

Unaudited Statement of Accounts

Year Ending 31 March 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounts Year Ending 31 March 2016

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LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Membership as at 31 March 2016

Elected Members

Name	Contact Details	Notes
Chairman of the Board Mr G. R. Littleton	chairman@lowersevernidb.org.uk	
Mr M. Barnes	linhaymike@gmail.com	
Ms R. Hewlett	framptonrose@gmail.com	
Mr W. J. Cornock	mjcornock@aol.com	
Mr T. Cullimore	tjcullimore@aol.com	
Mr J. Hore	John.hore@btconnect.com	
Mr R. Hyslop	hyslopbr@gmail.com	
Dr C Studholme	colin.studholme@gloucestershirewildlifetrust.co.uk	
Mr J. Nicholls	jwnich76@gmail.com	Elected June 2015
Mr R. Thatcher	rob@hillworthfarm.co.uk	Elected June 2015
Mr R. Godwin	rag.farms@cotswoldwireless.co.uk	Elected October 2015
Mr I. Ractliffe	iractliffe@hotmail.co.uk	Elected October 2015
Mr K. Withers	kmw3@btconnect.com	Elected February 2016
Mrs F. Collins	fiona@the-collins.org	Elected February 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Membership as at 31 March 2016

Appointed Members

Name	Contact Details	Notes
Vice Chairman of the Board Cllr. M. Riddle	matthew.riddle@southglos.gov.uk	South Glos Council
Bristol City Council Cllr P. Abraham Cllr M Fodor Mr J. Roy Alderman B. Richards Alderman C.J.N. Williams Cllr S Milestone	peter.abraham@bristol.gov.uk martin.fodor@bristol.gov.uk john.roy@bristol.gov.uk cjnwilliams31@gmail.com sue.milestone@bristol.gov.uk	Appointed September 2015
South Gloucestershire Council Cllr S. Walker	sue.walker@southglos.gov.uk	
Stroud District Council Cllr J. Jones	cllr.john.jones@stroud.gov.uk	
Gloucester City Council Cllr J. Porter	jp2004@blueyonder.co.uk	
Forest of Dean District Council Cllr P Burford	phjburford@burford-designs.co.uk	
Herefordshire Council Cllr AW Johnson	ajohnson@herefordshire.gov.uk	Appointed May 2015
Tewksbury Borough Council Cllr P.W. Awford	councillor.awford@tewkesbury.gov.uk	
Malvern Hills District Council Cllr B. Behan	bronwen.behan@malvernhillsc.net	

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Senior Officers 31 March 2016

Name

Address

Clerk to the Board

Mrs J. Iwaskiw MAAT

Waterside Buildings, Oldbury Naite,
South Gloucestershire, BS35 1RF
Telephone Number 01454 413340
Email address : admin@lowersevernidb.org.uk

Civil Engineer

Mr J. Thomas

Land Drainage Engineer

Mr J. Druett

Responsible Financial Officer

Mr D.W. Wride FCA

Head of Governance

Mr C. Spencer

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Annual Report 31 March 2016

The Lower Severn (2005) Drainage Board is an independent body created under Land Drainage Statutes responsible for flood defence, drainage and water level management works, other than on main rivers in the Lower Severn IDB area.

The Board secures income mainly from drainage levies on land owners and occupiers and from special levies on local authorities. The Board also pays levies to the Environment Agency to fund works on main rivers that protect the drainage area.

At the 31 March 2016 there are 28 Board Members. 14 are nominated by the 8 local authorities that the Board area covers. There is a vacancy for a nominated member. 14 Members are elected by landowners and occupiers within the Board's area.

The document is the Statement of Accounts of the Lower Severn (2005) Internal Drainage Board for the financial year 2015/16 which are set out on pages 8 to 21.

The Accounts consist of:

The Annual Governance Statement

The Accounts and Audit Regulations require boards to conduct an annual review of the effectiveness of its systems of internal control and to include a statement on internal control, prepared in accordance with proper practices with its accounting statements.

The Statement of Responsibilities

This statement identifies the officer who is responsible for the proper administration of the Board's financial affairs.

The Income and Expenditure Account

The statement shows the gross expenditure, income and net expenditure on the major activities for which the Board is responsible and compares that cost with the finance provided by local ratepayers and others.

The Statement of Movement on Reserves

This statement reconciles the change in reserves between accounting periods

The Statement of Total Recognised Gains and Losses

The statement includes all gains and losses that are not included in the income and expenditure account such as the deficit arising on the valuation of the pension fund.

The Balance Sheet

This statement is fundamental to the understanding of the Board's financial position at the year end. It shows the balances and reserves at the Board's disposal and the fixed and net current assets employed in its operation, together with summarised information on the fixed assets held. The statement also includes assets and liabilities of the Board.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Annual Report 31 March 2016 Continued

Summary of Financial Performance

The Board had a deficit for the year of £38,804 compared with a surplus of £8,108 in 2014/15. The major change from the previous year relates to the increase in payroll costs due to compensation for loss of office and ancillary costs. This was partly offset by an increase in income from rechargeable works and a reduction in maintenance costs.

The Board's unfunded liability to the Gloucestershire Local Government Pension Fund reduced by £335,000. The Board has accepted the recommendations of the scheme's actuary on the appropriate method of addressing this shortfall based on the results of the triennial review carried out as at 31 March 2013 and the updated actuarial valuation at 31 March 2016. These have been included in the Board's 2016/17 budget.

The Board closed the Local Government scheme to new employees on 31 July 2015. From 1 August 2015 all new employees will be offered a defined contribution scheme pension through the Peoples Pension.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Annual Governance Statement

We acknowledge as the members of the Lower Severn (2005) Internal Drainage Board our responsibility for ensuring that there is a sound system of internal control, including the preparation of the Statement of Accounts, and confirm, to the best of our knowledge and belief, with respect to the Board's Statement of Accounts for the year ended 31 March 2016, that:

- 1 We have approved the statement of accounts which has been prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practises.
- 2 We have maintained an adequate system of internal control, including measures designed to prevent and defect fraud and corruption, and reviewed its effectiveness.
- 3 We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice which could have a significant financial effect on the ability of the Board to conduct its business or its finances.
- 4 We have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.
- 5 We have carried out an assessment of the risks facing the Board and taken appropriate steps to manage those risks, including the introduction of internal controls and external insurance cover where required.
- 6 We have maintained throughout the year an adequate and effective system of internal control of the Board's accounting records and control systems and carried out a review of its effectiveness.
- 7 We have taken appropriate action on all matters raised in previous reports from the internal and external auditors. No significant issues have been raised following work carried out by the internal auditors, all other issues raised will be addressed in 2016/17.
- 8 We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Board and, where appropriate, have included them in the Statement of Accounts.

This annual governance statement is approved by the Board and recorded as Board Minute Reference Number xxxx on 22 June 2016.

Signed on behalf of Lower Severn (2005) Internal Drainage Board

Signed by: Graham Littleton
Chairman

Date: 22 June 2016

Signed by: David Wride
Responsible Financial Officer

Date: 22 June 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Responsibilities for the Statement of Accounts

The Board is Required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Board that officer is the Responsible Financial Officer and/or Clerk.

To manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets.

The Responsible Financial Officer's Responsibilities

The Responsible Financial Officer is responsible for the preparation of the Board's Statement of Accounts which is required to present a true and fair view of the financial position of the Board at the accounting date and its income and expenditure for the year ended 31 March 2016.

In preparing the statement of accounts, the Responsible Financial Officer has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) compiled the accounts in accordance with the Financial Reporting Standard for Smaller Entities 2008, issued by the Accounting Standards Board and had reconciled these Accounts to the Accounting Statement on the Annual Return shown in this Report, which has been prepared in accordance with Parts 1 to 3 of the Guidance published by the Association of Drainage Authorities in 2008;
- (iv) applied the accounting concept of a "going concern" by assuming that the IDB will continue to operate for the foreseeable future:

The Responsible Financial Officer has:

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

Certificate of the Responsible Financial Officer

This Statement of Accounts provides a true and fair view of the financial position of the Board at 31 March 2016 and its income and expenditure for the year then ended.

Name: David Wride

Designation: Responsible Financial Officer

Date: 22 June 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies

1 General

- 1.1 This statement of accounts has been prepared in accordance with the Financial Reporting Standard for Small Entities 2008 (FRSSE) issued by the Accounting Standards Board, and has prepared an Annual Return which smaller bodies are required to do, in accordance with Regulation 12(a) of the Accounts and Audit Regulations 2011, based on these Accounts.

2 Accounting convention

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

3 General concepts

These statements have been prepared with due regard to the following:

- 3.1 Quality of information
- 3.2 Relevance – providing financial information that is useful for assessing the stewardship of public funds.
- 3.3 Reliability – providing financial information that properly represents what it purports to represent, is neutral, free from material error, is complete within the bounds of materiality and which has been prudently prepared.
- 3.4 Comparability – is consistent and can be compared with the previous year's activity.
- 3.5 Understandability – allowing the reader to interpret the financial position of the Board.
- 3.6 Materiality – an item of information is material to the Financial Statements if its misstatement or omission might reasonably be expected to influence assessment of the Lower Severn (2005) Internal Drainage Board's stewardship economic decisions or comparison with other organisations, based on those financial statements

4 Overriding accounting concepts

- 4.1 Accruals – Financial Statements are prepared on an accruals basis.
- 4.2 Going Concern – The accounts are prepared on the assumption that the Lower Severn (2005) Internal Drainage Board will continue in operational existence into the foreseeable future i.e. there is no intention to significantly curtail the scale of operation.
- 4.3 Legislative Requirements – It is a fundamental principle that where specific legislative requirements and accounting principles conflict, legislative requirements take precedence.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies continued

5 Fixed Assets

Fixed assets are valued on the following basis:-

- 5.1 Land and buildings were revalued at 28 January 2015. The land is freehold and is held at the revaluation amount.
Buildings are held at the revaluation amount and depreciated over 20 years.
Pumps and ancillary equipment are shown at replacement cost and depreciated over their useful economic life which the Board estimates is 15 years from the date of purchase or major overhaul.
All other fixed assets are included at cost less annual depreciation of 25% calculated on cost less depreciation to date.
- 5.2 Fixed assets are recognised as expenditure on the acquisition, creation or enhancement of fixed assets with a value in excess of £500 and with estimated useful lives in excess of one year are capitalised on an accruals basis in the accounts.
- 5.3 Disposals are written off at cost less depreciation. Any surplus/deficit arising is credited/charged to the Income and Expenditure Account as a profit or loss on disposal.
- 5.4 Depreciation has been provided for, using the reducing balance method on vehicles, plant and machinery, fixtures and fittings and office equipment with a purchase cost in excess of £500.
- 5.5 Intangible assets are included at cost less annual depreciation of 25% calculated on cost less depreciation to date.

6 Stock and work in progress

- 6.1 Stocks and work in progress are valued at the lower of cost or net realisable value. The Board held a material amount of consumable stock at the year-end based on a formal stock take valuation.

7 Short Term Investments

- 7.1 Short term deposits with maturities of less than one year are held with approved Banks, and are shown in the Balance Sheet at cost and include accrued interest.

8 Long Term Investments

- 8.1 These investments are valued at the lower of cost and market value.

9 Revenue

- 9.1 Agricultural rates and Local Authority levies are credited to the Income and Expenditure account on when demand notices are issued.
Government grants and contributions have been credited to the Income and Expenditure account in the year entitlements are awarded.
All other income is recognised in the Income and Expenditure account in the period to which the amounts relate.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Accounting Policies continued

10 Finance Leases

- 10.1 Finance payments payable under finance leases are charged to expenditure on a straight line basis over the term of the lease.

11 Provisions

- 11.1 The Board sets aside provisions where there is a known obligation, but the amount or timing of settlements is not known. Details are given as notes to the accounting statements.

12 Pensions

- 12.1 The Board participates in the Local Government Pension Scheme (LGPS), which is categorised as a defined benefit scheme and is administered by Gloucestershire County Council. A separate disclosure setting out the measurement and valuation basis can be found in note 9 to the accounts. This Scheme was closed on 31 July 2015. A defined contribution scheme has been opened through the Peoples Pension for new employees.

13 Reserves

- 13.1 The Board has received sums from developers to maintain agreed rhines, ditches and ponds in perpetuity within the areas specified. Annual sums are drawn down from these balances to carry out work as required. The funds are held in investments and cash deposits and the interest earned retained in the specific accounts. The income earned on investments is reinvested.

14 Post balance sheet events

- 14.1 Any material post balance sheet events, which did not exist at the date of the balance sheet, have been disclosed as a separate note to the accounts.

15 Taxation

- 14.1 The Board is exempt from Income, Corporation and Capital Gains Taxes. Value Added Tax is included in the accounts only to the extent that it is irrecoverable.

16 Discontinued operations

- 16.1 The Board had no material operations which it acquired or which were discontinued in the year and therefore no separate disclosure is required in respect of the revenue and balance sheet accounts.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

BALANCE SHEET AS AT 31 MARCH 2016

		2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	1	916,857		774,156	
Intangible assets	2	3,964		5,284	
Finance Leases	3	<u>2,287</u>		<u>2,858</u>	
			923,108		782,298
CURRENT ASSETS					
Stock and work in progress	4	26,026		23,205	
Trade debtors		8,199		13,786	
Drainage rate debtors		59		528	
VAT claim		843		6,248	
Prepayments		7,930		8,810	
Cash at Bank and in hand	5	811,865		657,253	
Short term deposits	6	<u>0</u>		<u>517,510</u>	
			854,922		1,227,340
CURRENT LIABILITIES					
Trade creditors		23,417		46,466	
Other creditors		24,351		23,683	
Accrued expenses		85,091		13,751	
Finance Leases due within one year	3	<u>469</u>		<u>261</u>	
			133,328		84,161
NET CURRENT ASSETS			<u>721,594</u>		<u>1,143,179</u>
LONG TERM ASSETS					
Investments	7		197,506		0
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,842,208</u>		<u>1,925,477</u>
LONG TERM LIABILITIES					
Developers' contributions	8	629,079		673,075	
Finance Leases	3	2,579		3,048	
Liability related to defined benefit pension scheme	9	<u>1,415,000</u>		<u>1,750,000</u>	
			2,046,658		2,426,123
NET ASSETS			<u><u>-204,450</u></u>		<u><u>-500,646</u></u>
FINANCED BY:					
CAPITAL ACCOUNT					
			650,069		650,069
INCOME EXPENDITURE ACCOUNT					
Balance brought forward		450,243		442,135	
Net (deficit)/surplus for the year		<u>-38,804</u>		<u>8,108</u>	
Balance carried forward			411,439		450,243
Revaluation reserve			149,042		149,042
Pension reserve	9		-1,415,000		-1,750,000
			<u><u>-204,450</u></u>		<u><u>-500,646</u></u>

Certification that it is our opinion this statement of accounts represents fairly the financial position of the Lower Severn (2005) Internal Drainage Board as at 31st March 2016 and its deficit for the year then ended.

Signature: David Wride
Designation: Responsible Financial Officer

Signature: Graham Littleton
Designation: Chairman

Signed in accordance with the Accounts and Audit Regulations 2003, section10(2)

Dated 22 June 2016

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2016

	Note	2016		2015	
		£	£	£	£
INCOME					
Levies charged to authorities	10	957,741		861,900	
Agricultural Rates		89,302		80,446	
Foreign Water Grant & Grant in Aid	11	151,556		174,556	
Other income		<u>54,253</u>		<u>61,131</u>	
			1,252,852		1,178,033
OTHER INCOME AND INTEREST RECEIVED					
Draw down from Severnside infrastructure/maintenance	8	65,550		71,340	
Bank Interest received		2,153		5,844	
Net profit on disposal of fixed assets		45,440		18,214	
Expected return on pension scheme assets	9	<u>147,000</u>		<u>149,000</u>	
			260,143		244,398
TOTAL INCOME FOR THE YEAR			1,512,995		1,422,431
EXPENDITURE					
Payroll	12	541,038		481,551	
Compensation for loss of office	12	54,250		0	
Office maintenance		17,632		20,061	
Maintenance		169,609		180,881	
EA Levy	11	193,728		193,728	
Motor, travelling and subsistence		17,475		16,880	
Communications		4,853		3,868	
Administration		32,822		30,723	
Engineering consultancy fees	13	36,459		57,197	
Legal and professional fees		12,383		5,153	
Audit and Accountancy fees	14	10,703		9,689	
Depreciation		181,149		127,813	
Finance leases depreciation		571		571	
Bank charges		2,127		2,208	
Current service cost	9	122,000		99,000	
Interest on pension scheme liabilities	9	<u>151,000</u>		<u>169,000</u>	
TOTAL EXPENDITURE FOR THE YEAR			1,547,799		1,398,323
NET DEFICIT FOR THE YEAR			-34,804		24,108
Appropriation to pensions reserve	9		-4,000		-16,000
TRANSFER TO INCOME AND EXPENDITURE ACCOUNT			-38,804		8,108

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Statement of Movement on Reserves

	Capital £	Revaluation Reserve £	Income and Expenditure £	Pension Reserve £	Total £
Opening reserves 1 April 2015	650,069	149,042	450,243	-1,750,000	-500,646
Deficit for the year ended 31 March 2016	0	0	-38,804	335,000	296,196
Closing reserves 31 March 2016	650,069	149,042	411,439	-1,415,000	-204,450

Statement of Total Recognised Gains and Losses

	£
For the year ended 31 March 2016	-38,804
Re-measurement of the defined benefit liability	335,000
Total recognised gains	296,196

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts

Year Ended 31 March 2016

1. FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Pumps £	Plant & Machinery £	Motor Vehicles £	Fixtures & Fittings £	Office Equipment £	Total £
Cost								
At 1 April 2015	190,000	211,500	163,217	890,706	55,955	15,525	21,598	1,548,501
Additions		0	0	357,915	0	800	1,465	360,180
Disposals	0	0	0	-209,920	0	0	0	-209,920
At 31 March 2016	190,000	211,500	163,217	1,038,701	55,955	16,325	23,063	1,698,761
Depreciation								
At 1 April 2015	0	1,764	122,445	583,133	40,730	11,510	14,768	774,350
Charge for the year		10,575	5,209	156,960	3,806	1,204	2,074	179,828
On disposals	0	0	0	-172,274	0	0	0	-172,274
At 31 March 2016	0	12,339	127,654	567,819	44,536	12,714	16,842	781,904
Net book value								
At 31 March 2016	190,000	199,161	35,563	470,882	11,419	3,611	6,221	916,857
At 31 March 2015	190,000	209,736	40,772	307,573	15,225	4,015	6,830	774,151

2. INTANGIBLE ASSETS

	2016 £
Cost	
At 1 April 2015	13,857
Additions	0
Disposals	0
At 31 March 2016	13,857
Depreciation	
At 1 April 2015	8,572
Charge for the year	1,321
On disposals	0
At 31 March 2016	9,893
Net book value	
At 31 March 2016	3,964
At 31 March 2015	5,285

3. FINANCE LEASES

The Board has one finance lease:-

	2016	2015
Asset values		
Telephone system	2,287	2,858
Liabilities		
New telephone system	3,048	3,309

4. STOCK AND WORK IN PROGRESS

Stock has been valued at the lower of cost and net realisable value and consists of

	2016	2015
Consumable stores	14,122	11,784
Fuel and oils	4,296	11,421
Work in progress are costs incurred carrying out engineering consultancy work for developers not yet completed and invoiced	7,608	0
	26,026	23,205

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

5.CASH AT BANK AND IN HAND	2016	2015
	£	£
Natwest Bank	530,513	656,086
Lloyds Bank	281,085	1,079
Cash in hand	267	88
	811,865	657,253
6. SHORT TERM DEPOSITS	2016	2015
	£	£
Lloyds Bank	0	517,510
7. INVESTMENTS	2016	2015
	£	£
Investment funds at cost	<u>199,582</u>	0
Lower of cost and market value	196,710	0
Client accounts	796	0
	197,506	0

Investments are managed by Smith & Williamson Investment Mangement LLP on a non discretionary basis. The funds have been invested in tranches over time in a diversified portfolio of collectives. These funds are part of contributions received from developers see note 8. It is intended to hold these for a number of years. Each of the 13 Funds held are valued at the lower of cost and market value.

8. DEVELOPERS' CONTRIBUTIONS

	2016	2016
	£	£
Severnside developments	596,370	640,382
Hempsted pond	32,709	32,693
	629,079	673,075

Contributions have been negotiated with developers to maintain agreed rhines, ditches and ponds. Annual sums are drawn down from these balances as a contribution to the costs of maintenance.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

9. RETIREMENT BENEFITS

Participation in pension scheme

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

The Board participates in the Local Government Pension Scheme (LGPS), administered by Gloucestershire County Council . It is a funded scheme, which means that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Transactions relating to retirement benefits

The Board recognises the real cost of retirement in the payroll costs when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that we are required to make against the Board's costs is on the cash payable in the year.

2015		Table1 - Transactions relating to retirement benefits	2016	
£000's	% of pay		£000's	% of pay
		Income and Expenditure Account		
		<i>Net costs of services :-</i>		
99	25.3	Current service cost	130	30.5
0	0	Past service gain	0	0
0	0	Curtailement costs	0	0
99	25.3	<i>Net operating (income) expenditure:-</i>	130	30.5
169	43.2	Interest cost	151	35.5
-149	-38.1	Expected return on assets in the scheme	-147	-34.6
119	30.4	<i>Net charge to the income and Expenditure Account</i>	134	31.4
		Statement of Movement in Board's reserves		
		Reversal of net charges made for retirement benefits in accordance with FRS 17	-142	
-151		Actual amount charged against the Income and Expenditure account for pensions in the year:		
		Employer's contributions payable to scheme	138	
135		Net impact on Income and Expenditure account	-4	
-16				

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

9. RETIREMENT BENEFITS CONTINUED

Assets and liabilities in relation to retirement benefits

The underlying assets and liabilities for retirement benefits attributable to the Board at 31 March are as follows:

Table 2 - Pension fund assets and liabilities		
2015 £000's		2016 £000's
-4,700	Funded benefits under the LGPS regulations	-4,401
0	Unfunded discretionary benefits awarded by means of additional benefits under the LGPS regulations	0
-4,700	actuarial value of fund liabilities	-4,401
2,950	Market value of fund assets	2,986
-1,750	Net pension deficit	-1,415

The liabilities show the underlying commitments that the Board has over the long term to pay retirement benefits. The total liability of £1,415,000 (£1,750,000 at 31 March 2015) has a material impact on the net worth of the Board as recorded in the Balance Sheet, leaving the overall deficit of £204,450.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme's actuary.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method. An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The main assumptions used in their calculations, agreed with the actuaries by the scheme administrators are shown in the table below.

Table 3 - Main financial assumptions used in the calculations		
2015		2016
2.4%	Rate of inflation	2.2%
3.8%	Rate of increase in salaries	3.7%
5.0%	Expected return on assets	3.5%
3.2%	Discount rate	3.5%

LOWER SEVERN(2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

9. RETIREMENT BENEFITS CONTINUED

Commutation

An allowance is included for 50% of future retirements to elect for tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

The Board's share of assets in the LGPS, valued at fair value, principally at market value for investments, consists of the following categories, by proportion of the total assets held by the fund:

2015		expected long term return	2016		expected long term return	
£000's	%	%	£000's	%	%	
2,182	74	5.7	equities	2,090	70	3.5
502	17	2.5	bonds	627	21	3.5
206	7	3.9	property	239	8	3.5
59	2	2.6	cash	30	1	3.5
2,949	100		total	2,986	100	

It must be recognised that pension fund investments are made for the long term, and that market values and net fund liabilities at a given point in time, are only indicative of the position of the fund at that date.

Movement in the net pension fund deficit

The change in the pension deficit is detailed below :

2015 £000's		2016 £000's
-1,413	Net deficit at beginning of year	-1,750
	Movement in year :	
135	Contributions paid	138
0	Contributions in respect of unfunded benefits	0
-99	Current service cost	-130
0	Past service gains	0
-169	Interest cost	-151
-30	Contributions by members	32
179	Net return on assets	147
-353	Re-measurement of the defined benefit liability	299
-1,750	Net deficit at end of the year	-1,415

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

9. RETIREMENT BENEFITS CONTINUED

Defined benefit scheme

The defined benefits scheme in which the Board participates was closed to new members on 31 July 2015.

As part of the terms and conditions of employment of its officers and other employees who were employed prior to 31 July 2015, the Board offers retirement benefits.

Although these benefits will not actually be payable until employees retire, the Board has a commitment to make payments that need to be disclosed at the time when employees earn their future entitlement.

The Board participates in the Local Government Pension Scheme (LGPS), which is categorised as a defined benefit scheme and is administered by Gloucestershire County Council. It is a funded scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pension's liability with investment assets. The retirement benefits are determined independently of the investments of the scheme and the Board has an obligation to make extra contributions where assets are insufficient to meet employee benefits.

National changes to the LGPS were introduced on 1 April 2008 and will effect the pension liability. The Board and its actuary were required to make a number of assumptions about further changes to the scheme when calculating these figures. The actuary has made allowance for the removal of the "Rule of 85" for new entrants from 1 October 2006 up to and including 31 March 2010.

The LGPS funding level is determined by actuarial valuation every three years. The latest valuation was at 31 March 2013, the overall fund was 69% funded. Employers' contribution rates are calculated at each valuation to achieve full funding of each employer's part of the scheme over the average future working life of that employer's active members.

During 2015/16 the employer contribution rate was 17.40% of payroll (17.40% in 2014/15). The results of the 2015/16 valuation show that contributions for 2015/16 are calculated at 17.40% together with a lump sum contribution of £64,000. (£64,000 in 2014/15)

The Board's estimated contribution to the scheme in 2016/17 is £153,000.

Further information can be found in Gloucestershire County Council's LGPS Annual Report, which is available (from November each year) upon request from:

Head of Service Delivery and Finance,
Gloucestershire County Council,
Shire Hall,
Westgate Street,
Gloucester GL1 2TG.

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Notes to the Accounts continued

Year Ended 31 March 2016

10. LEVIES CHARGED TO AUTHORITIES	2016	2015
	£	£
Bristol City Council	530,532	477,480
South Gloucestershire Council	224,943	202,449
Stroud District Council	106,332	95,704
Gloucester City Council	50,355	45,320
Forest of Dean Council	30,773	27,628
Herefordshire Council	8,619	7,754
Tewksbury Borough Council	5,143	4,627
Malvern Hills Council	1,044	938
	957,741	861,900

11. CONTRIBUTIONS AND PRECEPTS

The Board received in 2015/16 a Foreign Water Contribution of £151,566 from the Environment Agency. The Board paid in 2015/16 a Flood Defence Precept of £193,728 to the Environment Agency .

12. EMPLOYEES' REMUNERATION

The Board is required under Regulation 7(2) of the Accounts and Audit Regulations 2003, to report the members of staff with pay and benefits, excluding employer pension contributions, in excess of £50,000 per annum in bands of £10,000.

The Board had no employees in either 2015/16 or 2014/15 who earned more than £50,000.

The amount of £54,250 relates to an agreed compensation payment for loss of office to a senior employee.

13. ENGINEERING CONSULTANCY FEES	2016	2015
	£	£
Consultancy fees and expenses	21,259	13,797
Specific modelling and rechargeable work	16,208	10,400
Ryalls lane, Cambridge provision not required	-1,008	33,000
	36,459	57,197

14. AUDIT AND ACCOUNTANCY FEES	2016	2016
	£	£
Audit fees and expenses	7,650	7,650
Less Audit Commission rebate	0	-786
Accountancy services	3,053	2,825
	10,703	9,689

15. RELATED PARTY TRANSACTIONS

The Board is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board.

The Board receives levies totalling £957,741 from the 8 local authorities within the areas in which the Board operates. These authorities are represented by 15 of the 29 Board members. In addition a number of Board Members are also elected councillors on these authorities.

The Board carried out works to an area of land owned by the Chairman Mr.G.Littleton and invoiced him the fully costed charge of £378 including vat and Mr R Hyslop, an Elected Member of the Board and invoiced him the appropriate costed charge of £288 including vat. Details of the transactions are recorded in the Register of Members Interest and are open to inspection at the Boards Offices.