



RUSHMOOR BOROUGH COUNCIL

LICENSING AND GENERAL PURPOSES COMMITTEE

*at the Council Offices, Farnborough on
Thursday, 28th May, 2015 at 7.00 pm*

To:

Cllr A.M. Ferrier (Chairman)

Cllr R. Cooper
Cllr Liz Corps
Cllr A.H. Crawford
Cllr Barbara Hurst
Cllr B. Jones
Cllr S.J. Masterson
Cllr A.R. Newell
Cllr M.D. Smith
Cllr L.A. Taylor
Cllr Jacqui Vosper

A Vice-Chairman will be appointed at the Annual Meeting of the Council

Enquiries regarding this agenda should be referred to the Committee Administrator,
Kathy Flatt, Democratic and Customer Services, Tel. (01252 398829) or email
kathy.flatt@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 6)**

To confirm the Minutes of the Meeting held on 30th March, 2015 (copy attached).

2. **2015/16 ANNUAL AUDIT FEE LETTER – (Pages 7 - 10)**

To receive a copy of the annual audit fee letter from Ernst & Young (copy attached), which confirms the audit and certification work proposed for the 2015/16 financial year and the indicative fee for that work. Representatives from Ernst & Young, the Council's appointed auditors, will be in attendance for that item.

3. **TREASURY MANAGEMENT OPERATIONS IN 2014/15 – (Pages 11 - 24)**

To consider the Head of Financial Services' Report No. FIN1510 (copy attached) which provides details of the main treasury management operations for 2014/15.

4. **FINANCIAL STATEMENTS 2014/15 – CHANGES IN ACCOUNTING ESTIMATES AND THE APPLICATION OF NEW ACCOUNTING POLICIES – (Pages 25 - 28)**

To consider the Head of Financial Services' Report No. FIN1512 (copy attached) which seeks approval of the estimation techniques and accounting policies used in compiling the 2014/15 Statement of Accounts.

5. **FINANCIAL STATEMENTS – DECLUTTERING OF THE ACCOUNTS – (Pages 29 - 32)**

To consider the Head of Financial Services' Report No. FIN1513 (copy attached) which seeks approval of a methodology for reviewing the content of the Council's Statement of Accounts.

6. **APPOINTMENTS – (Pages 33 - 44)**

(1) **Outside Bodies –**

To consider the appointment of representatives to outside bodies. A list of those bodies on which the Council is represented, which includes details of proposed nominations for 2015/16, is attached.

(2) **Appointments and Appeals Panel –**

To confirm that the Head of Democratic and Customer Services is authorised to make appointments from the Licensing and General Purposes Committee to the Appointments and Appeals Panel for the 2015/16 Municipal Year on the basis of four Members and a representative of the Cabinet, which would normally be the Cabinet Member for Corporate Services. The Panel will be politically balanced.

Panel meetings are usually held during the day and each group will be asked to nominate a Standing Deputy. It may be necessary to provide Members with training on the procedures for making appointments and dealing with appeals.

(3) **Elections Group –**

To confirm the Members of the Elections Group for the 2015/16 Municipal Year. Previously, the Group consisted of the Cabinet Member with responsibility for electoral services (Concessions and Community Support), the Chairman of the Licensing and General Purposes Committee, the Chairman of the Borough Services Policy and Review Panel and representatives of the other Groups. The Elections Group has been established jointly by the Borough Services Policy and Review Panel and this Committee.

(4) **Licensing Sub-Committee –**

To confirm the Members of the Licensing Sub-Committee for the 2015/16 Municipal Year on the basis of six Members (4 Con: 1 Lab: 1 UKIP).

(5) **Licensing Sub-Committee (Alcohol and Entertainments) –**

To confirm that the Head of Democratic and Customer Services is authorised to make appointments from the membership of the Licensing and General Purposes Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May, 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(6) **Local Plan Members Group –**

To confirm the Members of the Local Plan Members Group for the 2015/16 Municipal Year on the basis of seven Members including the Leader of the Council, the Cabinet Member for Environment and Service Delivery, the Chairman of the Development Management Committee and four Members (2 Con: 1 Lab: 1 UKIP).

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm three working days prior to the meeting.

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LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Monday, 30th March, 2015 at the Council Offices, Farnborough at 7.00 p.m.

Voting Members

Cr. M.J. Tennant (Chairman)
Cr. A.M. Ferrier (Vice-Chairman)

Cr. Liz Corps	Cr. B. Jones	Cr. L.A. Taylor
Cr. A.H. Crawford	a Cr. M.D. Smith	Cr. Jacqui Vosper
Cr. Barbara Hurst	a Cr. M. Staplehurst	a Cr. D.M. Welch

Apologies for absence were submitted on behalf of Crs. M.D. Smith, M. Staplehurst and D.M. Welch.

25. MINUTES –

The Minutes of the Meeting held on 26th January, 2015 were approved and signed by the Chairman.

26. REVIEW OF CONTRACT STANDING ORDERS –

Before considering the Solicitor to the Council's Report No. LEG1506, the Committee received a presentation by the Solicitor to the Council on various case studies highlighting procurement problems experienced by local authorities in Hampshire and the Isle of Wight. The Committee then considered the Report which sought approval for a revised version of the Contract Standing Orders for recommendation to the Council for adoption. The Committee was advised of some minor typographical changes.

The Report advised Members that, by law, all local authorities had to have a set of Contract Standing Orders that regulated the manner in which a local authority undertook its procurement. These standing orders were part of the Council's Constitution and had been last reviewed in 2006. It was noted that better procurement had been identified as a project to assist the Council in meeting its budgetary challenges and formed one point of the Council's 8-Point Plan. Reviewing the Council's Contract Standing Orders formed part of the projects within the review of Procurement Policy and Practices. The Council's Procurement Strategy would also be reviewed as part of this work and an extensive training programme would be rolled out for all officers involved in procurement.

The Report set out the revised Contract Standing Orders, a draft version of which had been approved by the Standards and Audit Committee on 9th March, 2015 and subsequently had been the subject of an internal consultation with all Heads of Service.

The Contract Standing Orders set out the rules that would apply to officers when making purchases on behalf of the Council. The rules had three main purposes:

- to comply with the obligations that governed spending of public money such as the EU Procurement Directives as implemented into UK law by the Public Contract Regulations 2015
- to ensure that the Council obtained best value in the way that it spent money, thereby offering better and more cost effective services to the public; and
- to protect the Council and its officers from undue criticism or allegations of wrongdoing.

It was noted that the Contract Standing Orders applied to: the supply or disposal of goods; the hire, rental or lease of goods or equipment; the provision of works and supply of works materials; the provision of services, including consultancy services; the granting of works concessions or services concessions; and, the selection of sub-contractors by the Council where these were nominated under the main contract.

During discussion, a question was raised regarding the monitoring of contract performance, particularly in respect of the Council's major service contracts. It was felt that in this instance the issue would be for the Environment Policy and Review Panel to examine.

The Committee

- (i) **RECOMMENDED TO THE COUNCIL** that the draft Contract Standing Orders be approved for adoption as part of the Council's Constitution; and
- (ii) **RESOLVED:** That authority be delegated to the Solicitor to the Council to keep the Contract Standing Orders under review and to make any necessary amendments to reflect good procurement practice or consequent to the new Public Contract Regulations 2015.

27. **DRAFT FOOD/HEALTH AND SAFETY SERVICE PLAN 2015/16 –**

The Committee considered the Head of Environmental Health and Housing's Report No. EHH1505 which sought comments on the draft joint Food/Health and Safety Service Plan 2015/16. The Committee's comments would be reported to the Cabinet on 31st March, 2015 in order that the draft Plan could be approved for consultation with local businesses and business organisations, with any substantial changes to be considered by the Head of Environmental Health and Housing in consultation with the Cabinet Member for Safety and Regulation.

The Committee was advised that the Service had responded to the developing 8-Point Plan for financial sustainability and had reviewed opportunities for income generation and cost recovery. The Plan reflected a linkage to the Council's purpose and themes recognising the Service's wider aim to work with others to improve the quality of people's lives.

The Report set out a review of the Health and Safety Service and Food Safety Service in 2014/15 and set the priorities for each for 2015/16.

The Environmental Health Manager also gave a presentation on the highlights and lowlights in food hygiene and health and safety over the previous year, including a summary of enforcement action taken by the Food/Health and Safety Team, food hygiene ratings and the services provided to the Farnborough International Airshow in 2014.

During discussion, Members expressed their satisfaction with the services provided by the Health and Safety and Food Safety Service and raised questions regarding health and safety inspection visits and the methods by which residents could report unsatisfactory businesses.

RESOLVED: That the Cabinet be recommended to approve the draft combined Food/Health and Safety Service Plan for 2015/16 for consultation.

28. **EXTERNAL AUDIT UPDATES –**

The Committee received the Head of Financial Services' Report No. FIN1506 which summarised the results of the audit work on the Council's major grant claim under the Housing and Council Tax Benefits Subsidy Scheme for the financial year 2013/14 and introduced the Audit Plan for 2014/15, both of which had been prepared by Ernst & Young, the Council's appointed auditors. The Chairman welcomed Mr. Paul King, Director at Ernst & Young, and Mr. Alan Gregory, Engagement Manager at Ernst & Young, to the meeting.

In respect of the 2013/14 Certification of Claims and Returns Annual Report, the Report summarised the results of the audit work on the Council's major grant claim under the Housing and Council Tax Benefits Subsidy Scheme for the financial year 2013/14. Members were advised that, after additional clarification with the auditor, the Department for Work and Pensions would not be amending the Council's subsidy claim and would be awarding the full value of the claim (£37,073,555). Although the errors that had been reported were of negligible value and had not resulted in any financial loss to the Council, steps would be taken to ensure that these errors were not repeated. This included additional training for assessors and a review of processes around archiving and filing.

The 2014/15 Audit Plan set out the proposed audit approach and scope for the 2014/15 audit and summarised the auditor's assessment of any key risks to be considered as part of the opinion work. The Plan covered the areas of:

financial statement risks; economy, efficiency and effectiveness; the audit process and strategy; independence; and, audit fees for the 2014/15 audit.

Members were also advised that the Chartered Institute of Public Finance and Accountancy (CIPFA), as part of its work on business rates, had asked an independent auditing panel to recommend authorities that they felt were good examples in this field. Rushmoor had been put forward by Ernst & Young as having a sophisticated model and Rushmoor would be working with CIPFA to produce a short good practice piece that could be shared with other local authorities.

The Committee considered the documentation and discussed various issues associated with the Certification of Claims and Returns Annual Report and the Audit Plan.

RESOLVED: That the Head of Financial Services' Report No. FIN1506 be noted.

29. **APPLICATION OF ACCOUNTING POLICY – NEW DE-MINIMUS LEVEL FOR ACCRUALS –**

The Committee considered the Head of Financial Services' Report No. FIN1509, which sought approval for the application of an amended accounting policy in respect of accruals and, in particular, the de-minimus level at which accruals were applied.

The Committee was advised that new regulations had come into force which would bring forward the existing date for accounts being signed and certified by the Responsible Financial Officer from 30th June to 31st May and for their approval and publication from 30th September to 31st July. These changes would become effective for the 2017/18 financial year. It was noted that the proposals were likely to create major challenges for authorities in meeting the new deadline due to both the length of the current statements and their complexity. It would be necessary to review existing procedures, the contents of the existing statements and the accounting policies required and would be the subject of future consideration by the Committee. In order to meet the new deadline it would also be necessary to place greater reliance on the use of estimates and reduce the number of accounting adjustments, with due regard to materiality, impact on the financial statements and the overriding requirement to present a true and fair view.

It was noted that one of the ways it might be possible to reduce the number of accounting entries would be to increase the de-minimus level for accruals. There were two types of accrual: accruals for income that had been earned but not yet received; and, expenditure that had been incurred but not yet paid. The Council currently had an accrual level of £1,000, which meant that adjustments were usually only put through for amounts over this amount. Following an analysis of transactions in 2013/14, 305 individual accrual adjustments had been identified. Based on this, increasing the de-minimus level to £2,000 would reduce the number of transactions by 80 (- 26%) with a net

impact of £3,000 on the financial statements. It was felt that adopting the new higher level early would be a simple and positive first step in meeting the challenging new deadline in 2017/18. The impact of increasing the de-minimus level would continue to be reviewed and any proposed changes in future years would be reported back to the Committee for consideration.

RESOLVED: That

- (i) approval be given to the application of a new de-minimus level for accruals of £2,000 for the preparation of the financial statements for the 2014/15 financial year, as set out in the Head of Financial Services' Report No. FIN1509, but that accountants be still given discretion to enter accruals for smaller amounts where material to the service; and
- (ii) the Head of Financial Services be authorised to review the impact of increasing the de-minimus level and report any proposed changes in future years to the Committee for consideration.

30. **EXCLUSION OF THE PUBLIC –**

RESOLVED: That, taking into account the public interest test, the public be excluded from the meeting during the discussion of the undermentioned item to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against such item:

Minute No.	Schedule 12A Para. No.	Category
31	1	Information relating to an individual

**THE FOLLOWING ITEM WAS CONSIDERED IN THE
ABSENCE OF THE PUBLIC**

31. **COMMUNITY AWARD 2015 – NOMINATIONS –**

The Committee considered the Head of Democratic Services' Report No. DEM1502, which provided details of nominations received for Rushmoor's Community Award. The Report set out how the scheme had been publicised and gave details of the criteria against which nominations had been assessed and compared. The Report explained that the purpose of the scheme was to recognise outstanding achievements in the Borough by local people and particularly to mark long-term commitment.

Members discussed the merits of the nominations, which had been set out in an exempt Appendix to the Report, taking account of the advice from the Head of Democratic Services. After careful consideration of the nominations

received, the Committee agreed that Mrs. Joy Cross should be selected for the Award. This was in recognition of Mrs. Cross's voluntary work and fundraising carried out over many years.

RESOLVED: That Mrs. Joy Cross be selected for the Rushmoor Community Award 2015.

The Meeting closed at 8.34 p.m.

M.J. TENNANT
CHAIRMAN

Andrew Lloyd
Chief Executive
Rushmoor Borough Council
Council Offices
Farnborough Road
Farnborough
Hampshire GU14 7JU

15 April 2015

Ref: RBC/PK/Fee Letter

Direct line: 0118 928 1556

Email: pking1@uk.ey.com

Dear Andrew

Annual Audit and Certification Fees 2015/16

We are writing to confirm the audit and certification work that we propose to undertake for the 2015/16 financial year at Rushmoor Borough Council.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our framework contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until the contract ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise, reduced by 25% following the further tendering of contracts in March 2014. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

For Rushmoor Borough Council this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The Audit Commission has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2013/14 benefit certification fees and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2015/16 relates to work on the housing benefit subsidy claim for the year ended 31 March 2016. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2014/15 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2015/16 £	Planned fee 2014/15 £	Actual fee 2013/14 £
Total Code audit fee	49,838	66,450	66,450
Certification of housing benefit subsidy claim	8,652	7,960	11,536

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in four quarterly instalments of £14,622.50, from July 2015.

Audit plan

Our plan will be issued in March, 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Head of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Licensing and General Purposes Committee.

Audit team

The key members of the audit team for the 2015/16 financial year are:

Paul King
Director

PKing1@uk.ey.com

Tel: 0118 928 1556

Alan Gregory
Assistant Manager

AGregory@uk.ey.com

Tel: 07867152490

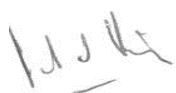
Steve High
Executive

SHigh@uk.ey.com

Tel: 07779576294

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Paul King
Director
For and on behalf of Ernst & Young LLP

cc. Ian Harrison, Director of Resources
Amanda Fahey, Head of Finance
Councillor Tennant, Chairman of the Licensing and General Purposes Committee

AGENDA ITEM NO. 3

**LICENSING & GENERAL PURPOSES
COMMITTEE
28 MAY 2015**

**DIRECTORATE OF RESOURCES
HEAD OF FINANCIAL SERVICES
REPORT NO. FIN1510**

TREASURY MANAGEMENT OPERATIONS 2014/15**1 INTRODUCTION**

- 1.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members be informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.
- 1.2 The Council has invested substantial sums of money and is therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.
- 1.3 This report sets out the main Treasury Management activities during 2014/15 and provides an update on the current economic conditions affecting Treasury Management decisions. Appendix A shows the actual prudential indicators relating to Capital Financing and treasury activities for 2014/15 and compares these to the indicators set in the Annual Treasury Management Strategy for the year, approved by Council in February 2014.

2 TREASURY MANAGEMENT ADVICE

- 2.1 In April 2013, the Council changed treasury advisors from Sector Treasury Services to Arlingclose Ltd. Arlingclose is an independent treasury advisory company who provide specialist treasury support to 25% of UK local authorities. They provide a range of treasury management services including technical advice on debt and investment management and long-term capital financing. They advise on investment trends, developments and opportunities consistent with the Council's Treasury Management Strategy.
- 2.2 With the exception of pooled funds all investment activity is carried out by the Council's own treasury team with advice from Arlingclose Ltd, as outlined in paragraph 2.1 above, and having due regard to information from other sources such as the financial press and credit-rating agencies.
- 2.3 Pooled funds are managed at the discretion of the external fund managers associated with each fund. It should however be noted that whilst the funds are externally managed, the decision as to whether to invest lies solely with the Council in accordance with its Treasury Management Strategy.

The needs of the Council's treasury management staff for training in investment management are assessed on an ongoing basis and as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. During 2014/15, staff attended workshops on Treasury Management Practices, Investments and Year-End Accounting guidance provided by Arlingclose.

3 ECONOMIC BACKGROUND

- 3.1 **Growth and Inflation:** The robust pace of GDP growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy.

Annual CPI inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to \$44.35 a barrel a level not seen since March 2009) and a steep drop in wholesale energy prices with extra downward momentum coming from supermarket competition resulting in lower food prices.

- 3.2 **Employment:** The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. In January 2015 unemployment was at 5.7% (7.2% January 2014). During the year Jan 2014-2015 pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

- 3.3 **UK Monetary Policy:** The Bank of England's Monetary Policy Committee (MPC) maintained interest rates at 0.5%. Whilst its members held a wide range of views on the response to zero CPI inflation, they felt it appropriate not to get panicked into response to the current low rate of inflation.

Political uncertainty had a large bearing on market confidence this year. The possibility of Scottish independence was of concern to the financial markets, however this dissipated following the outcome of September's referendum.

- 3.4 **Global:** Eurozone inflation continued to fall towards zero, and there was mounting evidence that the already feeble recovery was losing pace. The unemployment rate remained high at 11.5%. The European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05%.

The US economy rebounded strongly in 2014, employment growth was robust and there were early signs of wage pressures building. The Federal Reserve made no change to US policy rates. The central bank however continued with 'tapering', i.e. a reduction in asset purchases by \$10 billion per month, and ended them altogether in October 2014.

- 3.5 **Market reaction:** From July, gilt yields were driven lower by a combination of factors: geo-political risks emanating from the Middle East and Ukraine, the slide towards deflation within the Eurozone and the big slide in the price of oil and its transmission through into lower prices globally. 5, 10 and 20-year gilt

yields fell to their lows in January (0.88%, 1.33% and 1.86% respectively) before ending the year higher at 1.19%, 1.57% and 2.14% respectively.

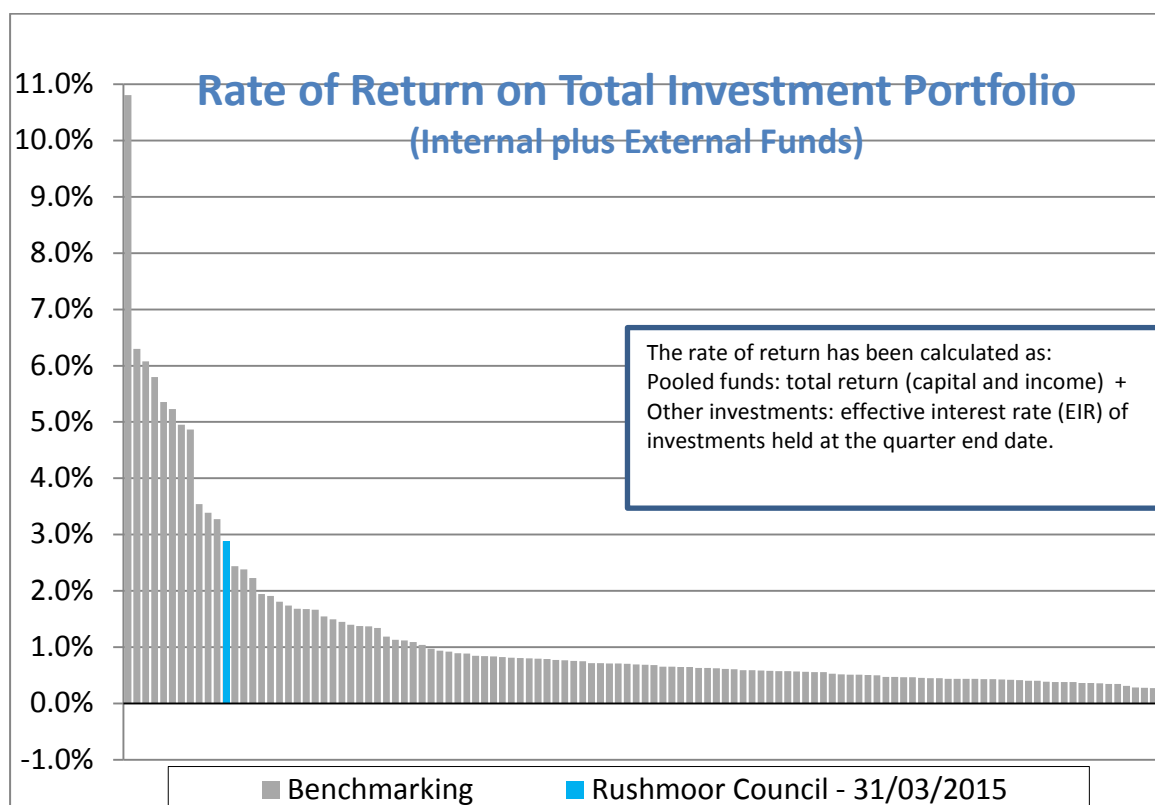
3.6 **Interest Rate Forecast:** The stronger economic growth seen in the UK over the past year is likely to use up spare capacity more quickly than previously assumed. Expectations are that rates will rise slowly and to a lower level than in the past. The latest forecast (March 2015) from Arlingclose is that interest rates will rise to 0.75% by June 2016 and increase to 1.5% by December 2017. The average forecast interest rate for the 3 year period June 2015 – June 2018 is 0.96%.

4 BORROWING ACTIVITY IN 2014/15

4.1 The Council remains debt free. The 2014/15 capital programme was funded from grants, other contributions and capital receipts.

5 INVESTMENT ACTIVITY IN 2014/15

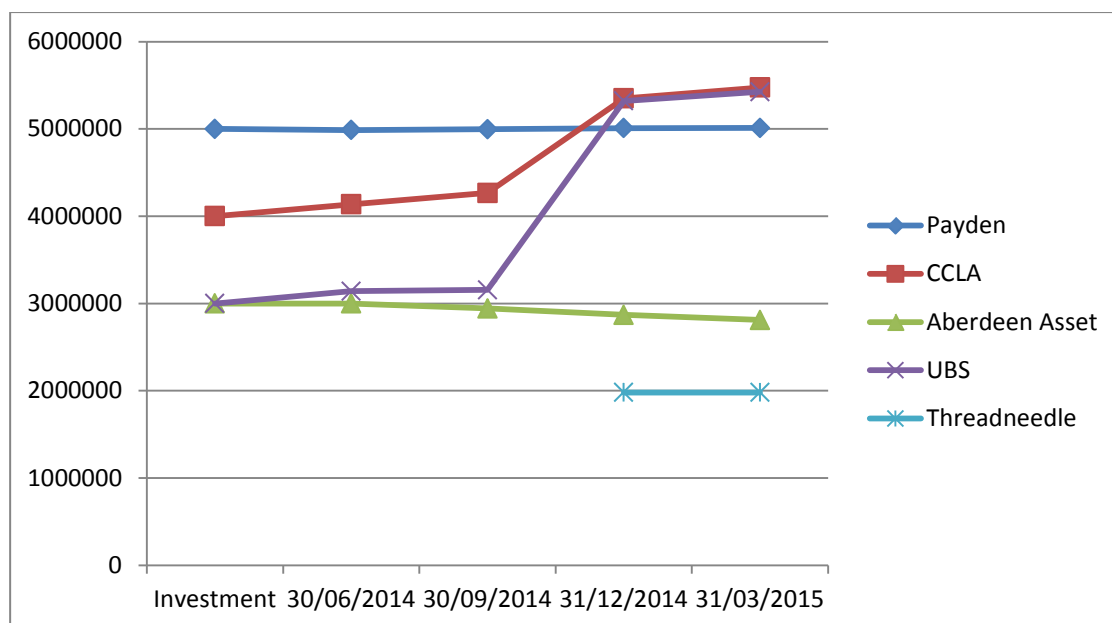
5.1 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. The graph below has been produced by Arlingclose and demonstrates that the Council's 2014/15 return on total investment portfolio at 2.9% is amongst the highest when benchmarked against their other local authority clients:



The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits rose relative to other investment. To counteract these risks during 2014/15 Rushmoor therefore increasingly favoured secured investment options or diversified alternatives such as covered bonds, non-bank investments and pooled funds over unsecured bank and building society deposits. Details of the Council's investment activity together with returns generated during 2014/15 are outlined below:

5.2 **Pooled Funds** - the Council's pooled funds have performed well during 2014/15 with good total returns (combination of income and growth of capital).

Pooled Fund Capital Growth - The chart below plots the growth in initial capital investment per fund to 31st March 2015. With the exception of Aberdeen Absolute Return Bond Fund all fund have returned growth on the initial capital investment. As these are long term investments (3-5 year window) we monitor the capital value of these investments on a monthly basis. At this stage the dip in value of the Aberdeen Absolute Return Bond fund does not give cause for concern however, we will continue to monitor all funds closely.



Pooled Fund Income Returns – The income returned by fund for the period to 31st March 2015 is analysed below:

- £5 million investment with Payden & Rygel's Sterling Reserve Fund. The Fund seeks to provide capital security, liquidity and income through investment in Sterling denominated investment-grade debt securities. The fund's performance for the 12 months to 31st March 2015 0.93% income return.

- We invested an additional £1 million in September 2014 with CCLA's Local Authorities' Mutual Investment Trust. The Council's total investment in this UK property fund is £5 million. The fund has returned 5.52% income during 2014/15.
- £3 million was invested during March 2014 in the Aberdeen Absolute Return Bond Fund. This fund aims for a target total return of 3-5% from a combination of investment income or capital appreciation. The fund's performance for the 12 month period January-December 2014 is 2.32% income return.
- £3 million invested during March 2014 in the UBS Multi-Asset Income Fund. This Fund follows a strategy of reducing volatility exposure levels by spreading investments across a diversified range of asset classes. This fund has generated a 4.2% income return during 2014.
- In December 2014 we invested £2 million in the Threadneedle Strategic Bond Fund. The fund aims to provide income and capital appreciation through investment grade and high yield bonds. This fund has generated a 4.41% income return during the period to 31st March 2015.

5.3 **Bonds** - debt instruments in which an investor lends money for a specified period of time at a fixed rate of interest. **Covered bonds** are conventional bonds that are backed by a separate group of loans (usually prime residential mortgages). When the covered bond is issued, it is over collateralised, with the pool of assets being greater than the value of the bond. During the year we invested in the following covered bonds:

- £1 million Leeds Building Society at a fixed rate of Libor + 0.27bp
- £1 million Yorkshire Building Society at a fixed rate of 1.18%

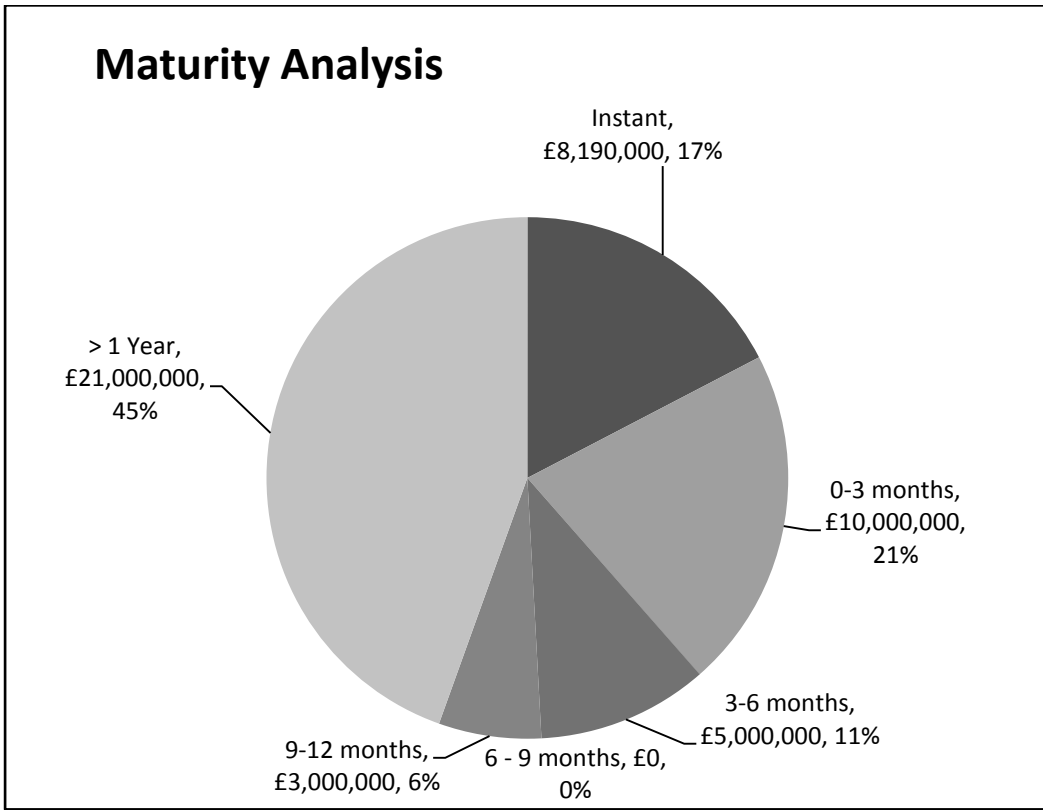
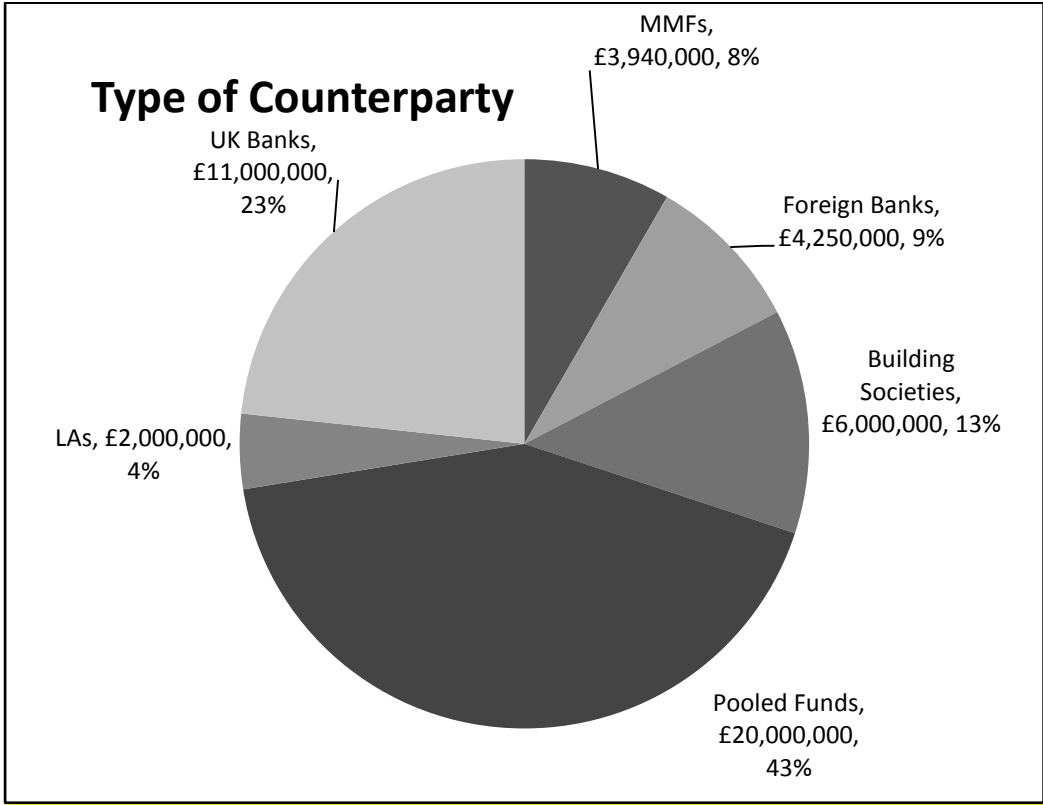
5.4 **Other Investments** – During the year we have further diversified our portfolio by investing the following in institutions other than UK banks:

- £2 million at a fixed rate of 1% for 18 months with Lancashire County Council.
- £2 million with Nationwide Building Society over a 9 month period at a rate of 0.8%.
- £1 million with Nationwide Building Society over a 6 month period at a rate of 0.66%

5.5 The table below summarises deposit/investment activity during the year to 31st March 2015. Overall, there was a net increase of £13.1m invested during the period.

Investment Counterparty	<i>Balance on 01/04/14 £m</i>	<i>Investments Made £m</i>	<i>Maturities/ Investments Sold £m</i>	<i>Balance on 31/03/15 £m</i>	<i>Avg Rate % and Avg Life (yrs)</i>
<i>UK Local Authorities</i>	0.0	2.0		2.0	1.0% -18mths
<i>UK Banks and Building Societies:</i>					
<i>Short-term</i>	2.0	19.5	9.5	12.0	(0.51%-0.80%)
<i>Long-term</i>	12.0	3.0	12.0	3.0	0.95%
<i>Foreign Banks</i>	3.5	0.8		4.3	0.40% - 0.55% call account
<i>Covered Bonds</i>		2.0		2.0	1.18% & LIBOR+0.27bp - 3 Yrs
<i>AAA-rated Money Market Funds</i>	1.6	2.3		3.9	Varies daily <0.40%
<i>Pooled Funds:</i>					
• <i>Payden</i>	5.0			5.0	0.93
• <i>CCLA</i>	4.0	1.0		5.0	5.52
• <i>Aberdeen Absolute</i>	3.0			3.0	2.32
• <i>UBS</i>	3.0	2.0		5.0	4.20
• <i>Threadneedle</i>		2.0		2.0	4.41
TOTAL INVESTMENTS	34.1	34.6	21.5	47.2	
<i>Increase/ (Decrease) in Investments £m</i>				13.1	

5.6 The following pie charts illustrate the spread of investments (excluding Icelandic) by counterparty along with a maturity analysis. These illustrate continued diversity and move towards longer term investments within our portfolio.



6 TREASURY MANAGEMENT INDICATORS

- 6.1 The Treasury Management Code requires that local authorities set a number of indicators for treasury management performance, which have been set out below at paragraphs 6.5 to 6.7. The Council has also adopted a voluntary measure for credit risk as set out in paragraph 6.2
- 6.2 **Credit Risk (Credit Score Analysis):** Counterparty credit quality is assessed and monitored by reference to credit ratings. Credit ratings are supplied by rating agencies Fitch, Standard & Poor's and Moody's. Arlingclose assign values between 1 and 26 to credit ratings in the range AAA to D, with AAA being the highest credit quality (1) and D being the lowest (26). Lower scores mean better credit quality and less risk.
- 6.3 The advice from Arlingclose is to aim for an A-, or higher, average credit rating, with an average score of 7 or lower. This reflects the current investment approach with its focus on security. The scores are weighted according to the size of our deposits (value-weighted average) and the maturity of the deposits (time-weighted average).
- 6.4 The table below summarises the Council's internal investment credit score for deposits during the year to 31st March 2015. The Council's scores fall comfortably within the suggested credit parameters. This represents good credit quality deposits on the grounds of both size and maturity. The improved credit risk scores during the year reflect the increasing diversity within the Council's investment portfolio - specifically the 3 year covered bonds & 18 month local authority investments.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating
Q4 2013/14	5.50	A+	5.99	A
Q1 2014/15	5.17	A+	5.79	A
Q2 2014/15	5.12	A+	5.03	A+
Q3 2014/15	4.94	A+	4.62	A+
Q4 2014/15	4.68	A+	2.77	AA

- 6.5 **Interest Rate Exposure:** This indicator is set to monitor the Council's exposure to the effects of changes in interest rates. The indicator calculates the relationship between the Council's net principal sum outstanding on its borrowing to the minimum amount it has available to invest. The upper limits on fixed and variable rate interest rate exposures expressed as the amount of net principal borrowed is:

	2014/15 Approved Limit	2014/15 Actual Minimum
Upper limit on fixed interest rate exposure	-£27m	-£13m
Upper limit on variable interest rate exposure	-£19m	-£26m

It is expected that for most councils the interest rate exposure calculation would result in a positive figure. As the Council has more funds available to invest than it intends to borrow, the calculation has resulted in a negative figure.

- 6.6 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

As Rushmoor had no borrowing requirement during 2014/15 the actual performance against this indicator is 0%.

- 6.7 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. Performance against the limits on the total principal sum invested to final maturities beyond the period end is:

	2014/15 Approved Limit	2014/15 Actual Performance
Limit on principal invested beyond year end at any one time	£50m	£30m

7 BUDGETED INCOME & OUTTURN

- 7.1 The Council's budgeted investment income for the year was estimated at £400,000. The UK Bank Rate has been maintained at 0.5% since March 2009 and is not expected to rise until June 2016. The Council anticipates an investment outturn of £699k for the year. The position has resulted from improved returns generated from existing pooled fund investments, increased diversification within the Council's investments portfolio and current plans for some additional long-term investments.

8 ICELANDIC INVESTMENTS UPDATE

- 8.1 As previously reported, the bulk of the Council's investment with the Icelandic bank, Glitnir, was returned in 2012. The distributions were made in a basket of currencies, fixed at exchange rates existing at a point in time just after the collapse of the bank. All currencies were repaid and converted to Sterling with the exception of that part distributed in Icelandic Krone (ISK), which could not be converted due to Icelandic foreign exchange controls introduced after the Icelandic banking collapse. The ISK is being held in an escrow account in Iceland earning interest of 4.2%. The value of the account as at 31st March 2014 is £442,300.
- 8.2 Legal proceedings relating to one of the other failed Icelandic banks, Landsbanki, have established that a different date should have been used to determine the exchange rates for the redistribution of currencies to creditors. This led the Glitnir Winding-Up Board to seek to apply that date to their own distributions, which resulted in a net overpayment having been made to the Council of £23,000. This amount has subsequently been repaid to the Glitnir Winding-Up Board.
- 8.3 In January 2015 Bevan Brittan issued a briefing updating creditors of the current position in respect of ISK repatriation options in particular:
- A "single price" currency auction scheduled to take place in February 2015, which our legal advisors felt represented a good opportunity to exchange a substantial proportion of creditor's ISK. The results of previous auctions was that participants had exchanged their ISK for between 65% and 83% of the Central Bank of Iceland (CBI) selling rate. In addition, we were advised that this would be the final currency auction.
 - An offer from Deutsche Bank to purchase creditor's escrowed ISK, which would equate to approximately 66% of its value.
 - The risk of leaving the ISK in the escrow account until capital controls are lifted, being that creditors may suffer a loss when converting the ISK. In addition, it is widely anticipated that this may involve the payment of an "exit tax" (up to 30%-40%).

The above options were considered and it was agreed that the currency auction represented the best opportunity to maximize the return on the remaining monies held in ISK. Rushmoor participated in the currency auction

and sold its ISK for £311k in February 2015.

9 CONCLUSIONS

- 9.1 2014/15 proved to be another challenging year for treasury management. The Council's treasury team has concentrated as always on the security of investments while still having regard to the returns available. Revision to the treasury management strategy has enabled the Council to further diversify its investment portfolio and benefit from alternative investments during 2014/15. Despite low interest rates and the lack of suitable counterparties with whom to invest, investment income outperformed the original budget by around £300k and contributed £699k to the Council's General Fund during 2014/15.
- 9.2 All treasury management activity during 2014/15 was carried out in accordance with the Annual Treasury Management Strategy and complied with the treasury and prudential indicators set out in that report, and with the Treasury Management Code of Practice.

10 RECOMMENDATIONS

- 10.1 Members are requested to note the contents of the report in relation to the activities carried out during 2014/15.

AMANDA FAHEY
HEAD OF FINANCIAL SERVICES

APPENDIX A

1.1 Prudential Indicators

Estimates of Capital Expenditure: The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2014/15 Revised £m	2014/15 Actual £m	2015/16 Estimate £m	2016/17 Estimate £m
General Fund	4.480	2.202	4.673	1.455
Total Expenditure	4.480	2.202	4.673	1.455
Capital Receipts	2.603	0.692	1.156	0.156
Capital Grants & Contributions	1.078	0.711	2.667	0.399
Reserves	0.099	0.099	0	0
Revenue	0.700	0.700	0.850	0.900
Total Financing	4.480	2.202	4.673	1.455

Estimates of Capital Financing Requirement:

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.15 Revised £m	31.03.15 Actual £m	31.03.16 Estimate £m
General Fund	0.280	0.280	0.000
Finance lease (MRP)	-0.280	-0.280	0.000
Total CFR	0	0	0

As shown in indicator 1 above, Rushmoor is able to finance all of its capital expenditure without the need to borrow, however CFR now includes embedded leases brought onto the balance sheet under International Financial Reporting Standards (IFRS). The MRP above includes the finance lease annual principal payments.

This is purely an accounting adjustment and does not indicate any requirement to borrow hence this indicator is zero. This prudential indicator will remain at zero for as long as Rushmoor remains debt free.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total

APPENDIX A

of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.15 Revised £m	31.03.15 Actual £m	31.03.16 Estimate £m
Borrowing	0.000	0.000	3.000
Finance leases	0.280	0.280	0.000
Total Debt	0.280	0.280	3.000

During 2015/16, the Council is expecting to make use of a revolving infrastructure fund from the Local Enterprise Partnership (M3 LEP).

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2014/15 Revised £m	2014/15 Actual £m	2015/16 Estimate £m
Borrowing	5.0	0.0	5.0
Other long-term liabilities	0.0	0.0	0.0
Total Debt	5.0	0.0	5.0

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2014/15 Revised £m	2014/15 Actual £m	2015/16 Estimate £m
Borrowing	10.0	0.0	10.0
Other long-term liabilities	0.0	0.0	0.0
Total Debt	10.0	0.0	10.0

APPENDIX A

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2014/15 Revised %	2014/15 Actual %	2015/16 Estimate %	2016/17 Estimate %
General Fund	-3.1	-3.5	-7.1	-7.5

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

Incremental Impact of Capital Investment Decisions	2014/15 Revised £	2014/15 Actual £	2015/16 Estimate £	2016/17 Estimate £
General Fund - increase in annual band D Council Tax	0.88	0.88	1.54	2.99

Adoption of the CIPFA Treasury Management Code: The prudential indicator in respect of treasury management is that the Council adopt CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The aim is to ensure that treasury management is led by a clear and integrated forward treasury management strategy, with recognition of the existing structure of the Council's borrowing and investment portfolios. The revised edition of the Code (November 2011) was adopted by the Council on 20th February 2014.

**LICENSING & GENERAL PURPOSES
COMMITTEE
28 MAY 2015**

**HEAD OF FINANCIAL SERVICES
REPORT NO. FIN1512**

**FINANCIAL STATEMENTS 2014/15 – CHANGE IN ACCOUNTING ESTIMATES &
THE APPLICATION OF NEW ACCOUNTING POLICIES**

1. INTRODUCTION

- 1.1 The purpose of this report is to obtain Member approval for any changes in the estimation methods and the application of any amended accounting policies used in the preparation of the Council's Financial Statements for 2014/15.
- 1.2 The assumptions made, and the methods used, are important as they determine the way in which the Council's financial statements are prepared in several key areas. The Council's auditors – Ernst & Young - have identified as good practice the consideration of these assumptions and methods by an appropriate Committee of the Council.
- 1.3 The adoption of appropriate accounting policies is important as they determine the way in which the Council's financial statements are prepared and presented. The selection of accounting policies is the responsibility of the Head of Financial Services, who, as S151 Officer, is responsible for the financial affairs of the Council. The Licensing & General Purposes Committee then considers these policies as the body charged with governance.

2. CHANGES IN ACCOUNTING ESTIMATES

- 2.1 The Council's accounts for 2014/15 contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. The determination of an accounting estimate may be simple or complex depending upon the nature of the item. For example, accruing a charge for rent may be a simple calculation, as would estimating the value of annual leave outstanding at the end of the financial year.
- 2.2 However, in more complex estimates there may be a high degree of specialist knowledge and judgement required. These 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 made.
- 2.3 The Council is required to disclose areas of estimation uncertainty where there is a significant risk of a material adjustment within the next financial year. These areas are identified in this report, which also shows the effects if actual results differ from the assumptions made.
- 2.4 The area in the Council's Balance Sheet at 31st March 2015 where there is major uncertainty, and where changes to existing estimation methods are required are in relation to the cost of retirement benefits. As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Whilst these benefits (pensions) are not actually

payable until employees retire, the Council has a commitment to make the payments. This is disclosed at the time that employees earn their future entitlement.

- 2.5 The Council's future pension liability is assessed by AonHewitt Ltd, (in independent firm of actuaries), using various financial assumptions (rate of inflation, salary increases, duration of liabilities) and mortality assumptions (longevity of current and future pensioners). The principle assumptions used by the actuary for 2015 in calculating the Council's future pension liability are outlined in Appendix 1. The implications of changes in assumptions are outlined below:

Financial assumptions – are updated annually to take account of changes in market conditions. The impact of changes to financial assumptions are summarised as follows:

- The majority of pension liabilities are linked to pay or prices inflation. Higher inflation expectations will lead to a higher pension liability.
- Pension liabilities are calculated using a discount rate set with reference to corporate bond yields. A reduction in the discount rate assumption will increase the present value of the pension liability.
- The “duration of liabilities” is the average period between the calculation date and the date benefits will be paid out. The duration of a typical fund is around 18 years. A reduction in the duration of liabilities means that the liability will become due sooner.

Mortality Assumptions - The majority of the Council's obligations are to provide benefits for the life of the member following retirement. Increases in life expectancy will result in an increase in the pension liability.

- 2.6 The calculation of pension liabilities involves projecting future cash flows from the fund many years into the future. This means that the assumptions used can have a material impact upon the balance sheet position. The impact of changes on the net pensions liability are illustrated in Appendix 1.

3. APPLICATION OF NEW ACCOUNTING POLICIES

- 3.1 On the 30th March 2015, this Committee approved the application of a new guideline de-minimus level for accruals of £2,000 (Report No: FIN1509).
- 3.2 There are no other amendments recommended to any of the existing accounting policies, which have previously been approved by this Committee.

4. CONCLUSIONS

- 4.1 This report has identified one major area where there is a risk that actual results could be materially different from the assumptions and estimates made.
- 4.2 However, the Council minimises this risk by taking into account historical experience, current trends and other relevant factors in arriving at estimates which it believes reflect the most likely and accurate position.

5. RECOMMENDATIONS

- i) Members are requested to note the contents of this report; and
- ii) approve the change in estimation methods outlined in Appendix 1.

**AMANDA FAHEY
HEAD OF FINANCIAL SERVICES**

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LICENSING & GENERAL PURPOSES
COMMITTEE
28 MAY 2015

HEAD OF FINANCIAL SERVICES
REPORT NO. FIN1513

FINANCIAL STATEMENTS – DE-CLUTTERING OF THE ACCOUNTS

1. INTRODUCTION

- 1.1 The purpose of this report is to obtain Member approval for the approach to be taken in respect of the rationalisation of the number of disclosures in our Financial Statements for 2014/15 onwards.
- 1.2 The majority of the existing disclosures are requirements laid down in the Accounting Code of Practice (ACOP), however there is scope under the new 'de-cluttering' agenda to rationalise what information is included in the statements.

2. BACKGROUND

- 2.1 The terms 'de-cluttering' and 'disclosure overload' are used to describe a problem in financial reporting as a result of the growth and complexity of financial disclosures. Although there is no formal definition of the disclosure overload issue it is clear that three common themes have emerged:

- Format/structure
- Tailoring
- Materiality

- 2.2 Traditionally, in the preparation of financial statements, organisations are focused on ensuring that material information is not omitted. Current International Financial Reporting Standards (IFRS's) do not explicitly prohibit the provision of immaterial information in financial statements. As such this, together with the disclosure checklist approach encouraged by some auditors and regulators, may have contributed to the problem of disclosure overload.

- 2.3 One way of improving disclosure effectiveness is to review the contents of the existing statements. This may be achieved by reference to the primary purpose of the financial statements, namely:

'to communicate in a transparent manner the financial position and performance of the Council'

- 2.4 In the Ernst & Young' publication 'Improving Disclosure Effectiveness' (July 2014), the following key areas for consideration were identified:-

- Removing immaterial or irrelevant financial report disclosures that have built up over time.
- Re-ordering and re-labelling accounting policy and detailed notes so that they better reflect the key financial measures and focus areas of most relevance.
- Re-writing technical wording into plain English, whilst still fully complying with relevant accounting standard and regulatory requirements.

- 2.5 IFRS sets out the minimum disclosure requirements, which, in practice, tend to be complied with but with no consideration of the relevance of the information for the specific entity. A shift in focus is required from a mere 'compliance mode' to also consider disclosure usefulness.
- 2.6 Minimising the number of disclosures and concentrating on the more material and relevant ones would assist the Council in improving the effectiveness of communication through the financial statements by reducing the users' uncertainty about its financial position and performance.
- 2.7 In order to ensure that our methodology was reasonable and would be acceptable to our auditors, a meeting was held with Ernst & Young who were helpful in developing our approach.

3. OPTIONS CONSIDERED

3.1 Presentation of Accounting Policies

One of the ways it may be possible to improve the financial statements is to present each of the significant accounting policies, judgements, estimates and assumptions within the relevant note. By including the policy disclosures along with the specific and quantitative information in the relevant notes, the reader can more easily connect the two, which may allow for a more efficient appreciation of both.

However, some of the accounting policies relate to the financial statements as a whole and will not, therefore, fit into a single note disclosing a particular line item in the financial statements. These accounting policies still need to be disclosed together.

In some cases e.g. Financial Instruments and Heritage Assets there is repetition between the Policy and the Disclosure Note and it may be possible to rationalise some of the notes to avoid this.

3.2 Removal of Duplication

The statements could be improved by reducing the amount of duplication in them. There are some notes that are repeated in notes disclosed elsewhere in the statements, for example cash & cash equivalents also appears under financial instruments.

3.3 Materiality

One approach that may be taken in respect to rationalize the number of disclosures in the Financial Statements is to adopt the concept of materiality in determining if an individual note requires disclosure. Applying the concept of materiality requires judgment, yet there is little guidance available.

IFRS provides the following definition of materiality:

"Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report".

If a particular transaction or item is immaterial to the reporting entity, then it is not relevant, in which case, IFRS allows for non-disclosure.

It may therefore be appropriate to determine an appropriate de-minimus level, below which amounts may not require disclosure. This could be achieved by applying an appropriate percentage to total Net Assets/Reserves on the Balance Sheet.

Appendix 1 shows the percentage of total Net Assets/Reserves each Balance Sheet item represents. It identifies that:-

- applying a de-minimus level of 0.5% (£305,600 in 13/14) would negate the need to make disclosures in respect of Inventories, Long Term Debtors and Heritage Assets, and
- applying a de-minimus level of 1.0% (£611,200 in 13/14)) would, in addition to the above, negate the need to make disclosures in respect of Intangible Assets.
- applying a de-minimus level of 2.0% (£1,222,400 in 13/14) would, in addition to the above, also negate the need to make disclosures in respect of Cash and Cash Equivalents.

In order to ensure consistency, the same de-minimus level would be applied to both Income & Expenditure and Balance Sheet items.

The materiality level would only be applied after consideration of the requirements of the Code (ACOP) and the usefulness of the disclosure to the Readers understanding of the Financial Statements.

In some cases, the adjudged materiality threshold may be lower, for example for common transactions and outcomes where materiality judgements are usually particularly sensitive. These include:

- Transactions with related parties
- Sensitive matters, such as fraud and non-compliance with law
- Unusual or non-recurring transactions/balances

3.4 **Reducing the Length of Disclosures**

In some cases it may be possible to reduce the length of some of the disclosures by grouping similar items together rather than showing them individually, for example the list of grants.

3.5 **Ensuring Consistency**

The concept of consistency is important in determining which notes should be disclosed. One option could be to produce a simple flowchart which would assist in making decisions as to which notes should be disclosed on a consistent basis. The flowchart in Appendix 2 shows one suggested approach.

4. CONCLUSIONS

- 4.1 To ensure consistency, we should retain the accounting policies in one section rather than present policies with the relevant note. However, we will review disclosure notes for duplication and remove text where it is repeated.
- 4.2 Notes that are duplicated elsewhere should be removed.
- 4.3 It would be appropriate to establish a de-minimus level, below which amounts may not require disclosure. A level of 1% (£611,200 based on the Balance Sheet as at the 31st March 2014) is recommended.
- 4.4 The length of some of the disclosures could be reduced by grouping similar items together.
- 4.5 To ensure consistency in determining which notes should be disclosed a simple flowchart approach should be adopted.

5. RECOMMENDATIONS

- 5.1 Members are requested to agree the proposed methodology for reviewing the content of the Council's Statement of Accounts.

**AMANDA FAHEY
HEAD OF FINANCIAL SERVICES**

NOMINATIONS FOR COUNCIL REPRESENTATION ON OUTSIDE BODIES 2015/16

NOTE: Appointments to outside bodies reflect political balance where there are four or more representatives, subject to the body's constitution

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
1	Age Concern, Farnborough	Venue - RVS Offices, Elles Hall Frequency - Every 2 months Day – Monday Time – Mornings	Cr. Liz Corps Cr. L.A. Taylor Cr. Jacqui Vosper	Three Members	Cr. Liz Corps Cr. L.A. Taylor Cr. Jacqui Vosper
2	Age Concern, Aldershot	Place Court, Aldershot	Cr. D.M. Welch		No representation required at the present time.
3	Aldershot & Farnborough Festival of Music & Art	Venues – Schools and Church Halls in Rushmoor Frequency - (i) Weekends in April and May for competitions (ii) AGM in November (iii) 3 committee meetings during the year	Cr. Jennifer Evans, Cr. K.H. Muschamp Cr. Barbara Donaghue	Three Members (one from each Political Group)	Cr. D.M.T. Bell Cr. Jennifer Evans, Cr. K.H. Muschamp
4 Page 33	Aldershot Military Museum Strategic Local Agreement Meeting	Venue – Aldershot Military Museum Frequency – Once a year Time - daytime	Cr. Mrs. D.B. Bedford Cr. A.M. Ferrier	Two Members	Cr. Mrs. D.B. Bedford Cr. A.M. Ferrier

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
Page 34	Aldershot Regeneration Partnership Ltd	Venue – Princes Hall, Aldershot Frequency – Every 4 months Day – Weekday Time - 4.00 pm	Cr. P.J. Moyle and Mr. J.A. Lloyd	Cabinet Member with responsibility for economic development and regeneration. Chief Executive	Cr. P.J. Moyle and Mr. J.A. Lloyd
6	Aldershot Town Centre Business and Retailers Group	Venue – Princes Hall, Aldershot Frequency - Twice a year Day – Weekday evenings Time - 6.30 p.m.	Cr. P.J. Moyle Cr. M.S. Choudhary Cr. A.H. Crawford Cr. M.J. Roberts	Cabinet Member with responsibility for economic development and regeneration and three Aldershot Members	Cr. P.J. Moyle Cr. M.S. Choudhary Cr. A.H. Crawford Cr. M.J. Roberts
7	Basingstoke Canal Joint Management Committee	Venue - Canal Centre, Mytchett Frequency - Twice a year Day - Friday Time - 10.00 am	Cr. J.H. Marsh Cr. L.A. Taylor	Two Members	Cr. J.H. Marsh Cr. L.A. Taylor
8	Blackbushe Airport Consultative Committee	Venue - British Car Auction Frequency - 2 per year Day - 1st Wednesday in March and October Time - 7.30 pm	Cr. Liz Corps Cr. D.E. Clifford standing deputy	One Member and one Standing Deputy (Standing Deputy requested by the Consultative Committee)	Representative: Cr. Liz Corps Cr. B. Jones Standing Deputy: Cr. D.E. Clifford Cr. B. Jones

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
9	Blackwater Valley Advisory Committee for Public Transport	Venue - RBC Offices Frequency - 4 times per year (Mar, June, Sept, Dec) Time - 7.30 pm	Cabinet Member with responsibility for Environment (Cr. R.L.G. Dibbs) and Cr. B. Jones Crs. M.J. Roberts and Barbara Hurst as standing deputies	Cabinet Member with responsibility for Environment and one Member (maximum of two standing deputies)	Cabinet Member with responsibility for Environment (Cr. R.L.G. Dibbs) and Cr. B. Jones Crs. M.J. Roberts and Barbara Hurst as standing deputies
10	Blackwater Valley Countryside Partnership	Venue – RBC Offices Frequency – Annually Day- Various days in Sept/Oct Time- Afternoon	Crs. L.A. Taylor and P.G. Taylor Crs. Barbara Hurst and C.P. Grattan as standing deputies	Two Members and up to two Standing Deputies	Crs. L.A. Taylor and P.G. Taylor Crs. Barbara Hurst and C.P. Grattan as standing deputies
11	Brickfield Country Park, Friends of	Venue - Various Frequency - Every 3 months Day - 1st Tuesday of the month Time - 8.00 pm	Crs. P.I.C. Crerar, R. Hughes and B.A. Thomas	Three Manor Park Ward Members	Crs. P.I.C. Crerar, R. Hughes and B.A. Thomas
12	Council for the Protection of Rural England (Hart & Rushmoor Group)	Venue - Meet in members' homes and community halls Frequency - 5 - 6 week intervals Day – Varies Time – Evening	Cr. P.G. Taylor	One Member	Cr. P.G. Taylor

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
Page 36	Cove Brook Greenway Group	Venue - Blunden Hall, Farnborough Frequency - Quarterly Time – Evenings	Cr. D.B. Bedford Cr. J.H. Marsh	Two Members	Cr. R. Cooper Cr. G.P. Grattan Cr. G.B. Lyon
14	Enterprise M3 Joint Leaders Board	Venue – Woking/ Farnborough Frequency – 6 a year Time – daytime	Cr. P.J. Moyle	Leader of the Council	Cr. P.J. Moyle
15	Farnborough Aerodrome Consultative Committee	Venue - BA Park Centre, Farnborough Frequency - Twice a year Day - Thursday Time - 2.00 pm	Cr. R.L.G. Dibbs Cr P.G. Taylor Cr. A.M.J. Chainey as Standing Deputy	Cabinet Member with responsibility for Environment and one Member from a ward that adjoins the site (and one standing deputy).	Cr. R.L.G. Dibbs Cr P.G. Taylor Cr. Barbara Hurst as Standing Deputy
16	Farnborough Community Centre Executive Committee	Venue - Elles Hall Frequency - 11 meeting a year Day - Wednesday Time – Evening	Cr. Sue Carter Cr. B. Jones	Two Members	Cr. Sue Carter Cr. B. Jones
17	Farnborough and Cove War Memorial Hospital Trust Ltd	Venue - Devereux House Frequency - 6-8 weeks Day - Monday Time - 8.00 pm	Cr. R.L.G. Dibbs	One Member	Cr. R.L.G. Dibbs

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
18	457 Farnborough Squadron	Venue – Squadron HQ, St. Christophers Road, Cove Frequency – 6 each year Day - Wednesday Time – 7.30 p.m.	Cr. J.H. Marsh	One Member	Cr. J.H. Marsh
19	First Wessex Housing Association – Annual General Meeting	Venue - PHA Frequency - Yearly	Cr. R. Hughes	Cabinet Member for Health and Housing	Cr. R. Hughes
20	Hampshire and Isle of Wight Local Government Association	Venue - Rota of Association authorities Frequency - 6 per year Day – Friday Time - Day-time	Cr. P.J. Moyle Cr. R.L.G. Dibbs Cr. P.G. Taylor as Standing Deputy	Two Members, one of whom is the Leader and the Cabinet Member for Corporate Services as Standing Deputy	Cr. P.J. Moyle Cr. R.L.G. Dibbs Cr. P.G. Taylor as Standing Deputy
21	Hampshire Police and Crime Panel	Venue – venues around Hampshire Frequency – 4 times a year Time – 10.00 a.m. weekdays	Cr. K.H. Muschamp Cr. K. Dibble	Leader or Cabinet Member Labour Group representation Invited by the County Council (to meet PCP political balance requirements).	Cr. K.H. Muschamp Cr. K. Dibble
22	Hampshire Buildings Preservation Trust Ltd	Venue – Various Frequency – Annually (AGM) Day - Friday in November Time - 10.30 am	Cr. D.S. Gladstone Cr. G.B. Lyon	Two Members	Cr. D.S. Gladstone Cr. C.P. Grattan Cr. G.B. Lyon

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
Page 38	Local Government Association - General Assembly	Venue - London and Conference venues Frequency – Annually Time – Daytime	Cr. P.J. Moyle	Leader of the Council	Cr. P.J. Moyle
24	North Hampshire Area Road Safety Council	Venue – Hart/RBC/BDBC Frequency – 3 times a year Time – daytime	Cr. A.M.J. Chainey Cr. A.M. Ferrier as Standing Deputy	One Member and one standing deputy	Cr. S.J. Masterson Cr. A.M. Ferrier as Standing Deputy
25	North Hampshire Community Safety Partnership	Venue – RBC/Hart/Basingstoke Offices Frequency – 3 times a year Time – daytime	Cr. K.H. Muschamp	Cabinet Member for Safety and Regulation	Cr. K.H. Muschamp
26	Joint Scrutiny Committee (Hart/Basingstoke/Rushmoor) North Hampshire Community Safety Partnership	Venue – RBC/Hart/Basingstoke Offices Frequency – once a year Time – daytime	Three non-executive Members including Chairman and Vice- Chairman of Borough Services Policy and Review Panel	To reflect proportionality rules 2 Conservatives 1 Labour Nominated substitutes	Chairman and Vice-Chairman of Borough Services Policy and Review Panel Cr. A.H. Crawford Crs. B. Jones and one conservative vacancy as Standing Deputies

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
27	Parity for Disability	Venue - Day Centre, Whetstone Road Frequency - 2nd Tuesday of every month Time - 7.30 pm - 9.30 pm	Cr.Mrs Barbara Hurst Cr. Sue Carter as Standing Deputy	One Member and one standing deputy	Cr.Mrs Barbara Hurst Cr. Sue Carter as Standing Deputy
28	PATROL (formerly National Parking Adjudication Services)	Venue - Various Frequency – Yearly – next meeting 25/6 Birmingham	Cr. R.L.G. Dibbs	Cabinet Member for Environment and Service Delivery	Cr. R.L.G. Dibbs
29	Project Integra Strategic Board	Venue - Various Authorities Frequency - Quarterly Day - Friday Time - 9.30 am	Cr. R.L.G. Dibbs Cr. A. Jackman as Standing Deputy	Cabinet Member for Environment and Service Delivery and Cabinet Member as Standing Deputy	Cr. R.L.G. Dibbs Cr. A. Jackman as Standing Deputy
30	Royal British Legion (Farnborough Branch) Remembrance Day Arrangements	Frequency – As required Time - 7.45 pm	Cr. D.M. Welch	One Member	Cr. D.B. Bedford
31 Page 39	Farnham Quarry Liaison Group	Venue - To be confirmed Frequency - 2-3 per year Time - Late afternoon	Cr. M. J. Roberts with Crs. D. Cappleman and T.J. Bridgeman as standing deputies.	One Aldershot Park Ward Councillor with the two other Aldershot Park Ward Councillors as Standing Deputies	Cr. M. J. Roberts with Crs. A.R. Newell and T.J. Bridgeman as standing deputies.

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
Page 40	Rushmoor Access Group	Venue - RBC Frequency - 6 times a year Day - Wednesday Time - 10.00 am	Cr. Barbara Hurst	One Member	No representation required at the present time – under review
33	Rushmoor Citizens' Advice Bureaux Trustee Board	Venue - Alternates: Farnborough CAB/Aldershot CAB Frequency - 6 per year Day - Monday Time - 7.00 pm	Cr. Barbara Hurst Cr. P.F. Rust	Two Members, not to be drawn from the Cabinet (representatives of different Political Group).	Cr. Barbara Hurst Cr. P.F. Rust No new nominations sought as CAB have requested no change this year to trustee positions
34	Rushmoor In Bloom Forum	Venue - RBC Offices Frequency - 6 per year Time - 7.00 pm	Cr. Mrs. D.B. Bedford, Cr. M.S. Choudhary Cr. R. Hughes. Cr. Sue Dibble Cr. Jennifer Evans	Five Members (politically balanced. Last year, political balance was 3 Conservative, 2 from other Groups)	Cr. Mrs. D.B. Bedford, Cr. M.S. Choudhary Cr. R. Hughes. Cr. Jennifer Evans Cr. C.P. Grattan
35	Rushmoor Local Strategic Partnership	Venue - RBC Offices Frequency - Quarterly Time - 4.00 pm	Cr. P.J. Moyle Cr. R.L.G. Dibbs as Standing Deputy	One Cabinet Member and One Cabinet Member as Standing Deputy	Cr. P.J. Moyle Cr. R.L.G. Dibbs as Standing Deputy
36	Rushmoor Mediation Management Committee	Venue – Rushmoor Council Offices Frequency - Quarterly Time – 6 pm	Cr. C.P. Grattan Cr. R. Hughes Cr. Barbara Hurst	Three Members	Cr. C.P. Grattan Cr. R. Hughes Cr. P.G. Taylor

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
37	Rushmoor Sports Forum	Email forum to discuss grant applications	Cr. Mrs. D.B. Bedford Cr. Sue Carter	Two Members	Cr. Mrs. D.B. Bedford Cr. Sue Carter
38	Rushmoor Swimming Association	Venue – Farnborough Leisure Centre Frequency – Last Monday in the month, except May Time - 7.30 pm	Cr. G.B. Lyon Cr. D.M. Welch	Two Members	Cr. G.B. Lyon Cr. D.M. Welch
39	Rushmoor Voluntary Services Board	Venue – Community Centre Frequency – 8 per Year and AGM and Awayday Time – Thursday Evening at 7.15 p.m.	Cr. K. Muschamp	One Member	Cr. T.D. Bridgeman Cr. K. Muschamp
40	Rushmoor Youth Forum	Venue – Borough Offices Frequency – Quarterly Time – Evenings	Cr. D. Bell Cr. L.A. Taylor Cr. G.B. Lyon	Three Members (one from each Political Group)	Cr. D.M.T. Bell Cr. L.A. Taylor Cr. G.B. Lyon
41	Samuel Cody Community Campus Management Committee	Venue – Oak Farm School Frequency - Termly Day - Days Time - 7.30 pm	Cr. C.P. Grattan Cr. B. Jones Cr. L.A. Taylor	Three Cherrywood Ward Members	Cr. C.P. Grattan Cr. B. Jones Cr. L.A. Taylor

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
Page 42	South East Employers – Full Meeting	Venue – Mary Sumner House, London Frequency - 2 per year – next meeting Friday 12th July, 2013	Cr. P.G. Taylor Cr. K.H. Muschamp as Standing Deputy	Cabinet Member for Corporate Services and one Member as Standing Deputy	Cr. P.G. Taylor Cr. K.H. Muschamp as Standing Deputy
43	SEE – The Local Democracy and Accountability Network	Venue – Mary Sumner House, London Frequency – 2 per year Time – Daytime – next meeting 13th September 2013	Cr. A.M. Ferrier Cr. P.F. Rust	Two Members (but should not be drawn from the Cabinet)	Cr. A.M. Ferrier Cr. P.F. Rust
44	South East England Councils (SEEC) All Member Meeting	Venue – London Frequency - Quarterly Time – Daytime	Cr. R.L.G. Dibbs	Member of the Cabinet	Cr. R.L.G. Dibbs
45	Southwood Golf Club Committee	Venue - Southwood Golf Club Frequency - Every 4-5 weeks Time - 7.00 pm	Cr. A.M.J. Chainey	One Member	Cr. D.S. Gladstone
46	Step by Step Board of Management	Venue - PHA, Gordon House, Aldershot or Emmaus Project Offices Frequency - Every other month Day - Saturday Time - 1.00 pm	Cr. Mrs. D. B. Bedford	One Member	Cr. Mrs. D. B. Bedford

	NAME OF ORGANISATION	FREQUENCY AND TIME OF MEETINGS/VENUE	REPRESENTATIVE(S) 2014/15	MEMBERSHIP	NOMINATED REPRESENTATIVES 2015/16
47	Thames Water Utilities Local Liaison Group	Venue – RBC Frequency – 1/2 per year Day – Weekday Time – Daytime	Cr. R.L.G. Dibbs Cr. D.E. Clifford as Standing Deputy	Cabinet Member for Environment and Service Delivery with the Chairman of Environment Policy and Review Panel as Standing Deputy	Cr. R.L.G. Dibbs Cr. D.E. Clifford as Standing Deputy
48	West End Centre Management Committee	Venue - West End Centre Frequency - Every 2/3 months Day - Varies Time - 7.00 pm	Crs. K.H. Muschamp Cr. B.A. Thomas	Two Members	Crs. K.H. Muschamp Cr. B.A. Thomas

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