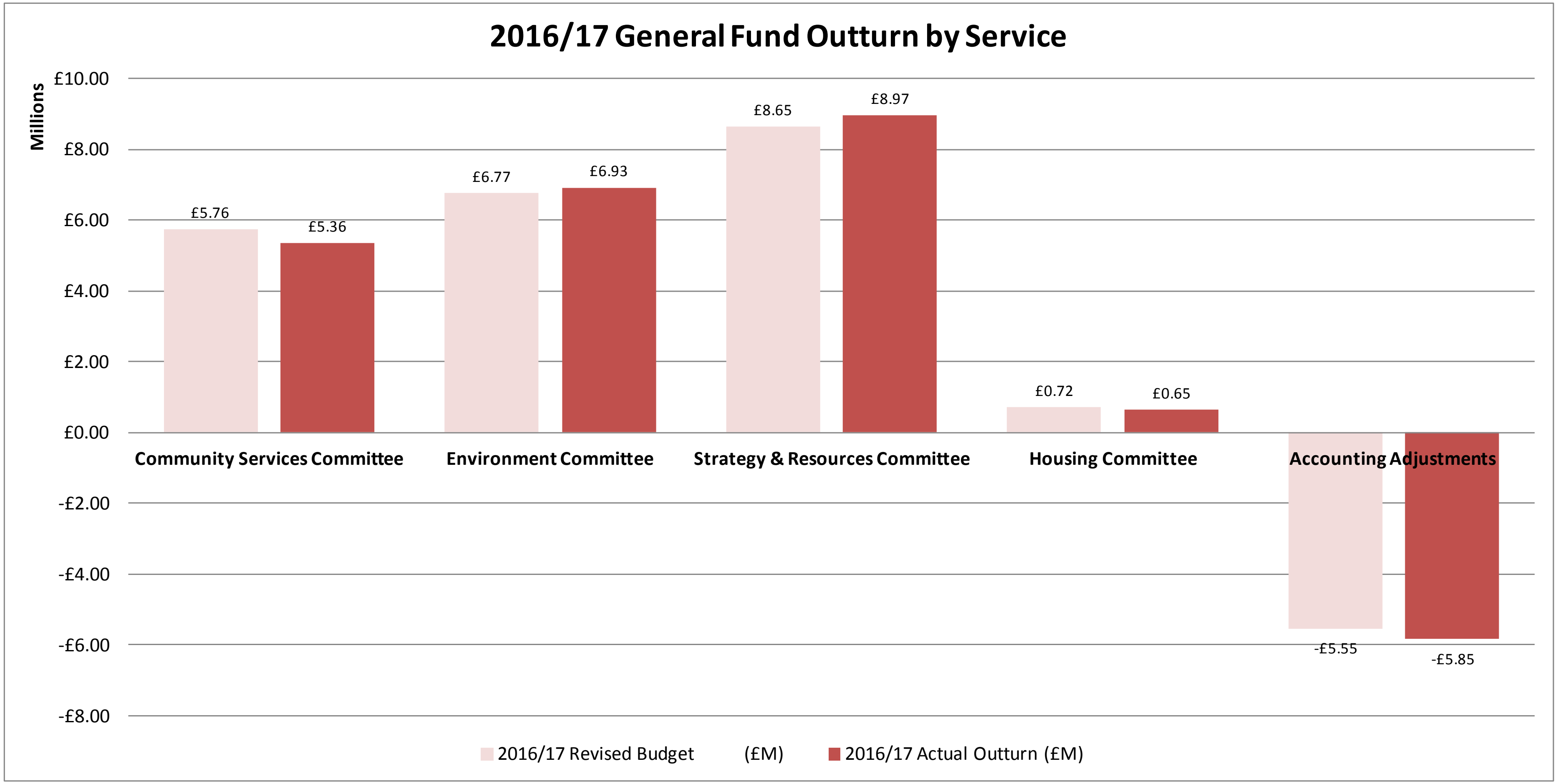
The General Fund revenue outturn position for 2016/17 is an under spend after agreed carry forwards of £0.675m. The main reasons that have resulted in the under spend are:

- additional funding from Business Rates (principally due to the improved performance of the Gloucestershire Business Rate Pool)
- savings from lower than anticipated staffing costs (a mix of in-year savings and vacancy levels)
- strong performance on income from fees and charges

However, as noted earlier, cost pressures with Waste and Recycling remain a concern, particularly given the emerging deficit on the Council's MTFP.

The net position for the General Fund (prior to budget carry forwards) is set out in the chart below. This shows net revenue spend of £16.058m compared to a budget of £16.350m. As a result, £0.356m is drawn from balances rather than £1.201m being drawn from balances.

GENERAL FUND	**2016/17 Original Budget (£'000)**	**2016/17 Revised Budget (£'000)**	**2016/17 Actual Outturn (£'000)**	**2016/17 Outturn Variance (£'000)**
Community Services Committee	5,791	5,758	5,361	(397)
Environment Committee	6,219	6,771	6,932	161
Strategy & Resources Committee	8,837	8,648	8,965	318
Housing Committee	744	721	648	(73)
Accounting Adjustments	(5,487)	(5,547)	(5,849)	(302)
Net Service Revenue Expenditure	**16,103**	**16,350**	**16,058**	**(293)**
Other Operating Income & Expenditure	(575)	73	123	50
Funding from Govt Grants/Council Tax	(14,351)	(15,223)	(15,825)	(602)
TOTAL General Fund	**1,176**	**1,201**	**356**	**(845)**
Net transfer to balances (before c/fs)				**(845)**
Less: c/fs				169
Net transfer to balances (after c/fs)				**(675)**


2016/17 General Fund Outturn by Service
Millions
£10.00
£8.00
£6.00
£4.00
£2.00
£0.00
-£2.00
-£4.00
-£6.00
-£8.00
£5.76
£5.36
£6.77
£6.93
£8.65
£8.97
£0.72
£0.65
-£5.55
-£5.85
Community Services Committee
Environment Committee
Strategy & Resources Committee
Housing Committee
Accounting Adjustments
2016/17 Revised Budget (£M)
2016/17 Actual Outturn (£M)

Performance on Business Rates

Owing to the way in which income from Business Rates is accounted for, the net position on business rates is largely in-line with the budgeted position.

However, the underlying performance on business rates is much healthier than the outturn suggests. Stroud has, in recent years, seen growth in business rates income, in part due to the opening of the M5 services between J11a and J12, and additional industrial unit space in Stonehouse.

Stroud also benefits from Business Rates collected in respect of renewable energy schemes, as this sits outside the Business Rates Retention Scheme. An additional £108k of business rates income was generated from renewable energy schemes.

However, the level of outstanding backdated business rate appeals is still high, with the NHS Mandatory relief claim remaining unresolved. Therefore, additional income from business rates over and above that included within the MTFP is still subject to a high degree of uncertainty.

Stroud is also the lead authority for the Gloucestershire Business Rates Pool (GBRP). Based on the NNDR3 returns, the GBRP is reporting a surplus of £2.1m. This is predominantly due to an improved position across the majority of pool members (in particular Stroud, Gloucester and Cotswold) and the consequential impact of the lower pool levy rate as a result of Tewkesbury leaving the pool in April 2016.

Following a partial repayment of 2014/15 losses to pool members at the end of 2015/16, the remaining balance of £0.934m was distributed back to pool members in accordance with the governance arrangements. The pool benefit balance of £1.205m has also been distributed back to pool members. This means that Stroud received £333k from the pool surplus, which was not budgeted for, and a proportion of this has been transferred to the Business Rates reserve to provide safety-net funding to smooth out any fluctuations in funding in future years.

Housing Revenue Account

The council owns and maintains its own council housing stock and manages 5,164 properties with a balance sheet value of £256m.

Following the correction of the overstated HRA opening balance used in the original budget setting process for 2016-17 and various remedial actions to improve its financial position, the HRA avoided falling below the minimum recommended balance of £1m, and reserves are now forecast to remain above the minimum level for the four year period of the Medium Term Financial Plan.

The HRA outturn position for 2016/17 shows a net return to general reserves of £3.3m, an increase of £0.5m over the revised budget position. Provision of £0.9m has been transferred to earmarked reserves, an increase of £0.2m over the revised budget position, and £1.4m has been retained in the Major Repairs Reserve. The main reasons for the variance are:

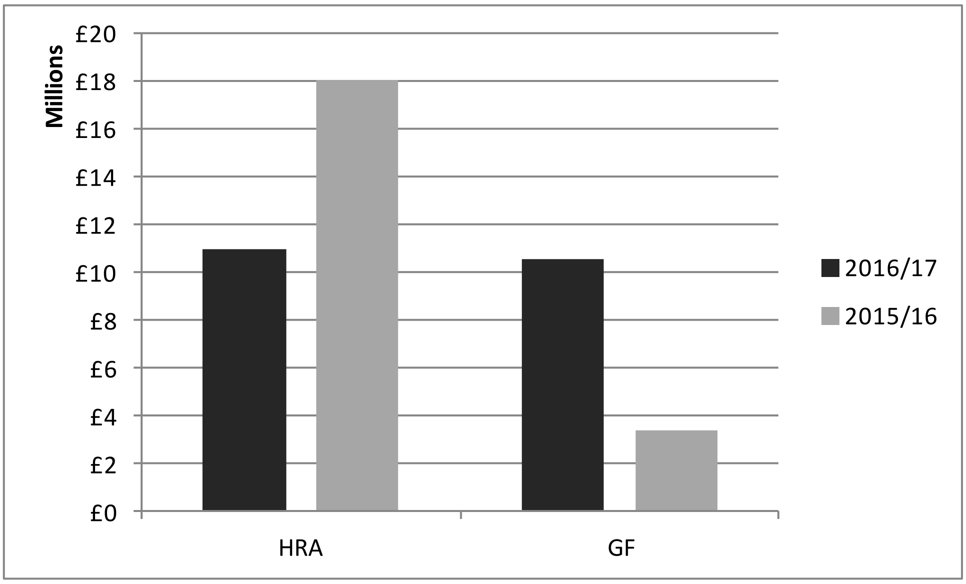
- £0.377m reduced spend on supervision and management
- £0.118m additional income through rents and other charges
- £1.792m reduced spend or slippage in major capital works

- £0.290m increased spend (accelerated delivery) on the New Build and Development programme

This table shows the position of HRA reserves for 2016/17.

HRA Balances 2016/17	**Opening balance 1 April £'000**	**Net transfers to/(from) £'000**	**Closing balance 31 March £'000**
General Reserves	1,938	3,275	5,213
Earmarked reserves	0	942	942
Major Repairs Reserve	0	1,418	1,418
Total balances	**1,938**	**5,635**	**7,573**

Capital Outturn
General Fund capital expenditure for 2016/17 was £10.527m (£3.385m in 2015/16). Major General Fund capital projects included Multi-service contract depot, vehicles and bins £7.6m, The Pulse fitness centre £0.9m and the Canal regeneration scheme £0.6m. HRA Capital spend was £10.975m (£18.080m in 2015/16), of which £7.455m was spent on construction of new council dwellings.



The Capital Programme is financed through a number of different sources – capital receipts mainly Right to Buy council house sales, external grants and contributions, General Fund capital reserve, other earmarked reserves, loans and revenue funding.

Revenue Balances/Earmarked Reserves
In common with other local authorities, the Council holds balances to cover a number of potential eventualities and risks of expenditure being required over and above that allowed for within revenue and capital budgets.

As at 31 March 2017 the Council's General Fund balances were £2.169m, with a further £14.640m held in Earmarked Reserves.

Provisions
Provisions totalling £0.665m have been included in the Statement of Accounts to provide for outstanding legal costs associated with Land Charges and meeting the estimated costs of Non-Domestic rating appeals.

Pension Fund performance
The balance sheet position of the Council's pension fund deficit has increased in 2016/17 by £4.545m to £45.207m (£40.662m 2015/16). This is primarily due to a decrease in the net discount rate 2.6% (3.5% 2015/16), and the negative impact of this has outweighed higher than expected asset returns.

Outlook - Medium Term Financial Plan

The Council, in common with other local authorities, faces significant pressure on its finances over the medium term. The level of Government funding supporting the Council's General Fund is reducing. 2017/18 is the final year the Council will receive Revenue Support Grant (RSG), and there is high degree of uncertainty around the future of New Homes Bonus (NHB) and the impact and timing of 100% Business Rates Retention.

The Medium Term Financial Plan (MTFP) shows that the Council has a core deficit on its budget increasing significantly over the 4-year period. The council is legally required to set a balanced budget for the following year. As can be seen from the table below, the council's core budget position is a deficit of £0.375m in 2017/18, rising to £3.497m in 2020/21. As has been previous policy the council will look to deploy its reserves over the coming years to ensure it maintains a balanced budget. This is set out in more detail under the reserves and balances section below. An important part of this strategy will be to continue to deliver efficiencies and savings over the coming years to slowly remove the dependency of the council on the utilisation of its reserves before they are depleted.

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)
TOTAL Funding	**15,052**	**14,158**	**13,616**	**13,352**
Net Service Expenditure	16,056	16,056	16,056	16,056
Corporate Items	(1,005)	(786)	(782)	(778)
Inflation and Pension costs	0	404	807	1,211
Additional budget pressures	400	260	330	530
Additional efficiency savings	(25)	(170)	(170)	(170)
General Fund Budget	**15,426**	**15,764**	**16,241**	**16,849**
Core Surplus / (Deficit) before reserves	**(375)**	**(1,606)**	**(2,625)**	**(3,497)**
Utilisation of Reserves	375	1,606	2,625	855
Core Surplus / (Deficit)after use of reserves	**0**	**0**	**0**	**(2,642)**

Table contains roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

The Council took-up the Government's multi-year settlement offer, with the MTFP being prepared on that basis. The multi-year settlement for Stroud is not particularly advantageous as Revenue Support Grant will not be received from 2018/19. From 2019/20 the Council will be paying a Tariff Adjustment of £0.549m back to Government. However, some certainty over future government funding is gained as a result.

The Government announced changes to the New Homes Bonus scheme as part of the finance settlement following its consultation last year. Owing to pressures within Adult Social Care funding, £240m of NHB funding has been top-sliced, with the final design of the NHB scheme reducing the level of the reward offered to councils. Stroud is likely to see a continued reduction in the level of NHB it receives, the level of NHB included in the MTFP reduces from £2.718m in 2017/18 to £0.838m in 2020/21. Some risk remains to future allocations, given the annual determination of the National Baseline figure whereby NHB is only paid against delivery over and above the baseline.

Since April 2013, the Council has retained a proportion of the business rates collected locally under the Business Rates Retention (BRR) scheme. Whilst BRR allows councils to keep some of the growth in business rates in their area, an element of risk is borne by the council in terms of business rates appeals and business failures.

Stroud is the lead authority for the Gloucestershire Business Rates Pool (GBRP) that has provided the opportunity to keep a greater share of business rates income within Gloucestershire. The GBRP is reporting a surplus of £2.138m and after accounting for repayment of 2014/15 losses, the remaining balance of £1.440m was distributed back to pool members in accordance to the governance arrangements pro-rata to 2014/15's deficit. This means that Stroud received £0.333m from the pool surplus.

When the final Local Government Finance Settlement was announced in February 2016, the government extended to all Councils the ability to raise Council Tax by £5 or up to 2% per annum, whichever is the greater. The MTFP assumes the Council will take advantage of this opportunity and includes a £5 Council Tax increase in each financial year. However, the decision to set Council Tax remains an annual decision for the Council to consider when setting the budget one year from the next.

As referenced earlier, the ongoing cost pressures from the Multi-Service contract remain a concern, particularly given the funding pressures faced by the Council. Additional resource of £1.15m was allocated within the MTFP recognising the 2016/17 overspend position. This is additional to the £1.6m allocated over the same period in relation to the change in market conditions for the sale/disposal cost of recycling materials.

The financial environment is expected to remain difficult for local authorities for the foreseeable future, given the recent General election result and the triggering of article 50 to cease EU membership. The Council has been successful in delivering significant budget and efficiency savings to date and has been pro-active in identifying and delivering savings. However, further significant savings or cost reductions are needed over the medium term to help balance the budget. The 2018/19 Budget Strategy will set out the way in which these can be delivered through a combination of service reviews, income generation or cost reductions.

The Council will need to deliver further budget and efficiency savings over and above those already identified in the MTFP in order to balance the budget over the medium term and reduce the core deficit. Corporate Team have been working on a detailed savings plan that fully recognises the need to reduce costs or increase income and these proposals will be developed over the coming months and only included in the MTFP when there is greater certainty on the timing and scale of saving that can be delivered.

Summary of the Core Financial Statements

The Statement of Accounts summarises the Council's financial performance and cash flows for the 2016/17 financial year from 1 April 2016 to 31 March 2017, and its position at the financial year end of 31 March 2017.

There are five **core financial statements**:

Expenditure and Funding Analysis (page 14)
The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement (page 15)
This statement shows the accounting cost in the year of providing the council's services.

Movement in Reserves Statement (page 16)
This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. Usable reserves increased by £5.382m in 2016/17, (2016/17 £28.664m, 2015/16 £23.282m), with Unusable reserves increasing by £41.865m (2016/17 £159.348m, 2015/16 £117.483m)

Balance Sheet (page 18)
This statement shows the assets and liabilities of the Council. The Total Net Worth of the Council increased by £47.247m in the year (2016/17 £188.012m, 2015/16 £140.765m).

Cash Flow Statement (page 19)
This statement shows the changes in cash and cash equivalents in the year. There was a decrease in cash and cash equivalents of £0.847m (2016/17 £8.353m, 2015/16 £9.200m).

These are further supported by **supplementary financial statements** for:

Housing Revenue Account Income and Expenditure Statement (page 84)
This statement shows the economic cost in the year of providing Housing services through the HRA.

Collection Fund Statement (page 90)
This statement shows the Council Tax and Non-Domestic Rating (NNDR) income received in the year less precepts and charges to the collection fund. Overall, the deficit on the NNDR element has reduced by £0.823m (2016/17 £0.070m deficit, 2015/16 £0.893m deficit). There is a reduced surplus on the Council Tax element of £0.051m (2016/17 £1.136m surplus, 2015/16 £1.187m surplus).

Chief Finance Officer Certification
The Statement of Accounts presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2017. The Statement of Accounts is unaudited and may be subject to change.

Signed: Date:

D Stanley CPFA **12 September 2017**

Accountancy Manager (Section 151 Officer)

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Accountancy Manager (Section 151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Accountancy Manager (Section 151 Officer)'s responsibilities

The Accountancy Manager (Section 151 Officer) , the Council's Responsible Financial Officer, is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Council Accounting in the United Kingdom* (the 'Code').

In preparing this Statement of Accounts, the Accountancy Manager (Section 151 Officer) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local Council Code

The Accountancy Manager (Section 151 Officer) has also:

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

The Accountancy Manager (Section 151 Officer) should sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2017. This statement is made on page 12.

Signed: Date:

D Stanley CPFA **12 September 2017**

Accountancy Manager (Section 151 Officer)

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis

2015/2016 Net Expenditure Chargeable to the General Fund and HRA Balances	2015/2016 Adjustments between the Funding and Accounting Basis (Note 7)	2015/2016 Net Expenditure in the Comprehensive Income and Expenditure Statement	figures in £'000s	2016/2017 Net Expenditure Chargeable to the General Fund and HRA Balances	2016/2017 Adjustments between the Funding and Accounting Basis (Note 7)	2016/2017 Net Expenditure in the Comprehensive Income and Expenditure Statement
4,583	-801	5,384	community services committee	5,361	17	5,344
4,889	-1,819	6,708	environment committee	6,932	-133	7,065
635	-453	1,088	housing committee - general fund	648	-21	669
2,949	14,755	-11,806	housing committee - housing revenue account (hra)	-8,008	27,374	-35,382
6,097	2,916	3,181	strategy & resources committee	8,965	6,020	2,945
-	-	-	accounting adjustments	-5,849	-5,849	-
-1,345	-	-1,345	support service charges	-	-	-
17,808	**14,598**	**3,210**	**Net Cost of Services**	**8,049**	**27,408**	**-19,359**
-15,200	-1,277	-13,923	other income and expenditure	-11,353	3,113	-14,466
2,608	**13,321**	**-10,713**	**Surplus (-) or Deficit on Provision of Services**	**-3,304**	**30,521**	**-33,825**
-22,268			opening general fund and hra balance	-19,660		
2,608			surplus or deficit on general fund and hra balance in year	-3,304		
-19,660			**Closing General Fund and HRA Balance**	**-22,964**		

2015/2016 General Fund Balance	2015/2016 Housing Revenue Account Balance	2015/2016 Total Balances		2016/2017 General Fund Balance	2016/2017 Housing Revenue Account Balance	2016/2017 Total Balances
-17,381	-4,887	**-22,268**	opening balance	-17,722	-1,938	**-19,660**
-341	2,949	**2,608**	surplus (-) / deficit	913	-4,217	**-3,304**
-17,722	**-1,938**	**-19,660**	closing balance	**-16,809**	**-6,155**	**-22,964**

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. * Figures are restated for 2015/2016 Expenditure on Council Services on the basis of Committee rather than CIPFA Service categories.

Comprehensive Income and Expenditure Statement

*Restated 2015/2016					2016/2017		
gross expenditure	gross income	net expenditure	figures in £'000s	*note*	gross expenditure	gross income	net expenditure
			Expenditure on Council Services				
33,865	-28,481	5,384	community services committee		34,520	-29,176	5,344
10,116	-3,408	6,708	environment committee		11,846	-4,781	7,065
1,335	-247	1,088	housing committee - general fund		1,367	-698	669
19,666	-23,541	-3,875	housing committee - housing revenue account		13,828	-23,438	-9,610
-	-7,931	-7,931	council dwelling revaluation (material item- page 89)		-	-25,772	-25,772
3,964	-783	3,181	strategy & resources committee		3,212	-267	2,945
-	-1,345	-1,345	support service charges		-	-	-
68,946	-65,736	3,210	**Surplus (-) / Deficit on Operations**		64,773	-84,132	-19,359
3,712	-2,365	1,347	**Other Operating Expenditure**	*11*	5,005	-3,004	2,001
5,069	-310	4,759	**Financing & Investment Income & Expenditure**	*12*	5,152	-297	4,855
-	-20,029	-20,029	**Taxation & Non-Specific Grant Income**	*13*	-	-21,322	-21,322
		-10,713	**Surplus (-) / Deficit on Provision of Services**				**-33,825**
		-942	surplus(-) / deficit on revaluation of property, plant & equipment assets	*26*			-17,667
		-10,160	actuarial remeasurement gains(-) / losses on pension assets / liabilities	*41*			4,243
		-11,102	**Other Comprehensive Income & Expenditure**				**-13,424**
		-21,815	**Total Comprehensive Income & Expenditure**				**-47,249**

Movement in Reserves Statement

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

Movement in Reserves Statement 2016-17

	Notes	(a) General Fund Balance £000	(b) Housing Revenue Account £000	(c) Major Repairs Reserve £000	(d) Capital Receipts Reserve £000	(e) Capital Grants Unapplied £000	(f) **Total Usable Reserves** £000	(g) Unusable Reserves £000	(h) **Total Authority Reserves** £000
Balance at 31 March 2016		**17,722**	**1,938**	**-**	**2,891**	**730**	**23,282**	**117,483**	**140,765**
Surplus or (deficit) on provision of services (accounting basis)		**(1,311)**	**35,136**	**-**	**-**	**-**	**33,825**	**-**	**33,825**
Other Comprehensive Income & Expenditure		**-**	**-**	**-**	**-**	**-**	**-**	**13,424**	**13,424**
Total Comprehensive Income & Expenditure		**(1,311)**	**35,136**	**-**	**-**	**-**	**33,825**	**13,424**	**47,249**
Adjustments between accounting basis & funding basis under regulations	9	**398**	**(30,919)**	**1,418**	**599**	**63**	**(28,441)**	**28,441**	**-**
Increase / (Decrease) in Year		**(913)**	**4,217**	**1,418**	**599**	**63**	**5,384**	**41,865**	**47,249**
Balance at 31 March 2017		**16,809**	**6,155**	**1,418**	**3,490**	**793**	**28,664**	**159,348**	**188,012**

General Fund and HRA balance analysed over				**Total £000**
Amounts earmarked	10	14,640	942	**15,582**
Amounts uncommitted		2,169	5,213	**7,382**
Total General Fund and HRA balance as at 31 March 2017		**16,809**	**6,155**	**22,964**

Movement in Reserves Statement 2015-16

	Notes	(a) General Fund Balance £000	(b) Housing Revenue Account £000	(c) Capital Receipts Reserve £000	(d) Capital Grants Unapplied £000	(e) **Total Usable Reserves** £000	(f) Unusable Reserves £000	(g) **Total Authority Reserves** £000
Balance at 31 March 2015		**17,381**	**4,887**	**1,507**	**477**	**24,253**	**94,697**	**118,950**
Surplus or (deficit) on provision of services (accounting basis)		**(448)**	**11,161**	**-**	**-**	**10,713**	**-**	**10,713**
Other Comprehensive Income & Expenditure		**-**	**-**	**-**	**-**	**-**	**11,102**	**11,102**
Total Comprehensive Income & Expenditure		**(448)**	**11,161**	**-**	**-**	**10,713**	**11,102**	**21,815**
Adjustments between accounting basis & funding basis under regulations	9	**789**	**(14,110)**	**1,384**	**253**	**(11,684)**	**11,684**	**-**
Increase / (Decrease) in Year		**341**	**(2,949)**	**1,384**	**253**	**(971)**	**22,786**	**23,452**
Balance at 31 March 2016		**17,722**	**1,938**	**2,891**	**730**	**23,282**	**117,483**	**140,765**

General Fund and HRA balance analysed over				**Total £000**
Amounts earmarked	10	9,060	-	**9,060**
Amounts uncommitted		8,662	1,938	**10,600**
Total General Fund and HRA balance as at 31 March 2016		**17,722**	**1,938**	**19,660**

Movement in Reserve Statements contain roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:-

Balance Sheet

31 March 2016 £000		Notes	31 March 2017 £000
256,850	Property, Plant & Equipment	14	312,401
140	Heritage Assets	15, 45-46	140
1,873	Investment Property	16	2,393
101	Intangible Assets	17	76
1,201	Long Term Investments	18	-
364	Long Term Debtors	18	338
260,529	**Long Term Assets**		**315,348**
19,900	Short Term Investments	18	21,679
550	Assets Held for Sale	22	850
448	Inventories	19	26
9,524	Short Term Debtors	20	7,496
9,200	Cash and Cash Equivalents	21	8,353
39,622	**Current Assets**		**38,404**
-11,668	Short Term Creditors	23	-10,883
-11,668	**Current Liabilities**		**-10,883**
-1,606	Long Term Creditors	23	-2,269
-734	Provisions	24	-665
-104,717	Long Term Borrowing	18	-106,717
-40,662	Other Long Term Liabilities	41	-45,207
-147,719	**Long Term Liabilities**		**-154,858**
140,765	**Net Assets**		**188,012**
23,282	Usable Reserves	25	28,664
117,483	Unusable Reserves	26	159,348
140,765	**Total Reserves**		**188,012**

Balance sheet contains roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

Unusable reserves are reserves that the Council may not use to provide services. This category 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'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council 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 Council are funded by taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council'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 Council.

Cash Flow Statement

31 March 2016 £000		Notes	31 March 2017 £000
-10,713	Net surplus(-) or deficit on the provision of services		-33,825
-7,093	Adjust net surplus or deficit on the provision of services for non cash movements	27	15,917
3,575	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		4,814
-14,231	Net cash flows from Operating Activities		-13,094
30,657	Investing Activities	28	15,941
-9,000	Financing Activities	29	-2,000
7,426	**Net increase(-) or decrease in cash and cash equivalents**		**847**
16,626	Net cash and cash equivalents at the beginning of the reporting period		9,200
9,200	Net cash and cash equivalents at the end of the reporting period	21	8,353

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

(a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Council Accounting in the United Kingdom 2016/17* 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.

The summary of significant accounting policies includes the following items where they have a significant effect on the amounts recognised in the financial statements:-

(b) Accruals of Income and Expenditure

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

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

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

(d) Prior Period Adjustments, Changes in Accounting Polices and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (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.

(e) Charges to Revenue for Non-Current Assets

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

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

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

(f) Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority’s share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority’s General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority’s share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

(g) Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees, but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements 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 decisions by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Council 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 Council to the pension fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards.

(h) Post Employment Benefits

Most employees of the Council are members of the Local Government Pension Scheme, administered by Gloucestershire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit credit 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 future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (3.5% in 2015-16) at the IAS19 valuation date.
- The assets of the Gloucestershire County Council pension fund attributable to the Council are included in the balance sheet at their fair value:
  - Quoted securities – current bid price.
  - Unquoted securities – professional estimate.
  - Unitised securities – current bid price.
  - Property – market value.
- The change in the net pensions liability is analysed into the following components:

  Service Cost comprising:

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

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

  Re-measurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Gloucestershire County Council 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 that the General Fund Balance is charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

(i) Events After the Balance Sheet Date

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

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

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

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

(j) Financial Instruments

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

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

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

Financial assets are classified into two types:

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

Loans and receivables

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

Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

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

(k) Foreign Currency Translation

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

(l) Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 all capital grants) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General 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.

Community Infrastructure Levy

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges [for this authority] may be used to fund revenue expenditure.

(m) Heritage Assets

Heritage assets are defined as assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Assets owned by the Council that fit the definition of heritage assets are:

Nailsworth Fountain
Park Gardens Memorial
Sims Clock – transferred to Stroud Town Council in March 2017
Stroud from Rodborough Fort, painting c1850 by A N Smith
The Arch, Paganhill
Warwick Vase
Woodchester Mansion

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note (t) in this summary of significant accounting policies. Should a heritage asset be disposed of the proceeds would be accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

(n) Intangible Assets

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

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

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

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

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

(o) Interests in Companies and Other Entities

The Council is required to consider all its interests (including those in local authorities and similar bodies) and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. The canal project requires that significant sums of money are managed by the Council to deliver this major infrastructure scheme by the end of 2017, which includes £12.7m of grant from the Heritage Lottery Fund. Many of the land aspects of this project are managed separately by the Stroud Valleys Canal Company. The Council has membership of the Company, but does not have access to benefits or exposure to the risk of a potential loss so there is no group relationship.

Ubico Ltd. was originally formed in 2012 as a company wholly owned by its shareholders. Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucestershire County Council, Tewkesbury Borough Council, West Oxfordshire District Council and Stroud District Council are the current owners. Each of the seven local authorities are equal shareholders. The company is responsible for delivering the shareholders' environmental services such as refuse and recycling within their respective council boundaries. Stroud District Council joined in January 2016 and in July 2016 Ubico Ltd. took over delivery of waste and recycling from Veolia Ltd. Since Stroud District Council does not exercise control or joint control or significant influence over the company, its accounts have not been consolidated into the group accounts, however full disclosure notes are provided.

(p) Inventories and Long Term Contracts

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

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

(q) 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at 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.

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. Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance.

(r) Leases

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

Where a lease covers both land and buildings, the land and building elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating leases

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

The Council as Lessor

Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement 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 – 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. 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 Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments, (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(s) Overheads and Support Services

The costs of overheads and support services are charged to the Committee that benefits from the supply or service in accordance with the Council's arrangements for accountability and financial performance.

(t) 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 Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £20,000, except for where the sum of the assets is significant, such as public conveniences and car parks. Additionally, items below the de minimis limit may be capitalised and included on the asset register if, for example, they are deemed portable and attractive.

General Fund assets are componentised if the cost of the component is more than 25% of the cost of the whole asset, and the cost of the component is more than £0.5m. This is subject to the over-riding requirement that not componentising would result in a material misstatement of depreciation.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- all other classes of asset – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- 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(s) in the Comprehensive Income and Expenditure Statement
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – straight-line allocation up to 30 years.

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

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

Disposals and Non-Current Assets Held for Sale

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of 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.

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within 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 (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of the 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.

Capitalisation of Salaries

The Council may capitalise salaries where employees work full time on a project. In the case of computer software installations the cost of software consultants’ time will be included as the overall cost of a capital scheme.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(v) Reserves

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

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

(w) Revenue Expenditure Funded from Capital Under Statute

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

(x) Value Added Tax

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.

2. Accounting Standards Issued, not Adopted

The following changes in accounting standards were introduced in the 2016/17 Code:

Amendments to IAS19 Employee benefits (Defined Benefit Plans: Employee Contributions)
Annual improvements to IFRSs 2010 - 2012 Cycle
Amendment to IFRS11 Joint Arrangements
Amendment to IAS16 Property, Plant and Equipment and IAS38 Intangible Assets
Annual Improvements to IFRSs 2012 – 2014 Cycle
Amendment to IAS1 Presentation of Financial Statements
Changes to the format of the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the introduction of a new Expenditure and Funding Analysis (EFA) and notes.

With the exception of changes to the format of the CIES and MIRS and introduction of the EFA, these amendments have not had a material impact on the financial statements or balances of the council.

3. Critical Judgements in Applying Accounting Policies

Other than critical assumptions covered in Note 4, in applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions. The critical judgements made in the Statement of Accounts are:

- The Canal project means that significant sums of money are managed by the Council to deliver this major infrastructure scheme by 2017, which includes £12m of heritage lottery funding. The land aspects of this project are managed separately by the Stroud Valleys Canal Company. The Council does not have access to benefits or exposure to the risk of a potential loss so there is no group relationship.
- Stroud District Council has a 14.29% shareholding in a not for profit local authority company called Ubico which provides environmental services (street cleaning, refuse collection, recycling and grounds maintenance). The fair value of the council's interest in the company at 31 March 2017 is considered to be nil, since it is a wholly local authority owned not-for-profit 'Teckal' company. The company (registration No. 07824292) is limited by share capital and governed by its memorandum and articles of association. The liability in respect of the shares is set out in the memorandum of association and is limited to £1 per member of the company, of which there are seven at 31 March 2017. There is no group relationship.
  The Council has purchased vehicles to be utilised by Ubico in the provision of services to the Council. As substantially all the rights of ownership are retained by the Council and they will be used exclusively for the benefit of Stroud District Council, the vehicles have been accounted for as assets within Property, Plant and Equipment. The vehicles have a net book value of £3m.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the Future and other Major Sources of Estimation Uncertainty

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

As well as the items described in note 3, the items in the Council's Balance Sheet at 31 March 2017 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
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The spending	A reduction of 1 year in useful asset lives would result in an additional £0.327m depreciation charge (£0.161m council dwellings and £0.166m other assets).

	on repairs and maintenance may vary in the future, which would reduce the useful lives assigned to assets.	
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, Hymans Robertson LLP, is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £12.269m (15/16 £11.280m). However, the assumptions interact in complex ways. During 2016/17, the Council's actuaries advised that the net pension liability had increased by £4.545m (decrease by £10.160m 15/16) as a result of remeasurements by the actuary.
Arrears	At 31 March 2017 the Council had a short term debtor balance of £8.539m and a bad debt provision of £1.043m or 12.21% of the debt. If collection rates were to deteriorate, an additional bad debt provision would have to be made.	If collection rates were to deteriorate, an additional bad debt provision would have to be made. See notes 18, 20 and 44 for further details of debt outstanding.

5. Material Items of Income and Expense

The nature and amount of material items not separately disclosed on the face of the CI&E Statement are as follows:-

- Increase in net pension fund liabilities of £4.5m (see note 41).
- HRA capital programme which includes new build properties was £10.9m (2015/16 £18.1m). For more detail see note 4 of the HRA financial statements on page 87.
- Capital expenditure of £7.6m on vehicles, a depot and bins associated with a new refuse and recycling contract with Ubico Ltd.

6. Events after the Balance Sheet Date

There are no material events after the balance sheet date to disclose.

7. Note to the Expenditure and Funding Analysis

Note to the Expenditure and Funding Analysis				
	Adjustments between Funding and Accounting Basis 2016/17			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure amounts	**Adjustments for Capital Purposes (a)**	**Net change for the Pensions Adjustments (b)**	**Other Differences (c)**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
community services committee	-257	-1,065	1,339	**17**
environment committee	-226	-657	750	**-133**
housing committee - general fund	-23	2	-	**-21**
housing committee - housing revenue account (hra)	27,616	-241	-1	**27,374**
strategy & resources committee	506	-284	5,798	**6,020**
accounting adjustments	-1,082	3,119	-7,886	**-5,849**
support service charges	-	-	-	**-**
Net Cost of Services	**26,534**	**874**	**-**	**27,408**
Other income and expenditure from the Expenditure and funding analysis	-196	-572	3,881	3,113
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**26,338**	**302**	**3,881**	**30,521**

Note to the Expenditure and Funding Analysis				
	Adjustments between Funding and Accounting Basis 2015/16			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure amounts	**Adjustments for Capital Purposes (a)**	**Net change for the Pensions Adjustments (b)**	**Other Differences (c)**	**Total Adjustments**
	£000	**£000**	**£000**	**£000**
community services committee	-14	-43	-744	**-801**
environment committee	-819	-102	-898	**-1,819**
housing committee - general fund	-312	-25	-116	**-453**
housing committee - housing revenue account (hra)	11,011	94	3,650	**14,755**
strategy & resources committee	2,833	-1,006	1,089	**2,916**
support service charges	-	-	-	**-**
Net Cost of Services	**12,699**	**-1,082**	**2,981**	**14,598**
other income and expenditure from the Expenditure and funding analysis	-	-	**-1,277**	**-1,277**
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**12,699**	**-1,082**	**1,704**	**13,321**

(a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are

deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

(b) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
For **Financing and investment income and expenditure** –- the net interest on the defined benefit liability is charged to the CIES.

(c) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income		
	Income received on a segmental basis	
	2015/16	2016/17
Services	Income from Services	Income from Services
	£000	£000
community services committee	-3,201	-3,423
environment committee	-2,602	-3,700
housing committee - general fund	-77	-83
housing committee - housing revenue account (hra)	-23,541	-23,438
strategy & resources committee	-3,361	-2,322
Total income analysed on a segmental basis	**-32,782**	**-32,966**

8. Expenditure and Income Analysed by Nature

Expenditure and Income Analysed by Nature		
	2015/16	2016/17
	£000	£000
Expenditure		
employee benefits expenses	15,152	15,559
other services expenses	42,522	43,588
support service recharges	1,581	-
depreciation, amortisation, impairment	10,914	5,626
interest payments	5,069	5,461
precepts and levies	3,137	3,274
payments to housing capital receipts pool	455	1,422
Total Expenditure	**78,830**	**74,930**
Income		
fees, charges and other service income	-32,782	-32,966
support service income	-	-
interest and investment income	-334	-297
gain on disposal of assets	-2,365	-3,059
council house revaluation	-7,931	-25,772
income from council tax and non-domestic rates	-14,095	-15,366
government grants and contributions	-32,036	-31,295
Total Income	**-89,543**	**-108,755**
Surplus or Deficit on the Provision of Services	**-10,713**	**-33,825**

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

Adjustments between Accounting Basis & Funding Basis under Regulations 2016-17

2016-17	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	275	-577	-	-	-	302
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	321	-	-	-	-	-321
Holiday pay (transferred to the Accumulated Absences Reserve)	-4	-1	-	-	-	5
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-3,351	22,252	-	-	-	-18,901
Total Adjustments to Revenue Resources	**-2,759**	**21,674**	**-**	**-**	**-**	**-18,915**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	50	4,764	-4,814	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-33	33	-	-	-
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	-	-1,722	-	-	-	1,722
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-1,422	-	1,422	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	5,156	-	-5,156	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	559	-	-	-	-	-559
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	**-813**	**8,165**	**-3,359**	**-5,156**	**-**	**1,163**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,760	-	-	-2,760
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	3,738	-	-3,738
Application of capital grants to finance capital expenditure	752	872	-	-	-63	-1,561
Capital expenditure charged against the General Fund and HRA balances	2,423	208	-	-	-	-2,631
Total Adjustments to Capital Resources	**3,175**	**1,080**	**2,760**	**3,738**	**-63**	**-10,690**
Total Adjustments	**-398**	**30,919**	**-599**	**-1,418**	**-63**	**28,441**

Adjustments between Accounting Basis & Funding Basis under Regulations 2015-16

2015-16	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	-1,229	94	-	-	-	1,135
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	887	-	-	-	-	-887
Holiday pay (transferred to the Accumulated Absences Reserve)	-2	-	-	-	-	2
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-2,130	-566	-	-	-	2,696
Total Adjustments to Revenue Resources	**-2,474**	**-472**	**-**	**-**	**-**	**2,946**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	206	3,369	-3,575	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-31	-	31	-	-	-
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	-	-1,177	-	-	-	1,177
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-455	-	455	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	5,308	-	-5,308	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-	-	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	**-280**	**7,500**	**-3,089**	**-5,308**	**-**	**1,177**
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,705	-	-	-1,705
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	5,308	-	-5,308
Application of capital grants to finance capital expenditure	735	813	-	-	-253	-1,295
Capital expenditure charged against the General Fund and HRA balances	1,233	6,269	-	-	-	-7,502
Total Adjustments to Capital Resources	**1,968**	**7,082**	**1,705**	**5,308**	**-253**	**-15,810**
Total Adjustments	**-789**	**14,110**	**-1,384**	**-**	**-253**	**11,684**

Note 9 tables contain roundings (see Glossary) which affects the arithmetic accuracy of the figures.

10. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure 2016/17.

Transfers to / from Earmarked Reserves 2016-17

	Balance 1st April 2015	Tsfers From 2015-16	Tsfers To 2015-16	**Balance 31st March 2016**	Tsfers From 2016-17	Tsfers To 2016-17	**Balance 31st March 2017**
General Fund:	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
building control shared service	-	-	59	59	-	83	142
business rates safety net	162	-	137	299	-18	-	281
capital	2,252	-1,015	213	1,450	-1,724	6,110	5,836
climate change	625	-4	50	671	-	-	671
closed circuit television	83	-	8	91	-91	-	-
community infrastructure levy	-	-	-	-	-	-41	-41
district council elections	35	-	-	35	-35	-	-
efficiency savings / invest to save	179	-	-	179	-179	-	-
homelessness prevention	122	-2	-	120	-90	-	30
housing - general fund	-	-	1,000	1,000	-2,000	1,000	-
information communication technology	434	-192	200	442	-492	50	-
jobs and growth	1,558	-197	-	1,361	-911	-	450
legal counsel	121	-	30	151	-131	30	50
littlecombe	422	-	-	422	-372	-	50
merrywalks car park	93	-93	7	7	-	215	222
mtfp equalisation						6,000	6,000
neighbourhood planning grant	20	-	-	20	-54	105	71
opportunity land purchase	250	-	-	250	-105	105	250
planning appeal costs	355	-130	25	250	-175	25	100
property maintenance	388	-110	70	348	-418	70	-
retrofit guarantee	75	-	-	75	-75	-	-
risk management / insurance	70	-	-	70	-70	-	-
S106 maintenance	204	-	-	204	-204	-	-
Stratford Park leisure centre "sinking fund"	140	-	-	140	-180	40	-
Stroud Valleys Initiative	-	-	100	100	-600	500	-
the pulse	-	-	130	130	-	-	130
unapplied revenue grants	39	-39	120	120	-120	-	-
unapplied revenue contributions	82	-82	-	-	-	-	-
warm and well grants	68	-	-	68	-68	-	-
waste management	560	-	40	600	-600	-	-
work force planning	400	-	-	400	-	-	400
total earmarked reserves - General Fund	**8,737**	**-1,864**	**2,189**	**9,060**	**-8,712**	**14,292**	**14,640**
HRA:							
hra earmarked reserve	-	-	-	-	-	942	942
total earmarked reserves - HRA	**-**	**-**	**-**	**-**	**-**	**942**	**942**

Note 10 table contains roundings (see Glossary) which affects the arithmetic accuracy of the figures.

11. Other Operating Expenditure

Other Operating Expenditure		
2015/16 £000		**2016/17 £000**
2,874	Parish Council Precepts	3,143
157	Parish Local Council Tax Support Grant	-
-	Miscellaneous costs	309
106	Levies	131
120	Land charge provision	-
455	Payments to the Government Housing Capital Receipts Pool	1,422
-2,365	Gains (-) / losses on the disposal of non-current assets	-3,004
1,347	**Total**	**2,001**

12. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure		
2015/16 £000		**2016/17 £000**
3,402	Interest payable and similar charges	3,643
1,578	Net interest on the net defined benefit liability	1,398
54	Repayment of Icelandic investments	-
-287	Interest receivable and similar income	-251
-23	Clean Energy Cashback	-46
35	Income and expenditure in relation to investment properties and changes in their fair value	111
4,759	**Total**	**4,855**

13. Taxation and Non Specific Grant Income

Taxation and Non Specific Grant Income		
2015/16 £000		**2016/17 £000**
-10,822	Council tax income	-11,366
-3,273	Non domestic rates	-4,000
-4,386	Non-ringfenced government grants	-4,396
-1,548	Capital grants and contributions	-1,560
-20,029	**Total**	**-21,322**

14. Property, Plant and Equipment

Property, Plant and Equipment						
Movements in 2016-17	**council dwellings**	**council dwellings under construction**	**other land & buildings (incl. *community assets)**	**vehicles, plant furniture & equipment**	**infra-structure assets**	**total property, plant & equipment**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation						
At 1 April 2016	313,616	10,730	42,791	3,261	428	370,826
Additions	3,520	7,455	3,447	5,154	-	19,576
Donations	-	-	100	-	-	100
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	17,751	-	-	-	-	17,751
Revaluation increases/decreases(-) recognised in the Surplus / Deficit on the Provision of Services	25,639	-	-117	-	-	25,522
Derecognition - disposals	-1,440	-300	-70	-	-	-1,810
Derecognition - other	-	-	-	-	-	-
Transfers	4,546	-4,604	-300	-		-358
At 31 March 2017	**363,632**	**13,281**	**45,851**	**8,415**	**428**	**431,607**
Accumulated Depreciation & Impairment						
At 1 April 2016	-104,534	-	-7,227	-2,081	-135	-113,977
Depreciation charge	-5,156	-	-933	-758	-19	-6,866
Depreciation written out to the Surplus / Deficit on the Provision of Services	5,156	-	-	-	-	5,156
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-3,520	-	-	-	-	-3,520
At 31 March 2017	**-108,054**	**-**	**-8,160**	**-2,839**	**-154**	**-119,207**
Net Book Value						
At 31 March 2017	**255,578**	**13,281**	**37,691**	**5,576**	**274**	**312,401**
At 31 March 2016	209,082	10,730	35,564	1,180	293	256,850

*Other land and buildings includes £54k net book value of Community Assets that had no movement in net book value during the year.

Property, Plant and Equipment

Movements in 2015-16	council dwellings	council dwellings under construction	other land & buildings (incl. *community assets)	vehicles, plant furniture & equipment	infra-structure assets	total property, plant & equipment
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2015	294,792	4,191	40,215	2,971	428	342,597
Additions	8,497	9,059	2,332	290	-	20,178
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	892	-	50	-	-	942
Revaluation increases/decreases(-) recognised in the Surplus / Deficit on the Provision of Services	7,724	369	194	-	-	8,287
Derecognition - disposals	-1,178	-	-	-	-	-1,178
Derecognition - other	-	-	-	-	-	-
Transfers	2,889	-2,889	-	-		-
At 31 March 2016	**313,616**	**10,730**	**42,791**	**3,261**	**428**	**370,826**
Accumulated Depreciation & Impairment						
At 1 April 2015	-96,037	-	-6,345	-1,847	-116	-104,345
Depreciation charge	-4,333		-882	-219	-19	-5,453
Depreciation written out to the Surplus / Deficit on the Provision of Services	4,333	-	-	-	-	4,333
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-8,497	-	-	-15	-	-8,512
At 31 March 2016	**-104,534**	**-**	**-7,227**	**-2,081**	**-135**	**-113,977**
Net Book Value						
At 31 March 2016	**209,082**	**10,730**	**35,564**	**1,180**	**293**	**256,850**
At 31 March 2015	198,755	4,191	33,870	1,124	312	238,253

*Other land and buildings includes £54k net book value of Community Assets.

Note 14 tables contain roundings (see Glossary) which affect the arithmetic accuracy of the figures.

Depreciation

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

- Council Dwellings: 33 years.
- Buildings: 20 to 50 years.
- Vehicles, Plant, Furniture and Equipment: 5 to 15 years.
- Infrastructure: 20 to 30 years.

Capital Commitments

There are a number of capital schemes with contractual commitments greater than £300,000. All of these are HRA new build schemes as set out below:

	£'000
• Southbank, Woodchester	587
• Top of Town Phase 4	481
• Chapel Street, Cam	507

Revaluations

The Council 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, and are materially correct. Valuations of The Pulse, Gossington Depot, The Museum in the Park and investment properties were carried out by external valuers Bruton Knowles. Whilst council house valuations were carried out by internal valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The basis of the valuations of property assets is shown in the Accounting Policies.

Revaluations	**council dwellings**	**council dwellings under construction**	**other land & buildings (incl. community assets)**	**vehicles, plant furniture & equipment**	**infra-structure**
	£000	**£000**	**£000**	**£000**	**£000**
Carried at depreciated historical cost		12,912	980	5,576	274
Valued at fair value as at:					
31 March 2017	255,578		25,680		
31 March 2016		369	1,580		
31 March 2015			4,676		
31 March 2014			4,775		
Total Cost or Valuation	**255,578**	**13,281**	**37,691**	**5,576**	**274**

15. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council.

Heritage Assets	Heritage Properties	Painting	Warwick Vase	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2015	20	80	40	**140**
Additions				**-**
Disposals				**-**
Revaluations				**-**
At 31 March 2016	20	80	40	**140**
Cost or valuation				
At 1 April 2016	20	80	40	**140**
Additions				**-**
Disposals				**-**
Revaluations				**-**
At 31 March 2017	**20**	**80**	**40**	**140**

The Council's painting 'Stroud from Rodborough Fort' and the Warwick Vase are reported in the balance sheet at insurance valuation which is based on market values. Heritage properties are included at historic cost.

Sims Clock and Bank Gardens, which were held as heritage assets on the asset register, were transferred to Stroud Town Council in March 2017 together with Stroud Cemetery. Each asset was held on the asset register at a valuation of £1. A sum of £115,000 was given to the Town Council to as a contribution towards the costs of ownership of these assets.

16. Investment Properties

Investment Properties - Fair Value	2015/16 £000	2016/17 £000
Balance at start of the year	1,908	1,873
Additions:	-	574
Disposals:	-	-
Revaluations:		
Net gains / losses (-) from fair value adjustments	-35	-111
Transfers:		
to (-) / from Council Dwellings	-	57
Other changes:	-	-
	1,873	**2,393**

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

17. Intangible Assets

The Council 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. The intangible assets include purchased licenses only, as the Council has no internally generated software.

All software is given a finite 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 Council are 10 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £25k charged to revenue in 2016/17 was charged directly to the appropriate service, with the amortised cost then forming part of support services recharging across all service committees in the Surplus or Deficit on Operations. It is not possible to quantify exactly how much of the amortisation is attributable to each service committee heading.

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

Intangible Assets	**Purchased Software**	
	2015-16	**2016-17**
	£000	**£000**
Balance at start of year:		
- Gross carrying amounts	572	572
- Accumulated amortisation	-442	-471
Net carrying amount at start of year	**130**	**101**
Purchases	-	-
Amortisation for the period	-29	-25
Net carrying amount at end of year	**101**	**76**

18. Financial Instruments

Categories of Financial Instruments

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

Categories of Financial Instruments	**Long Term**		**Current**	
	31 March 2016	**31 March 2017**	**31 March 2016**	**31 March 2017**
	£000	**£000**	**£000**	**£000**
Investments				
Loans and receivables	1,201	-	19,900	21,679
Total Investments	**1,201**	**-**	**19,900**	**21,679**
Debtors				
Loans and receivables	364	338	9,524	7,496
Total Debtors	**364**	**338**	**9,524**	**7,496**
Borrowings				
Financial liabilities at amortised cost	-104,717	-105,717	-	-1,000
Total Borrowings	**-104,717**	**-105,717**	**-**	**-1,000**
Creditors				
Financial liabilities carried at amortised cost	-23	-12	-	-
Financial liabilities carried at contract cost	-1,583	-2,257	-11,668	-10,883
Total Creditors	**-1,606**	**-2,269**	**-11,668**	**-10,883**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost.

The 2016/17 Code of Practice sets out the fair value valuation hierarchy that authorities are required to follow to increase consistency and comparability in fair value measurements and related disclosures. Authorities are required to disclose the methods used and any assumptions made in arriving at fair values. The valuation basis adopted for investments and borrowing uses **Level 2 Inputs** – i.e. inputs other than quoted prices that are observable for the financial asset/liability.

The following valuation basis has been applied:

Valuation of fixed term deposits (maturity investments)
Valuation is made by comparison of the fixed term investment with a comparable investment with the same/similar lender for the remaining period of the deposit

Valuation of PWLB loans
For loans from the PWLB the Debt Management Office provides a transparent approach to allow the exit cost of PWLB loans to be calculated for disclosure purposes.

Valuation of non-PWLB loans payable
For non-PWLB loans the PWLB redemption rates provide a reasonable proxy for rates that market participants have used when asked about early redemption costs for market loans.

Inclusion of accrued interest
The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, accrued interest is included in the fair value calculation. This figure is calculated up to and including the valuation date.

Discount rates used in NPV calculation
The rates for valuation were obtained from the market on 31st March 2017, using bid prices where applicable.

Assumptions regarding interest calculation do not have a material effect on the fair value of the instrument.

The fair values calculated are as follows:

	Fair Values - liabilities			
	31/03/2016		**31/03/2017**	
	carrying amount £000	**fair value £000**	**carrying amount £000**	**fair value £000**
Financial liabilities	104,717	114,534	106,717	129,647
Long-term creditors	1,606	1,538	2,269	1,725
Short-term creditors	11,668	11,668	10,883	10,883

The fair value of financial liabilities is shown as higher than the carrying amount because the interest rate was lower at Balance Sheet date than when the fixed rate PWLB loans commenced. This is despite the fact that the Council benefitted from preferential borrowing rates available for HRA Self Financing. The fair value of long-term creditors is lower than the carrying amount due to the time value of money.

Fair Values - receivables	**31/03/2016**		**31/03/2017**	
	carrying amount £000	**fair value £000**	**carrying amount £000**	**fair value £000**
Loans & receivables	29,424	29,424	29,175	29,175
Long-term debtors	364	277	338	304
Long-term investments	1,201	1,316	-	-

The fair value of long-term debtors is lower than the carrying amount due to the time value of money. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. There were no long-term investments at the balance sheet date.

Local Authority Mortgage Scheme – the Council offered a financial guarantee to enable first time buyers to obtain a mortgage. The total value of the guarantee is £1.2m. The Council invested £1m and the county council £200k for 5 years at a market rate of 3.8%. Premium interest of 0.7% is payable in return for the financial guarantee. Premium interest has been set aside to pay for any liability realised as a result of the financial guarantee. This scheme commenced in April 2012 and closed to new loan applications in 2015. A total of £4.7m of loans were issued which utilised £0.9m of the available guarantee. As at March 2017 there are no arrears cases, and there have been no repossessions under the scheme since inception. The financial guarantee continues for 5 years from the start date of each mortgage and so should gradually reduce and end in July 2020, unless a mortgage is in arrears during the last six months of the 5 year period, in which case the financial guarantee for that mortgage extends for a further 2 years.

19. Inventories

Inventories	**Bar Stock**		**HRA PV and Renewable Heating Component Stock**		**Garden Waste Bins**		**TOTAL**	
	2015-16 £000	**2016-17 £000**	**2015-16 £000**	**2016-17 £000**	**2015-16 £000**	**2016-17 £000**	**2015-16 £000**	**2016-17 £000**
Balance outstanding at start of year	5	5	741	412	-	31	746	448
Purchases	31	22	-	-	31	-	62	22
Recognised as an expense in the year	-29	-20	-232	-	-	-9	-261	-29
Written off balances	-2	-3	-97	-412	-	-	-99	-415
Balance outstanding at end of year	**5**	**4**	**412**	**-**	**31**	**22**	**448**	**26**

20. Debtors

Debtors	31 March 2016	31 March 2017
	£000	£000
Central government bodies	4,257	2,535
Other local authorities	2,046	2,027
Other entities & individuals	3,221	2,933
Total	**9,524**	**7,495**

21. Cash and Cash Equivalents

Cash & Cash Equivalents	31 March 2016	31 March 2017
	£000	£000
Cash held by the Authority	4	4
Bank current accounts	-1,901	-122
Short-term deposits with banks	11,097	8,471
Total Cash & Cash Equivalents	**9,200**	**8,353**

22. Assets Held for Sale

Assets Held for Sale	31 March 2016	31 March 2017
	£000	£000
Balance outstanding at start of year	550	550
Assets newly classified as held for sale:		
Other Land	-	850
Assets declassified as held for sale:		-550
Assets sold	-	-
Balance outstanding at end of year	**550**	**850**

23. Creditors

Creditors	Current		Non Current	
	31 March 2016	31 March 2017	31 March 2016	31 March 2017
	£000	£000	£000	£000
Central government bodies	2,906	2,090	1,100	2,000
Other local authorities	1,849	3,148	200	-
Public corporations & trading funds	-	-	273	269
Other entities & individuals	6,913	5,645	33	-
Total	**11,668**	**10,883**	**1,606**	**2,269**

24. Provisions

Provisions	Land Charges	Municipal Mutual	NNDR	Total
	£000	£000	£000	£000
Balance at 1 April 2016	144	25	565	734
Additional provisions made in 2016-17	-	-	-	-
Amounts used in 2016-17	-23	-	-	-23
Unused amounts reversed in 2016-17	-	-	-47	-47
Balance at 31 March 2017	**121**	**25**	**518**	**664**

Provisions remain in place in respect of legal challenge associated with fees charged in the past for land charge search information which may have been unlawful, in respect of liability associated with Municipal Mutual Insurance and for outstanding NNDR appeals.

25. Usable Reserves

31 March 2016	Usable Reserves	31 March 2017
£000		£000
8,662	General Fund	2,169
9,060	Earmarked General Fund Reserves	14,640
1,938	Housing Revenue Account	5,213
-	Earmarked HRA Reserves	942
-	Major Repairs Reserve	1,418
2,891	Capital Receipts Reserve	3,490
730	Capital Grants Unapplied	793
23,282	**Total Usable Reserves**	**28,664**

26. Unusable Reserves

31 March 2016	Unusable Reserves	31 March 2017
£000		£000
14,178	Revaluation Reserve	31,473
144,155	Capital Adjustment Account	172,955
-40,662	Pensions Reserve	-45,207
-52	Collection Fund Adjustment Account	269
-137	Accumulating Absences Adjustment Account	-142
117,483	**Total Unusable Reserves**	**159,348**

Notes 25 and 26 tables contains roundings (see Glossary) which affect the arithmetic accuracy of the figures.

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

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

31 March 2016	Revaluation Reserve	31 March 2017
£000		**£000**
13,606	**Balance at 1 April**	**14,178**
1,252	Upward revaluation of assets	17,853
-310	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-98
942	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**17,755**
-370	Difference between fair value depreciation & historical cost depreciation	-372
-	Accumulated gains on assets sold or scrapped	-88
-370	**Amount written off to the Capital Adjustment Account**	**-460**
14,178	**Balance at 31 March**	**31,473**

Table contains roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

Capital Adjustment Account

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

The Account 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 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account

31 March 2016 £000		31 March 2017 £000
131,851	**Balance at 1 April**	144,155
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:	
-9,633	Charges for depreciation & impairment of non-current assets	-5,230
8,287	Revaluation (losses)/gains on PPE	25,522
-29	Amortisation of intangible assets	-25
-1,287	Revenue expenditure funded from capital under statute	-1,353
-1,178	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-1,810
-3,840		17,104
370	Adjusting amounts written out of the Revaluation Reserve	460
-3,470	**Net written out amount of the cost of non-current assets consumed in the year**	**17,564**
	Capital financing applied in the year:	
1,705	Use of the Capital Receipts Reserve to finance new capital expenditure	2,760
5,308	Use of the Major Repairs Reserve to finance new capital expenditure	3,738
813	Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	872
481	Application of grants to capital financing from the Capital Grants Unapplied Account	689
-	Statutory provision for the financing of capital investment charged against the General Fund & HRA balances	559
7,502	Capital expenditure charged against the General Fund & HRA balances	2,631
15,809		11,249
-35	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income & Expenditure Statement	-114
-	Movements in the Donated Assets Account debited or credited to the Comprehensive Income & Expenditure Statement	100
15,774		**11,235**
144,155	**Balance at 31 March**	**172,955**

Table contains roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

Pensions Reserve

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

31 March 2016 £000	Pensions Reserve	31 March 2017 £000
-49,687	**Balance at 1 April**	**-40,662**
12,385	Actuarial gains or losses on pensions assets & liabilities	-15,531
-6,406	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	7,652
3,046	Employer's pensions contributions & direct payments to pensioners payable in the year	3,334
-40,662	**Balance at 31 March**	**-45,207**

Collection Fund Adjustment Account

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

31 March 2016 £000	Collection Fund Adjustment Account	31 March 2017 £000
-939	**Balance at 1 April**	**-52**
39	Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-8
848	Business Rate Pooling	329
-52	**Balance at 31 March**	**269**

Accumulating Absences Adjustment Account

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

31 March 2016 £000	Accumulating Absences Adjustment Account	31 March 2017 £000
-135	**Balance at 1 April**	**-137**
135	Settlement or cancellation of accrual made at the end of the preceding year	**137**
-137	Amounts accrued at the end of the current year	-142
-2	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**-5**
-137	**Balance at 31 March**	**-142**

27. Cash Flow Statement – Operating Activities

31 March 2016 £000	Cash Flow Statement - Non Cash Items Included in Surplus(-) / Deficit on Provision of Services	31 March 2017 £000
-1,120	Depreciation charges	-1,710
-29	Amortisation charges	-25
-245	Impairments and revaluations	22,091
112	Increase (-) / decrease in creditors	122
-3,034	Increase / decrease (-) in debtors	-2,168
-38	Increase / decrease (-) in long term debtors	-26
-298	Increase (-) / decrease in provisions	209
125	Increase / decrease (-) in inventories	-422
-1,135	Non cash charges for retirement benefits	-302
-1,178	Carry amount of non current assets sold	-1,722
-35	Investment properties' revaluation	-111
-218	Other non cash items	-19
-7,093	**Non cash items in Net Surplus(-) / Deficit**	**15,917**

28. Cash Flow Statement – Investing Activities

31 March 2016 £000	Cash Flow Statement - Investing Activities	31 March 2017 £000
20,178	Purchase of property, plant & equipment, investment property & intangible assets	20,148
61,683	Purchase of short-term & long-term investments	41,607
-3,369	Proceeds from the sale of property, plant & equipment, investment property & intangible assets	-4,814
-47,835	Proceeds from short-term & long-term investments	-41,000
30,657	**Net cash flows from investing activites**	**15,941**

29. Cash Flow Statement – Financing Activities

31 March 2016 £000	Cash Flow Statement - Financing Activities	31 March 2017 £000
-9,000	Cash receipts of short-term & long-term borrowing	-2,000
-	Other receipts from financing activities	-
-	Other payments for financing activities	-
-9,000	**Net cash flows from financing activites**	**-2,000**

30. Acquired or Discontinued Operations and Transferred Services

There were no discontinued or acquired operations during 2016/17 or 2015/16.

31. Trading Operations

The Council has no formal trading operations.

32. Members' Allowances

The Council paid the following amounts to members of the council during the year:

Members' Allowances	2015-16 £000	2016-17 £000
Allowances	324	326
Expenses	5	5
Total	329	331

33. Senior Officers' Remuneration

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

Senior Officers' Remuneration	Year	Salary, Fees & Allowances	Pension Contribution	Total
		£	£	£
Chief Executive	16-17	111,655	27,643	139,298
	15-16	110,569	32,257	142,826
Strategic Head (Tenant & Corporate Services)	16-17	69,624	17,545	87,169
	15-16	68,935	20,473	89,408
Strategic Head (Development Services)	16-17	69,624	17,545	87,169
	15-16	68,935	20,473	89,408
Strategic Head (Customer Services)	16-17	69,678	17,545	87,223
	15-16	68,935	20,473	89,408
Strategic Head (Finance & Business Services)	16-17	72,581	15,404	87,985
	15-16	68,935	20,473	89,408
Legal Services Manager and Monitoring Officer	16-17	61,481	15,490	76,971
	15-16	61,002	18,118	79,120

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2015/2016 Number of employees	2016/2017 Number of employees
£50,000 - 54,999	3	4
£55,000 - 59,999	3	3
£60,000 - 64,999	1	-
£65,000 - 69,999	-	-

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

Exit Package cost band £000	Compulsory		Other		Total exit		Total cost of exit	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
0 - 20	4	5	2	5	6	10	£32,053	£67,375
20 - 40	-	-	-	-	-	-	-	-
40 - 60	-	-	-	-	-	-	-	-
60 - 80	-	-	-	-	-	-	-	-

34. External Audit Costs

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

External Audit Costs	2015-16 £000	2016-17 £000
external audit services carried out by the appointed auditor for the year	56	52
certification of grant claims and returns by the appointed auditor	18	15
other services provided during the year by the appointed auditor	1	-
Total	**75**	**67**

35. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Grant Income, contributions & donations	2015-16 £000	2016-17 £000
Credited to Taxation & Non Specific Grant Income		
DCLG Revenue Support Grant	1,866	1,053
DCLG Council Tax Freeze	84	-
DCLG Transitional Payments	-	103
DCLG - New Homes Bonus Scheme	2,284	3,215
DCLG - New Burdens	131	25
Other government grants	22	-
Capital Grants & Contributions:-		
Heritage Lottery Fund - Canal Scheme	54	-
DCLG Disabled Facilities Grants	330	299
Homes and Communities Agency Grant	846	872
Other Capital Grants & Contributions	878	389
Total	**6,494**	**5,957**
Credited to Services		
DWP Housing Benefit Grant	24,513	23,788
DWP Discretionary Housing Payments / In & Out of Work	85	118
DWP Housing Benefit Administration Grant	490	474
DCLG Business Rate Collection	-	162
GCC Recycling Credits	585	734
Other grants	205	62
Total	**25,878**	**25,338**

36. Related Parties

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

Central Government
Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 35.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2016/17 and 2015/16 is shown in note 32. A number of Members have declared interests in related parties which are mainly local organisations, however they are not material in nature. It is worth recording however that three of the Council's Members also serve on Stroud Town Council. In 2016/2017 there was a transfer of assets to Stroud Town Council at nil cost together with £115,000 to help defray the cost of ownership of those assets.

The Register of Members' Interests is on the Council's website, or is open to public inspection at Ebley Mill during office hours, on application.

Officers/Other Public Bodies
Senior Officers have not disclosed any material transactions with related parties and the Council has no material pooled budget arrangements with other public bodies.

Entities Controlled or Significantly Influenced by the Council
The Council is a Member of the Stroud Valleys Canal Company (SVCC) and is entitled to nominate a Director to the Board of Directors. For the period 2016/2017, the Council chose not to put forward a Director to the Board of SVCC. The company was formed in 2009 to hold land associated with the Canal Restoration Project led by the Council and to maintain the canal post-restoration. All payments to SVCC during 2016/2017 relate to the Agreement between the respective parties dated 16th March 2012.

Also, the Council is one of seven equal shareholders of Ubico Ltd. The other owners are Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucestershire County Council, Tewkesbury Borough Council and West Oxfordshire. The company is responsible for delivering the shareholders' environmental services such as refuse and recycling within their respective council boundaries. Stroud District Council joined in January 2016 and in July 2016 Ubico Ltd. took over collection of waste and recycling from Veolia Ltd. Since Stroud District Council does not exercise control or joint control or significant influence over the company, its accounts have not been consolidated into group accounts, however full disclosure notes are provided.

37. 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 Council that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Expenditure & Financing	2015-16 £000	2016-17 £000
Opening Capital Financing Requirement	**95,549**	**101,205**
Capital Investment		
Property, Plant & Equipment	20,178	20,148
Intangible Assets	-	-
Revenue Expenditure Funded from Capital under Statute	1,287	1,353
Sources of Finance		
Capital receipts	-1,705	-2,760
Government grants & other contributions	-1,294	-1,561
Sums set aside from revenue	-1,220	-2,424
Direct revenue contributions	-11,590	-3,945
Minimum Revenue Provision	-	-559
Closing Capital Financing Requirement	**101,205**	**111,457**
Explanation of movement in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	5,656	10,252
Increase / (decrease) in Capital Financing Requirement	**5,656**	**10,252**

38. Leases

Council as Lessee

- **Finance Leases**
  The Council has no assets acquired by finance lease on its Balance Sheet.

- **Operating Leases**
  The Council leases in property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses – see also the note under 'Council as Lessor'.

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

Future minimum lease payments	31 March 2016 £000	31 March 2017 £000
Not later than one year	167	84
Later than one year & not later than five years	398	231
Later than five years	-	-
Total	**565**	**315**

The expenditure charged to the Strategy and Resources Committee line in the Comprehensive Income and Expenditure Statement in relation to these leases was:

CI&E expenditure in year	2015-16 £000	2016-17 £000
Minimum lease payments	195	167
Dilapidations - phase 1 lease expiry	-	-
	195	**167**

Council as Lessor

- **Finance Leases**
  The Council has no finance leases as a lessor.

- **Operating Leases**
  The Council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses – see also the note under 'Council as Lessee.

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

Authority as Lessor	31 March 2016 £000	31 March 2017 £000
Not later than one year	179	71
Later than one year & not later than five years	393	213
Later than five years	-	-
Total	**572**	**284**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016-17 Nil contingent rents were receivable by the Council (2015-16 Nil).

39. Impairment Losses

During 2016/17 the Council has recognised impairment losses of £3.520m (£8.512m loss in 2015/16). This is analysed below:-

2015/16				2016/17		
Impairment charges to Surplus / Deficit (-)	Impairment charges to Revaluation Reserve	Total	Impairment Losses	Impairment charges to Surplus / Deficit (-)	Impairment charges to Revaluation Reserve	Total
£000	£000	£000		£000	£000	£000
8,497	-	8,497	Council Dwellings	3,520	-	3,520
-	-	-	Other Land & Buildings	-	-	-
15	-	15	Vehicles, Plant & Equipment	-	-	-
-	-	-	Infrastructure	-	-	-
-	-	-	Community Assets	-	-	-
-	-	-	PPE under Construction	-	-	-
-	-	-	Investment Properties	-	-	-
-	-	-	Intangible Assets	-	-	-
8,512	**-**	**8,512**		**3,520**	**-**	**3,520**

40. Termination Benefits

The Council terminated the contract of 10 employees in 2016/17, incurring a liability of £67,375 (6 employees £32,053 in 2015/16) – see note 33 for the number of exit packages and total cost per band.

41. Defined Benefit Pension Scheme

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time the employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Gloucestershire County Council. This was a funded defined benefit final salary scheme until 31 March 2014, and is a defined benefit career average scheme from 1 April 2014. The Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the 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 to the pension fund in the year, so the real cost of post-employment retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Transactions Relating to Post-employment Benefits	**Local Government Pension Scheme**	
	2015-16 £000	**2016-17 £000**
Comprehensive Income & Expenditure Statement		
Cost of Services		
current service cost	2,569	2,197
past service costs (including curtailments)	34	41
Financing and Investment Income & Expenditure		
net interest expense	1,578	1,398
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**4,181**	**3,636**
Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement		
return on plan assets (excluding the amount included in the net interest expense)	2,225	(11,288)
actuarial gains and losses on changes in demographic assumptions	-	(292)
actuarial gains and losses arising on changes in financial assumptions	(10,647)	19,237
other experience	(1,738)	(3,414)
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	**(5,979)**	**7,879**
Movement in Reserves Statement		
reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	9,025	(4,545)
Actual amount charged against the General Fund Balance for pensions in the year:		
employer contributions payable to the scheme	**3,046**	**3,334**

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 plan is as follows:

Pensions Assets and Liabilities Recognised in the Balance Sheet	2015-16 £000	2016-17 £000
Present value of the defined benefit obligation	(112,784)	(131,246)
Fair value of plan assets	72,122	86,039
Net liability arising from the defined benefit obligation	**(40,662)**	**(45,207)**

The present value of unfunded benefits is £974k (£907k 2015/2016).

Reconciliation of the Movements in the Fair Value of Scheme Assets

Reconciliation of the Movements in the Fair Value of Scheme Assets	2015-16 £000	2016-17 £000
Opening fair value of scheme assets	72,224	72,122
Interest income	2,312	2,529
Remeasurement gain / (loss):		
- the return on plan assets, excluding the amount included in the net interest expense	(2,225)	11,288
Contributions from employer	3,046	3,334
Contributions from employees into the scheme	587	591
Benefits paid	(3,822)	(3,825)
Closing fair value of scheme assets	**72,122**	**86,039**

The actual return on scheme assets in the year was £13.817m (2015/16: £0.087m).

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

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2015-16 £000	2016-17 £000
Opening balance at 1 April	121,911	112,784
Current service cost	2,569	2,197
Interest cost	3,890	3,927
Contributions from scheme participants	587	591
Remeasurement (gains) and losses		
- actuarial (gains) / losses arising from changes in demographic assumptions	-	(292)
- actuarial (gains) / losses arising from changes in financial assumptions	(10,647)	19,237
- other	(1,738)	(3,414)
Past service cost - including curtailments	34	41
Benefits paid	(3,822)	(3,825)
Closing balance at 31 March	**112,784**	**131,246**

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £131.246m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall pensions reserve balance of £45.207m. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

The total contributions expected to be made to the Local Government Pension Scheme by the council for the year to 31 March 2018 is £3.565m. In addition, the Council is paying lump sum pension deficit payments scheduled for the following two financial years early to benefit from a discounted lump sum amount. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2018 are £60k.

Local Government Pension Scheme assets comprised

Asset Category	Period ended 31 March 2016 Quoted prices in active markets £'000	Quoted prices in not active markets £'000	Total £'000	% of Total Assets	Period ended 31 March 2017 Quoted prices in active markets £'000	Quoted prices in not active markets £'000	Total £'000	% of Total Assets
Equity Securities:								
Consumer	4,447	-	4,447	6%	4,180	-	4,180	5%
Manufacturing	2,178	-	2,178	3%	2,241	-	2,241	3%
Energy and Utilities	1,310	-	1,310	2%	1,639	-	1,639	2%
Financial Institutions	3,492	-	3,492	5%	3,463	-	3,463	4%
Health and Care	567	-	567	1%	1,385	-	1,385	2%
Information Technology	391	-	391	1%	214	-	214	0%
Other	1,499	-	1,499	2%	2,612	-	2,612	3%
Debt Securities:								
Corporate bonds (investment grade)	3,725	-	3,725	5%	4,042	-	4,042	5%
Corporate bonds (non-investment grade)	281	-	281	0%	311	-	311	0%
UK Government	6,602	-	6,602	9%	6,241	-	6,241	7%
Other	995	-	995	1%	947	-	947	1%
Private Equity:								
All	-	212	212	0%	-	219	219	0%
Real Estate:								
UK Property	3,941	1,420	5,361	7%	4,199	1,347	5,546	6%
Overseas Property	-	370	370	1%	-	468	468	1%
Investment Funds and Unit Trusts:								
Equities	2,413	30,890	33,303	46%	3,422	38,897	42,319	49%
Bonds	3,162	186	3,348	5%	5,210	484	5,694	7%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	-	-	0%	-	-	-	0%
Other	-	3,383	3,383	5%	-	3,333	3,333	4%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	-	-	0%	48	-	48	0%
Other	-7	-	-7	0%	18	-	18	0%
Cash and Cash Equivalents:								
All	666	-	666	1%	1,245	-	1,245	1%
Totals	**35,662**	**36,461**	**72,123**	**100%**	**41,417**	**44,748**	**86,165**	**100%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council being based on the latest full valuation of the scheme as at 31 March 2016. The principal assumptions used by the actuary have been:

Assumptions	2015-16	2016-17
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.5	22.4
Women	24.6	24.6
Longevity at 65 for future pensioners:		
Men	24.4	24.0
Women	27.0	26.4
Rate of inflation	2.2%	2.4%
Rate of increase in salaries	3.7%	2.7%
Rate of increase in pensions	2.2%	2.4%
Discount rate	3.5%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions 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.

Change in assumptions at 31 March 2017	Estimated % increase to Employer Liability	Estimated monetary amount £000
0.5% decrease in Real Discount Rate	9%	12,269
1 year increase in member life expectancy	3 - 5%	*
0.5% increase in the Salary Increase Rate	1%	1,839
0.5% increase in the Pension Increase Rate	8%	10,258

*The principal demographic assumption is the longevity assumption (i.e. Member life expectancy). For sensitivity purposes, the actuaries estimate that a one year increase in life expectancy would approximately increase the Employer Defined Benefit Obligation by around 3-5%. In practice, the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements predominantly apply at younger or older ages).

Funding Strategy Statement

The Gloucestershire County Council Pension Fund has a Funding Strategy Statement (FSS) prepared in collaboration with the Fund's actuary, Hymans Robertson LLP, after consultation with the Fund's employers and investment adviser.

An objective of the FSS is an investment strategy that is set for the long term solvency of the fund, using a prudent long term view. Normally a full review of the investment strategy is carried out after each actuarial valuation, and is reviewed annually to ensure it remains appropriate to the Fund's liability profile.

A balance needs to be maintained between risk and reward, and this has been considered by the use of Asset Liability Modelling. This is a set of calculation techniques applied by the Fund's actuary, to model a range of potential future solvency levels and contribution rates.

Modelling demonstrates that retaining the present investment strategy, coupled with constraining employer contribution rates meets the need for stability of contributions without jeopardising the Administering Authority's aim of prudent stewardship of the fund.

The current stabilisation mechanism is to remain in place until 2020, but will be reviewed following the 2019 revaluation.

Impact on the Authority's Cash Flows

An objective of the Administering Authority is to keep employers' contribution rates as constant as possible. Funding levels are set for a 3-year period. The results from the next triennial valuation is due to be completed on 31 March 2019.

Stroud District Council anticipates employer contributions of £3.565m to the scheme in 2017/18. The Council has also opted to pay the following 2 years' deficit payments in advance to take advantage of a discounted level of repayment.

The weighted average duration of the defined benefit obligation for scheme members is 17.2 years at 31 March 2017 (17.5 years 31 March 2016).

42. Contingent Liabilities

There are no material contingent liabilities to report as at 31 March 2017.

43. Contingent Assets

The Council has lodged a claim for overpaid postage VAT of up to £0.65m as at 31 March 2017.

44. Nature and Extent of Risks Arising from Financial Instruments

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;

- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;

- **Re-financing risk** – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- **Market risk** – the possibility that financial loss might arise for the Council as a result interest rates movements.

Overall procedures for managing risk

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 28/01/2016 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2016/17 is £130m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary is £125m. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 100% based on the Council's net debt.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Capita Asset Services, the council's treasury management advisers. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution or group.

The credit criteria in respect of financial assets held by the Council are as detailed below:

- A financial institution must be included as a creditworthy counterparty on Capita Asset Services weekly listing.

- There is an individual bank and group limit of £8m. Outside of the UK the Council will only make deposits with banks in AA- rated countries. Investments can be for a maximum 3 year duration.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, but formal individual credit limits are not set.

The Council's maximum exposure during 2016/17 to credit risk in relation to its investments in banks and building societies of £44.1m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Experience has shown that, whilst rare, it can happen that such entities can fail to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no new evidence at 31 March 2017 that this risk was likely to crystallise.

Credit limits were exceeded on one occasion during the reporting period by £411k with Lloyds Group between the period 15th June 2016 until the next fixed term investment matured on the 22nd July 2016. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

Potential Maximum Exposure to Credit Risk	Amount at 31 March 2017	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2017	Estimated maximum exposure to default & uncollectability at 31 March 2017	Estimated maximum exposure at 31 March 2016
	£000	%	%	£000	£000
	A	B	C	(A*C)	
Bonds	-	-	-	-	-
Customers	7,496	4.5%	4.5%	337	429
				337	429

The Council does not generally allow credit for customers. Of the £7.496m balance £6.996m is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

Age of debts	31 March 2016	31 March 2017
	£000	£000
Less than three months	262	200
Three to six months	8,381	6,688
Six months to one year	51	29
More than one year	78	79
	8,772	6,996

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is readily available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and Public Works Loans Board. There is no significant risk that it will be unable to meet its commitments under financial instruments. The Council has nineteen PWLB loans that mature in more than five years.

Maturity - liabilities	31 March 2016	31 March 2017
	£000	£000
Less than one year	11,668	11,883
Between one and two years	-	2,000
Between two and five years	3,506	1,000
More than five years	101,717	102,717
	116,891	117,600

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

Re-financing Risk

This risk relates to both the maturing of longer term financial liabilities and longer term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters use to address this risk. The Council's approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:-

Maturity Analysis	Aprroved Minimum Limits	Aprroved Maximum Limits	31 March 2016	31 March 2017
	%	%	£000	£000
Less than one year	-	100	-	1,000
Between one and two years	-	100	-	2,000
Between two and five years	-	100	3,000	1,000
Between five and ten years	-	100	3,000	2,000
More than ten years	-	100	98,717	100,717
Total			**104,717**	**106,717**

Market Risk

This is the risk that the Council will be adversely affected by market movements in the value of its investments.

The Council is protected from this risk through not holding investments with the intention of trading, where tradable investments are held it is policy to hold them until maturity. This has the effect of nullifying market risk.

Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. Policy is currently to aim to keep a maximum of 100% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. Risk of loss may be ameliorated if a proportion of government grant payable on financing costs moves with prevailing interest rates or the Council’s cost of borrowing, and provides compensation for a proportion of any higher costs.

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

According to this assessment strategy, at 31 March 2017, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

1% Interest Higher	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	-
Increase in government grant receivable for financing costs	-
Impact on Surplus or Deficit on the Provision of Services	-
Share of overall impact debited to HRA	-
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income & Expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	3,957

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

Price Risk

The Council does not invest in equity shares. If it did, these would be classified as ‘available for sale’ and all movements in price would impact on gains and losses recognised in Other Comprehensive Income and Expenditure.

45. Heritage Assets: Five-Year Summary of Transactions

Sims Clock and Bank Gardens were transferred to the Stroud Town Council in March 2017. They both had a nominal historical cost valuation of £1 on the asset register. Other than this there were no transactions involving the purchase, donation, disposal or impairment during the five financial years from 2012/13 to 2016/17.

46. Heritage Assets: Further Information

Nailsworth Fountain - a drinking fountain erected in 1862 in memory of a local solicitor William Smith. He worked throughout his life to improve the supply of drinking water in Nailsworth. In 1938 it was moved to a new location in Old Market, and in 1963 moved again a few yards for road widening.

Park Gardens Memorial - a memorial to the war dead of Stroud district, it was transferred to Stroud Town Council in March 2017.

Sims Clock – is a building at the junction of Russell Street, George Street, Kendrick Street and London Road in Stroud. The building comprises a raised dais on which is situated a Clock Tower. It is referred to locally as ‘The Four Clocks’, it was transferred to Stroud Town Council in March 2017.

Stroud from near Rodborough Fort - circa 1848 painted by Alfred Newland Smith (1812 – 1876) depicting an extensive panoramic landscape with two groups of people in the foreground – a genteel group in fashionable clothing, and women carrying wheat sheaves; with the town of Stroud and the wider countryside stretching out beyond, depicting views of a viaduct, Stroud railway station, St. Lawrence’s Church, the Great Western Railway, Holy Trinity Church and the Old Workhouse.

The Arch, Paganhill - a memorial to commemorate the abolition of slavery erected in 1834. It was built as a gateway at the end of the drive to Farmhill Park by staunch abolitionist Henry Wyatt, who owned Farmhill Park. It is inscribed ‘Erected to commemorate the abolition of slavery in the British Colonies the first of August AD MDCCCXXXIV’.

Warwick Vase - a Grade II listed structure, which up until 2003 sat in the Orangery in Stratford Park. It was vandalised in 2003 and moved to a secure location. The listing description includes 'Urn in Stratford Park. Late c18th, sculpted stone, after antique. Very elaborate.’ The vase is a copy of the original Warwick Vase unearthed in Italy around 1780 by the then Lord of Warwick. The piece was copied many times.

Woodchester Mansion - is a Grade I listed house in the Victorian Gothic style. It is absolutely unique because it is unfinished. Work started on the mansion in the mid 1850’s. The architect was a young local man called Benjamin Bucknall. It is situated at the western end of Woodchester Park, with the village of Woodchester to the eastern end.

Supplementary Financial Statements

The HRA Income and Expenditure statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

Housing Revenue Account Income and Expenditure Account

2015/2016 £000		notes	2016/2017 £000	2016/2017 £000
	income			
-21,750	dwelling rents	*6*	-21,634	
-346	non-dwelling rents	*8*	-350	
-1,235	charges for services and facilities		-1,106	
-170	transfers from General Fund		-170	
-40	contribution towards expenditure		-178	
-23,541	**total income**			**-23,438**
	expenditure			
4,220	repairs and maintenance		3,049	
4,944	supervision and management		5,056	
1,847	special services		2,174	
566	depreciation, impairment and revaluation	*11*	-22,252	
158	increased provision for bad or doubtful debt	*10*	29	
11,735	**total expenditure**			**-11,944**
-11,806	**net cost of HRA services as included in the whole authority Comprehensive Income & Expenditure Statement**			-35,382
323	HRA share of corporate and democratic core			322
-11,483	**net cost of HRA services**			-35,060
	HRA share of operating income & expenditure included in the whole authority Comprehensive Income & Expenditure Statement:			
-2,192	gain (-) or loss on sale of HRA non-current assets	*13*		-3,009
3,351	interest payable & similar charges			3,493
-24	HRA interest & investment income			-24
-	pensions interest cost & expected return on pensions assets			336
-813	Capital grants and contributions receivable			-872
-11,161	**surplus(-) / deficit for the year on HRA services**			**-35,136**

Movement on the Housing Revenue Account Statement

2015/2016 £000		2016/2017 £000
-4,887	**balance on the HRA as at the end of the previous reporting period**	**-1,938**
-11,161	surplus(-) / deficit for the year on the HRA Income & Expenditure Statement	-35,136
14,110	adjustments between accounting basis & funding basis under regulations	30,919
2,949	net increase (-) or decrease before transfers to or from reserves	-4,217
-	transfers to or from reserves	942
2,949	**increase (-) or decrease in year on HRA**	**-3,275**
-1,938	**balance on the HRA as at the end of the current reporting period**	**-5,213**

This statement reconciles the outturn on the HRA Income and Expenditure Account to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

Note to the Movement on the Housing Revenue Account Statement

2015/2016 £000		2016/2017 £000
-	difference between any other item of income & expenditure determined in accordance with the Code & those determined in accordance with statutory HRA requirements (if any)	-1
813	Capital grants and contributions receivable	872
2,192	gain or loss (-) on sale of HRA non-current assets	3,009
94	HRA share of contributions to or from the Pensions Reserve	-577
6,269	capital expenditure funded by the HRA	208
-	sums directed by the secretary of State to be debited or credited to the HRA that are not expenditure or income in accordance with the Code	-
5,308	transfer to / from (-) Major Repairs Reserve	5,156
-566	transfer to / from (-) the Capital Adjustment Account	22,252
14,110	**net additional amount required to be credited (-) or debited to the HRA balance for the year**	**30,919**

Notes to the Housing Revenue Account (HRA)

1. Housing stock

The Council was responsible for managing an average of 5,140 dwellings during the year. 25 dwellings were sold under the right-to-buy legislation and 4 non right-to-buy sales, compared with 26 total sales in the previous year. There were 82 dwellings added through completions at Leonard Stanley, Top of Town and other development sites. Also, 6 dwellings were held vacant pending demolition as part of refurbishment projects. The value of the additions and other disposals is shown as part of the 'Movement in HRA fixed assets' table as 'development sites'. The table below summarises movements in stock during the year.

Movement in housing stock

2015/16						2016/17				
1 Apr	**right-to-buy sales**	**other disposals**	**additions**	**31 Mar**	(number by type of dwellings)	**1 Apr**	**right-to-buy sales**	**other disposals**	**additions**	**31 Mar**
1,296		-2		1,294	bungalows	1,294		-	3	1,297
1,535			13	1,548	flats	1,548	-2		20	1,566
2,230	-24	-19	42	2,229	houses	2,229	-23	-10	45	2,241
25				25	maisonettes	25				25
5			16	21	shared ownership	21			14	35
5,091	**-24**	**-21**	**71**	**5,117**	**total housing stock**	**5,117**	**-25**	**-10**	**82**	**5,164**

The total balance sheet value of the land, houses and other property within the HRA, including sheltered dwellings, is shown below:

Movement in HRA fixed assets

(figures in £'000s)	**Balance 1 Apr 16**	**additions in year**	**disposals**	**revaluation**	**depreciation & impairment**	**transfers**	**Balance 31 Mar 17**
operational assets							
- council dwellings	209,082	3,520	-1,440	48,546	-8,676	4,547	255,579
- community assets	23	-	-	-	-	-	23
- development sites	10,730	7,455	-300	-	-	-4,604	13,281
- other land and buildings	4,736	-	-70	100	-	-850	3,916
non-operational assets							
- investment property	970	-	-	33	-	57	1,060
- asset held for sale	-	-	-	-	-	850	850
total net fixed assets	**225,541**	**10,975**	**-1,810**	**48,679**	**-8,676**	**-**	**274,709**

In 2016/17 the Council Dwelling stock were revalued and increased in value by £48.546m (revaluation £43,390m and £5,156 depreciation reversal; £12.949m 2015/16).

2. Vacant possession value of dwellings

The open market vacant possession of dwellings including land within the HRA at 31 March 2017, at March 2017 prices is £730m. The value of dwellings net of the social element factor (35%) is £256m. The difference of £474m between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

3. Major repairs reserve (MRR)

An analysis of the gross movements on the MRR is shown below. Note that the Council does not operate a housing repairs account. Following the introduction of self-financing, for a transitional period of five years commencing in 2012/13 the amount set aside into the MRR should be an amount at least equal to a Notional Major Repairs Allowance (NMRA) depreciation amount. In 2016/17 capital repairs expenditure is in lower than the £5.156m depreciation amount and so an amount equivalent to the underspend of £1.418m on major repairs is retained in the MRR.

Major repairs reserve		
2015/2016	(figures in £'000s)	**2016/2017**
-	balance 1 April	
-5,308	transferred in	-5,156
	transferred out to Housing Revenue Account	-
5,308	financing of Capital expenditure	3,738
-	**balance 31 March**	**-1,418**

4. Capital expenditure

A summary of total capital expenditure on land, houses and other property within the HRA is shown below:

Funding HRA capital expenditure										
Spend 2015/ 2016	**financing 2015/2016**				**capital schemes**	**Spend 2016/ 2017**	**financing 2016/2017**			
	capital receipts	**capital grants**	**borrowing**	**revenue funding**	(All figures in £000's)		**capital receipts**	**capital grants**	**borrowing**	**revenue funding**
2,241	-	-	-	2,241	kitchen & bathroom replacement	974	-	-	-	974
600	-	-	-	600	void work	422	-	-	-	422
272	-	-	-	272	disabled adaptations	243	-	-	-	243
246	-	-	-	246	electrical works	174	-	-	-	174
746	-	-	-	746	roofing	-	-	-	-	-
597	-	-	-	597	door & window renewal	533	-	-	-	533
2,332	-	-	-	2,332	cental heating / fuel switch / sustainable energy	584	-	-	-	584
1,463	-	-	-	1,463	other capital works	590	-	-	-	590
9,583	1,690	813	4,000	3,080	new build	7,455	2,395	872	3,762	426
18,080	**1,690**	**813**	**4,000**	**11,577**	**total capital expenditure**	**10,975**	**2,395**	**872**	**3,762**	**3,946**

5. Capital receipts

A summary of total capital receipts from the disposals of houses and other property within the HRA is shown below:

HRA in year capital receipts		
2015/ 2016	(figures in £'000s)	**2016/ 2017**
2,035	council house sales	2,371
-31	*less* : cost of sales	-33
1,334	other receipts	2,393
3,338	total capital receipts	4,731
-455	*less:* pooled receipts paid to Government	-1,422
2,883	**total usable capital receipts**	**3,309**

The pooled receipts paid to Government is made up of the Treasury share of Right to Buy receipts of £465k, and returned additional receipts of £957k.

6. Rent income

This is the total dwelling rent collectable for the year after allowance for empty property. At 31 March 2017 there were 38 vacant properties for rent representing 0.7% of the total (on 31 March 2016 the figures were 77 and 1.5%). The average weekly rent in 2016/2017 was £82.94, a decrease of £0.25, or 0.3% over the previous year. This change is a composite figure that includes stock improvements, addition of new builds, inflation and the effect of sales.

7. Rent arrears

During the year the amount of rent arrears, which include £212k in respect of former tenants, has decreased by £41k (6.3%). See also note 10

Analysis of rent arrears

2015/ 2016	(figures in £'000s)	2016/ 2017
49	court costs	39
466	current rent arrears	359
136	former tenant arrears	212
651	**gross arrears at 31 March**	**610**

8. Non-dwelling rents

Non-dwelling income is primarily from garage and shop rents.

9. Pensions accounting

Under IAS 19 accounting rules, services must bear the full cost of pension liabilities. This also applies to HRA services. However, charges to or from the HRA are subject to a statutory determination and no regulation allows this IAS 19 charge to be made. Therefore it is necessary to credit the HRA with these additional pension costs so that no further charge falls on the rents.

10. Bad debt provision

The cumulative provision for uncollected debts was £0.421m at 31 March 2017 (£0.426m at 31 March 2016).

11. Depreciation, Impairment and Revaluation

The HRA incurs capital charges in respect of depreciation in accordance with the *Item 8 Credit and Item 8 Debit (General) Determination* for 2016/2017.

The depreciation charge is based upon a 33 year life of the operational dwellings, less an allowance for residual land value. The depreciation charge for dwellings is £5.156m (£4.333m in 2015/2016). During a five-year transition period commencing in 2012/13 there is an equivalent transfer to the Major Repairs Reserve, which is used to fund part of the cost of long-term upkeep of the dwellings. Following the transition period it will be a requirement to charge depreciation to the income and expenditure account with no subsequent reversal through the Movement in Reserves Statement. The intention of these accounting arrangements is to ensure that sufficient is spent to ensure the long-term upkeep of the properties. The Council currently spends well in excess of this minimum figure.

The impairment charge for dwellings is £3.520m (£8.497m in 2015/2016).

In addition to this impairment charge, the credit of £22.252m to the HRA income and expenditure statement includes upwards revaluations of properties of £43.390m (£8.616m in 2015/2016) and £0.133 (£0.259m in 2015/16), and a net nil depreciation.

Depreciation, Impairment & Revaluation

2015/2016		(figures in £'000s)		2016/2017
-8,875		Revaluation	-43,523	
944		Revaluation - revaluation reserve	17,751	
	-7,931			**-25,772**
	-4,333	Depreciation write-back		-5,156
	8,497	Impairment		3,520
	4,333	Depreciation		5,156
	-	Derecognition		-
	566	**balance 31 March**		**-22,252**

12. Capital expenditure funded by revenue under statute

There has been no capital expenditure funded by revenue under statute (e.g. grants) attributable to the HRA during the year.

13. Gain (-) / Loss on sale of HRA fixed assets

This includes the costs of the team administering the Right to Buy sales of HRA properties to the tenants (see note 1). The costs are charged against the capital receipt that they generate and are reversed in the Statement of Movement on the HRA Balance.

Collection Fund

2015/16 business rates £000	2015/16 council tax £000	2015/16 total £000	income	notes	2016/17 business rates £000	2016/17 council tax £000	2016/17 total £000
-	-65,690	-65,690	council tax receivable	16	-	-69,026	-69,026
-26,169	-	-26,169	net rates payable by ratepayers	18	-27,697	-	-27,697
			expenditure				
			apportionment of previous year surplus / deficit (-)				
-519	-	-519	Central Government		-590	-	-590
-415	165	-250	Stroud District Council		-472	195	-277
-104	708	604	Gloucestershire County Council		-118	830	712
-	135	135	Gloucestershire Police and Crime Commissioner		-	158	158
			precepts / shares				
12,825	-	12,825	Central Government		13,738	-	13,738
10,260	7,744	18,004	Stroud District Council		10,990	8,036	19,026
2,565	45,178	47,743	Gloucestershire County Council		2,748	47,797	50,545
-	8,606	8,606	Gloucestershire Police and Crime Commissioner		-	8,864	8,864
-	2,875	2,875	Parish and Town Councils		-	3,143	3,143
			charges to collection fund				
-	-	-	less: write offs of uncollectable amounts		-	-	-
-61	54	-7	less: increase / decrease (-) in bad debt provision		-17	55	38
-236	-	-236	less: increase / decrease (-) in provision for appeals		-116	-	-116
158	-	158	less: cost of collection		160	-	160
30	-	30	Interest		-	-	-
-293	1	-292	less: transitional protection payments		441	-1	440
109	-	109	less: disregarded amounts		110	-	110
-1,850	**-224**	**-2,074**	**surplus(-) / deficit for the year**		**-823**	**51**	**-772**
2,743	-963	1,780	balance at start of the year		893	-1,187	-294
893	**-1,187**	**-294**	**balance at end of the year**		**70**	**-1,136**	**-1,066**

Notes to the Collection Fund

14. General

The Collection Fund (England) 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 Council in relation the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

15. Council tax base

The Council's tax base represents the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted by a prescribed ratio to give an equivalent number of "band D" dwellings. The band D equivalent is adjusted by 1.5% to cover appeals, changes in discounts and bad debts that arise. The tax base for 2016/17 was calculated as follows: -

Council tax base

band	estimated number of properties after effect of discounts	ratio	band D equivalent dwellings
DIS A	14.46	5/9	8.03
A	4,238.59	6/9	2,825.73
B	9,247.94	7/9	7,192.84
C	10,179.19	8/9	9,048.17
D	7,009.12	9/9	7,009.12
E	5,880.50	11/9	7,187.28
F	3,604.95	13/9	5,207.15
G	2,320.81	15/9	3,868.02
H	222.00	18/9	444.00
	42,717.56		42,790.34
less:	adjustment for collection rate (1.5%)		-641.86
council tax base			**42,148.48**

16. Council tax income

The council tax base can be reconciled to the income from council tax as follows:

Income from council tax

		£'000 2015-16		£'000 2016-17
total council tax base *(see note 15)*	41,428.97		42,148.48	
multiplied by average band D tax rate	£1,554.54		£1,609.54	
total property income		-64,403		-67,840
add: transitional relief		-1		1
add: other adjustments		-1,286		-1,187
income from council tax		**-65,690**		**-69,026**

17. Council tax rates

Council tax rates by precepting body and band

precepting body	disr A £	A £	B £	C £	D £	E £	F £	G £	H £
district council	105.92	127.10	148.28	169.47	190.65	233.02	275.38	317.75	381.30
county council	630.01	756.01	882.01	1,008.01	1,134.01	1,386.01	1,638.01	1,890.02	2,268.02
police authority	116.84	140.21	163.57	186.94	210.31	257.05	303.78	350.52	420.62
average parish	41.43	49.71	58.00	66.28	74.57	91.14	107.71	124.28	149.14
total	894.20	1,073.03	1,251.86	1,430.70	**1,609.54**	1,967.22	2,324.88	2,682.57	3,219.08

(Note: band 'disr A' is for band A properties that receive relief)

Tables contains roundings (see Glossary) which can affect the arithmetic accuracy of the figures.

18. Income from business ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. Prior to 1 April 2013 the total amount due, less certain reliefs and allowances, was paid to a central pool (the NNDR pool) managed by Central Government, which, in turn, paid back to Local Authorities their share of the pool based on a standard amount per head of the local adult population.

Administration of NNDR was changed following the introduction of a business rates retention scheme in 2013/14, and so instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Stroud, the local share is 40%. The remainder is distributed to preceptors and in the case of Stroud these are Central Government (50%) and Gloucestershire County Council (10%).

The net business rates shares payable for 2016/17 were estimated before the start of the financial year as £27.476m (£10.990m to Stroud, £13.738m to Central Government, and £2.748m to Gloucestershire County Council). In addition, a share of the estimated collection fund deficit from 2015/16 of £1.180m has been allocated in the same proportions. These sums have been paid in 2016/17 and charged to the collection fund in year.

Net rates payable by ratepayers

	£'000 2015-16	£'000 2015-16	£'000 2016-17	£'000 2016-17
Gross Rates Payable by Ratepayers		**32,673**		**32,781**
(Less):				
Transitional Relief	-293		441	
Mandatory Reliefs	-4,209		-4,403	
Unoccupied Property Relief	-1,239		-987	
Discretionary Reliefs (unfunded)	-154		-190	
Discretionary Reliefs (funded through s31 Grant)	-562		8	
Hardship Relief	-47		47	
Total Cost of Reliefs		**-6,504**		**-5,084**
Net Rates Payable by Ratepayers		**26,169**		**27,697**

The total non-domestic rating income in 2016/17 was £27.119m (£26.462m in 2015/16). For 2016/17, the total non-domestic rateable value at the year-end is £69.9m (£68.9m in 2015/16). The national multipliers for 2016/17 were 0.484p for qualifying Small Businesses, and the standard multiplier being 0.497p for all other businesses (48p and 49.3p respectively in 2015/16).

19. Business rate net share

The income credited to the CI&E statement for business rates is £3.670m (15-16 £3.273m). This is comprised as follows:

Net share from business rates

		£'000	£'000	£'000	£'000
		2015-16	**2015-16**	**2016-17**	**2016-17**
SDC local share		10,260		10,990	
add:	40% of prior year deficit	1,091		351	
less:	40% of estimated deficit	-415		-329	
less:	40% of current year deficit	-351		-22	
			10,585		10,990
less:	tariff payment to Government		-7,638		-7,702
	levy		-733		-722
add:	Section 31 grant		813		662
	Renewable Energy schemes		109		109
net income from business rates			**3,136**		**3,337**
add:	Gloucestershire BR pool surplus / deficit (-)		137		333
net income from business rates (inc GBRP)			**3,273**		**3,670**

20. Council tax and Business rate provision for bad debts

A Council Tax provision was made during 2016/17 amounting to £55k (2015/2016 £54k). This was calculated using CIPFA Guidelines. The total amount of the provision at 31 March 2017 is £336k and represents 21% of the £1.579m debt outstanding (£381k, 24% and £1.571m at 31 March 2016).

Business Rate provision for bad debts was £396k and represents 39% of the £1.008m amount outstanding (£292k, 49% and £594k at 31 March 2016).

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

We have audited the financial statements of Stroud District Council for the year ended 31 March 2017 on pages 14 to 94. 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 2016/17.

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 Accountancy Manager (Section 151 Officer) and auditor

As explained more fully in the Statement of the Accountancy Manager (Section 151 Officer)'s Responsibilities, the Accountancy Manager (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountancy Manager (Section 151 Officer); 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 as at 31 March 2017 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 2016/17.

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' (CIPFA/SOLACE 2016 Edition); 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 Stroud District Council's arrangements for securing economy, efficiency and effectiveness in its 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 2016, as to whether Stroud 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 Stroud District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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, Stroud 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 2016, we are satisfied that, in all significant respects, Stroud District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Darren Gilbert
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
66 Queen Square
Bristol BS1 4BE
12 September 2017

Glossary

The following are expressions and terms used in these accounts that are not explained elsewhere. Words referred to in *italics* are contained in the glossary.

accounting policies	the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements;
actual	financial transactions that have occurred in the year;
actuary	person professionally trained in the technical aspects of pensions, insurance and related fields. The actuary estimates how much money must be contributed to an insurance or pension fund in order to provide future benefits;
appropriation	transfer to or from a revenue or capital reserve;
balances	the amount remaining at the end of the year after income and expenditure has occurred. May refer to the amount available to meet expenditure in future years;
budget	a statement defining the Council's policy over a specified period in terms of finance;
capital charges	where a service owns a fixed asset to provide those services [operational assets] or holds an asset for future development or investment [non-operational assets] it bears a cost of its use. This represents depreciation (where appropriate). Maintenance of the asset is a *revenue* cost;
capital expenditure	spending on assets that have a long-term use such as purchase or improvement of land, buildings and equipment. Where the asset is not owned by the Council that expenditure is *revenue expenditure funded by capital under statute,* long-term debtor or *intangible asset*;
capital receipts	income from the sale of capital assets such as land and Council houses. Capital receipts can only be used (subject to certain legal exceptions) to finance new *capital expenditure*;
change in accounting estimate	is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors;
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is the professional body of accountants and auditors working in local government and public services. Membership of the Institute is by way of examination and entitles members to use the letters CPFA (Chartered Public Finance Accountant) after their names. The Institute provides financial and statistical information services and advises central government and other bodies on local government and public finance matters. It also publishes accounting requirements and accounting standards, including those relating to the production of statement of accounts;

Collection Fund	Stroud District Council collects council tax and business rates on behalf of a number of public bodies – Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and town and parish councils. Also, the Council is lead authority of the Gloucestershire Business Rates Pool. The Collection Fund account is separate to the Council's normal funds, belonging collectively to these bodies;
corporate and democratic core (CDC)	comprises two divisions of service: democratic representation and management (DRM) and corporate management (CM). If anything does not fall within the definitions given for either DRM or CM, then it cannot be within CDC. DRM concerns corporate policy making and all other member-based activities. CM concerns those activities and costs that relate to the general running of the Council. These provide the infrastructure that allows services to be provided, whether by the Council or not, and the information required for public accountability. Activities relating to the provision of services, even indirectly, are overheads on those services, not CM;
Council services	The Council's budget is presented in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP) which defines the following service headings: **Central Services to the Public -** includes Local Tax Collection, Electoral Services, Emergency Planning and Local Land Charges. **Corporate & Democratic Core** – as defined above. **Cultural & Related Services** - includes the Subscription Rooms, the Museum, Leisure Services & Sports Development, Green Spaces, Tourism and Arts Development. **Environmental & Regulatory Services** - includes all aspects of Environmental Health, Refuse Collection & Recycling, Street Cleaning, Community Safety, Land Drainage and Cemeteries. **Housing General Fund** – includes Private Sector Housing Renewal, Homelessness Prevention, Housing Benefit Payments and Administration, Housing Advances & Welfare services. **Highways & Transport Services** – includes Car Parking and Transport Initiatives. **Non-Distributed Costs** – includes Early Retirement Liabilities and Past Service Pension contributions **Planning Services** – Includes Building Control, Development Control, Planning Strategy, Environmental Initiatives and Regeneration, Economic & Community Development.

curtailment	a curtailment for a defined benefit pension scheme is an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of the defined benefit for some or all of their future service. Curtailments include: a) termination of employees' services earlier than expected, for example as a result of discontinuing a segment of business. b) termination or amendment of 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 only qualify for reduced benefits.
depreciation	charges reflecting the decline in the value (not cost) of assets as a result of their usage or ageing;
estimate	often used instead of the word *budget*; and is a forecast of income and expenditure for the year
forecast	an *estimate* of income and expenditure in a financial year;
General Fund	the account that records and finances Council *revenue* expenditure, other than *HRA*;
Housing Revenue Account (HRA)	a separate statutory account dealing with the *revenue* income and expenditure arising from the provision of Council-owned and managed dwellings;
IAS 19	International Accounting Standard 19 *Employee Benefits* is the accounting requirement as regards pensions that local authorities must fully recognise in the publication of their statement of accounts;
intangible asset	expenditure on assets that gives access to a future economic benefit that is controlled by the Council such as software licences;
impairment	values of individual assets and categories of assets that are reviewed for evidence of reductions in value;
investment assets	interest in land and/or buildings which is held for its investment potential, any rental being negotiated at arm's length;
material	omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessment of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or combination of both, could be the determining factor.
medium term financial plan (MTFP)	the Council's rolling 5-year estimate of all effects on the *General Fund*, including inflation, government grants, service changes, base rate changes and the *tax base*;
net cost	the cost of continuing operations after deducting specific grants and income from fees and charges;
non distributed costs	elements that are excluded from recharge to the total cost of a

	service but limited to: past service costs, settlement costs, curtailments, unused share of IT facilities and cost of shares of other long-term unused but unrealisable assets
overspend	where *actual* expenditure is more than the *budget*;
precept	a levy made by the police and crime commissioner, county council, district council or parish/ town councils on the *Collection Fund* to provide the required income from council taxpayers and business ratepayers on their behalf;
prospective application	of a change in accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are: a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed, and b) recognising the effect of change in the accounting estimate in the current and future periods affected by the change
Public Works Loan Board (PWLB)	an institution that borrows money on behalf of the government and lends it to public bodies that meet its borrowing criteria;
retrospective application	is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.
retrospective restatement	is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.
revenue expenditure funded by capital under statute	expenditure which does not result in, or remain matched with, assets controlled by the Council, such as housing improvement grants. They do not appear on the Council's balance sheet;
revenue	this word is used in two different contexts, 1) sources of income, and 2) expenditure that is not of a *capital* nature such as general running costs including salaries and capital financing costs;
revenue support grant (RSG)	a grant paid by or to central government to or from local authorities to support general *revenue* expenditure and not for specific services;
right-to-buy (RTB)	legislation allows tenants of local Council dwellings to buy their property, at a discount, after a qualifying period as local Council tenants. The net income from the sale is a *capital receipt*;
roundings	figures in the statement of accounts are generally presented in thousands and are rounded using the convention 2.5 = 3 and 2.4 = 2. Applied with consistency this can lead to obvious and simple arithmetic errors, for example 2.4 + 2.4 = 4.8 becomes 2 + 2 = 5. Where possible the arithmetic integrity of the figures is maintained by making simple adjustments. Sometimes however, the interrelation of figures within the Statement of Accounts does not permit of simple adjustment. In this Statement of Accounts the following sentence is appended where a table contains figures that do not strictly add up, 'Table contains roundings (see Glossary) which can affect the arithmetic accuracy of the

	figures';
settlement	an irrevocable action that relieves the employer (or defined benefit scheme) of the primary responsibility for the pension obligation and eliminates risks relating to the obligation and the assets used to effect the settlement. Settlements include: a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.
tax base	used to measure the taxable value of properties in a council's area based upon numbers of properties in each tax band;
underspend	where *actual* expenditure is less than the *budget*.

Feedback form – your views

We would like to know what you think about this Statement of Accounts in order to make future statements more usable for readers. They are made available on the Council's website at www.stroud.gov.uk/ accounts

Please note that the majority of information in the Accounts is prescribed by regulations that the Council is obliged to follow.

Please take a few minutes to answer the questions below, cut along the dotted line, and send the form to:

Financial Services, Stroud District Council, Ebley Mill, Ebley Wharf, Stroud GL5 4UB

Alternatively, comments can be made to:
David Stanley, Accountancy Manager (Section 151 Officer)
Tel: 01453 754100. Fax 01453 754936. Email: statementofacc@stroud.gov.uk

You can give your name and address if you wish.

Do you think the Statement of Accounts is easy to read? Yes ☐ **No** ☐

Do you think it is informative? Yes ☐ **No** ☐

How could we improve the Statement of Accounts?

....

....

....

....

....

Do you have any further comments on the services provided by Stroud District Council or the information in these Accounts?

....

....

....

....

Your name
………………………………………………………………………………………..

Your address………………………………………………………………………..

…………………………………………………………………………………………..

Telephone...Email ....

Thank you