



# Wycombe District Council

## Statement of Accounts

### 2017/18



place people pounds

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# Introduction

## The Statement of Accounts

Welcome to Wycombe District' Council's Statement of Accounts for the financial year 2017/2018. I hope this narrative report and the notes that follow give you a clear picture of how the figures make up our Statement of Accounts and show you how the cash you paid became the service you received. The Statement of Accounts is required by law and covers various statutory requirements and other relevant information.

The supporting notes are aimed at providing a more detailed explanation of the often complicated local government financial arrangements.

The Statement of Accounts set out the Council's income and expenditure for the year 2017/18 and its financial position at 31<sup>st</sup> March 2018. It comprises core and supplementary statements, together with disclosure notes.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, which in turn is underpinned by International Financial Reporting Standards.

## Narrative Report

This narrative report provides an explanation of the documents incorporated within the Council's Statement of Accounts together with guidance on how best to interpret them. This is followed by a high level analysis of the events which have had a significant impact on the Accounts.

A Glossary of key terms can be found at the end of this publication.

### 1. Main Statements

#### The Comprehensive Income and Expenditure Statement

This records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and
- Discretionary expenditure focused on local priorities and needs

#### The Movement in Reserves Statement

This is a summary of changes to the Council's reserves over the course of the year. Reserves are divided into "Useable", which can be invested in capital projects or service improvement, and "Unusable", which must be set aside for specific purposes.

#### The Balance Sheet

This is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the 31 March 2018.

#### The Cash Flow Statement

This shows the reason for changes in the Council's cash balances during the year and whether the change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

#### The Supplementary Financial Statements are:

**The Notes** to these financial statements provide more detail about the Council's accounting policies and individual transactions.

**The Collection Fund** This statement shows the income and expenditure transactions of the Council in respect of the distribution of Council Tax and Non-Domestic (Business) Rates.

This document presents the statutory financial statements for Wycombe District Council (the Council) for the period 1st April 2017 to 31st March 2018 and presents an overall true and fair view of the financial position of the council. The accounts are presented in accordance with the

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

This narrative report will also provide information on the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year in line with regulation 8(2) of the Accounts and Audit Regulations 2015.

Wycombe District had a population of 172,000 in the 2011 census and stretches from just south of Aylesbury in the north, to the Thames in the south. Henley is just outside of the district to the west, and to the east the district goes to the edge of Beaconsfield. 71% of the district is part of an Area of Outstanding Natural Beauty (AONB), and 48% of the district falls within the Metropolitan Green Belt, which runs all the way round London. The district is in a prime location, with excellent access to the M25/M40/M4 corridor, good rail links between London and Birmingham and is close to Heathrow and London.

In the 2011 census, Wycombe District had an 81% white population and BME / other 19%. Just over 25% of the population were under the age of 20 and 22% of the population over 65. The working age population was 57%. The district has very high property values, with average house prices in the district rising 4% from 12 months ago to £0.441m, which is 14 times the average salary (£31,572). The district contains pockets of deprivation in the town of High Wycombe, with 16% of children living in low income families.

## **2. Political Make-up and Model**

As at 31 March 2018, the Council was made up of 49 Conservatives, 6 Labour, 3 East Wycombe Independent, 1 Independent and 1 Liberal Democrat with the last full election held in May 2015.

The Council operates with a Cabinet, an Improvement and Review Commission, 4 Regulatory Committees, including the Audit Committee, 3 Governance and 1 Advisory Committee.

The Cabinet is chaired by the Leader of the Council. The Cabinet has decision making powers and meets monthly. Each of the members of the Cabinet has a portfolio for which they have responsibility.

Although a number of areas of decision making are delegated to the Cabinet and Senior Officers, the full Council retains ultimate responsibility for the Policy and Budgetary Framework of Wycombe District Council.

### 3. Corporate Plan

The Council's Corporate Plan was launched in 2015 and was refreshed in 2017 and agreed from April 2018. There were 3 Corporate Priorities during 2017/18:



**Regeneration and Infrastructure** – our **place** priority. This priority focuses on investing in our District and enabling regeneration through the use of the Council's assets. In this way, we are also helping to ensure we have the appropriate infrastructure to support sustainable growth.

**Cohesive Communities** – our **people** priority. This priority focuses on people and communities. We want to maintain and improve people's quality of life by engaging and working with them to ensure we have more cohesive communities and can shape our plans and provision, based on local need.

**Value for Money Services** – our **pounds** priority. This priority focuses on our organisation – Wycombe District Council. It is about what we do and how we do it. We want to make sure that we continue to work to maintain our services and make sure they are responsive to meet the needs of our residents.

The priorities need to be achieved against a background of tough economic conditions, mainly due to increases in private sector rents and welfare changes, leading to higher demand for additional temporary accommodation, rising inflation impacting on the Council's overall costs and significant reductions in local government funding, which has resulted in the Council needing to identify £0.813m of savings by 2020 and a further £3.4m by 2024.

### 4. Performance during the year 201718

The Council has set ambitious targets within its Corporate Plan to deliver outcomes that will address some of the districts key challenges over this period and performance targets to drive improvement.

- Wycombe District Council invested £860,000 to extend broadband coverage to more than 4,500 homes and business in the Wycombe district without broadband provision.
- Government announced that Wycombe district will receive over £19million in funding towards infrastructure that will help to ensure that housing growth in Princes Risborough and High Wycombe is possible.
- The Council confirmed a £1.2million extension to Risborough Springs Swim and Fitness Centre will get underway in 2018, providing new fitness and leisure facilities to Princes Risborough residents.

- Wycombe District Council has completed a hat-trick after Hughenden Park was awarded a Green Flag Award – joining The Rye and Higginson Park in flying the flag.
- WDC was awarded £500,000 from the Land Release Fund (LRF), to help clean up a disused site in High Wycombe to make way for new, more affordable homes.
- Plans are in progress for a 150 bedroom hotel on the Council's flagship Handy X Hub site.

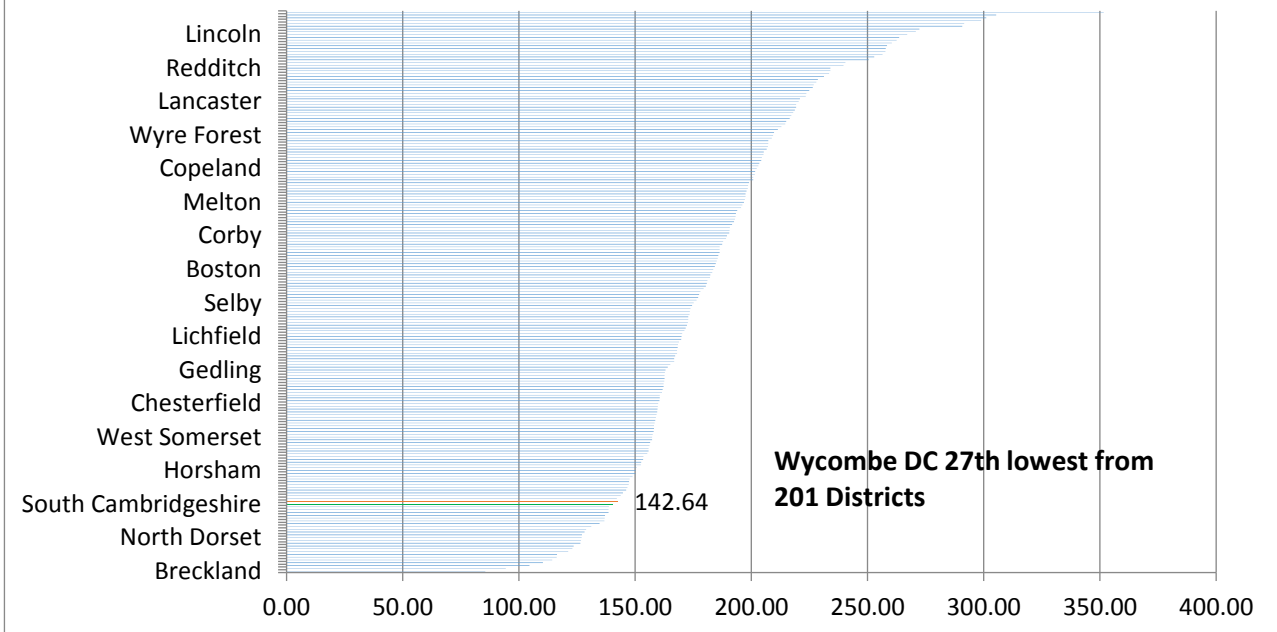
## **Key Performance Achievements**

- Welcomed 952,967 users at our three leisure centres
- Processed 2,179 planning applications, helping towards the provision of new housing and the creation of jobs
- Emptied 5.239m bins across Wycombe district, with over 99.7% of bins emptied on time
- Our housing advice work stopped 599 people becoming homeless
- Processed 34,596 changes and new applications for Housing Benefit and the Council Tax Support Scheme, supporting our most vulnerable residents
- We collected £111.1m in council tax income, which equates to 98.3% of the total debit, above the national average
- We also collected £70.6m in business rates, equating to 99% of the total annual debit, above the national average
- The full set of published performance indicators can be found on:

<https://www.wycombe.gov.uk/pages/About-the-council/How-the-council-works/Our-performance.aspx>

The Council continues to offer one of the lowest levels of Council Tax in England for a District Authority (27<sup>th</sup> lowest from 201 districts), whilst offering some of the widest range of facilities, including 3 sports and leisure centres, a 1000 seat theatre, open air pool, museum service and a major retailing destination in High Wycombe.

## Average Council Tax Charges Band D - 2017/18 District Councils



### Employees

At 31<sup>st</sup> March 2018, the Council employed 292 staff. The workforce comprises 179 female and 113 male employees.

### 5. Financial Performance 2017/2018

The service expenditure covers the day to day service running costs and general income of the Council and includes expenses such as salaries, heating, lighting, rent, rates and depreciation, plus income generated through the provision of services.

The Council had a net budget of £13.824m for 2017/18. Overall spending against this budget was £13.714m. This gave an overall surplus of £0.110m, which equates to 0.8% of the net Council budget.

From a contingency budget of £0.650m only £0.093m was drawn down, resulting in a revised budget of £0.557m which helped to manage some emerging and unbudgeted pressures.

Housing had an overspend of £0.682m which is mainly due to a provision of £0.610m in respect of housing asbestos works for which the Council has legal obligations as part of the stock transfer in 2011. The Council has indemnified Red Kite for the costs of reasonable and properly incurred asbestos works; provided that the indemnity will not apply to the first £1.1m of works.



There were favourable variances of an unspent Repairs and & Renewals programme of £0.250m.

Community has a favourable variance of £0.309m from various sources such as sports and leisure facilities and increased income and grant for CCTV services (£0.100m).

Planning had a favourable variance of £0.275m, which is resulting from Planning fee income due to a combination of increased activity and a nationwide 20% fee increase from January 2018 totalling to £0.275m and an increase in CIL admin fee income of £0.092m. This is offset by overspend on employees costs for two new posts and increased enforcement costs.

Environment ended the year with a favourable variance of £0.203m mainly due to an increase in the volume of car parking income both for daily tickets (£0.163m) and season tickets (£0.032m) sales.

The budget for 2018/19 has been updated to take account of financial pressures and changes which are anticipated to continue beyond 2017/18.

A review of the key risks faced by the Council, which are likely to impact on the Council's future financial performance, has been carried out and used to inform planning assumptions on the Medium Term Financial Plan forecast to 2023/24.

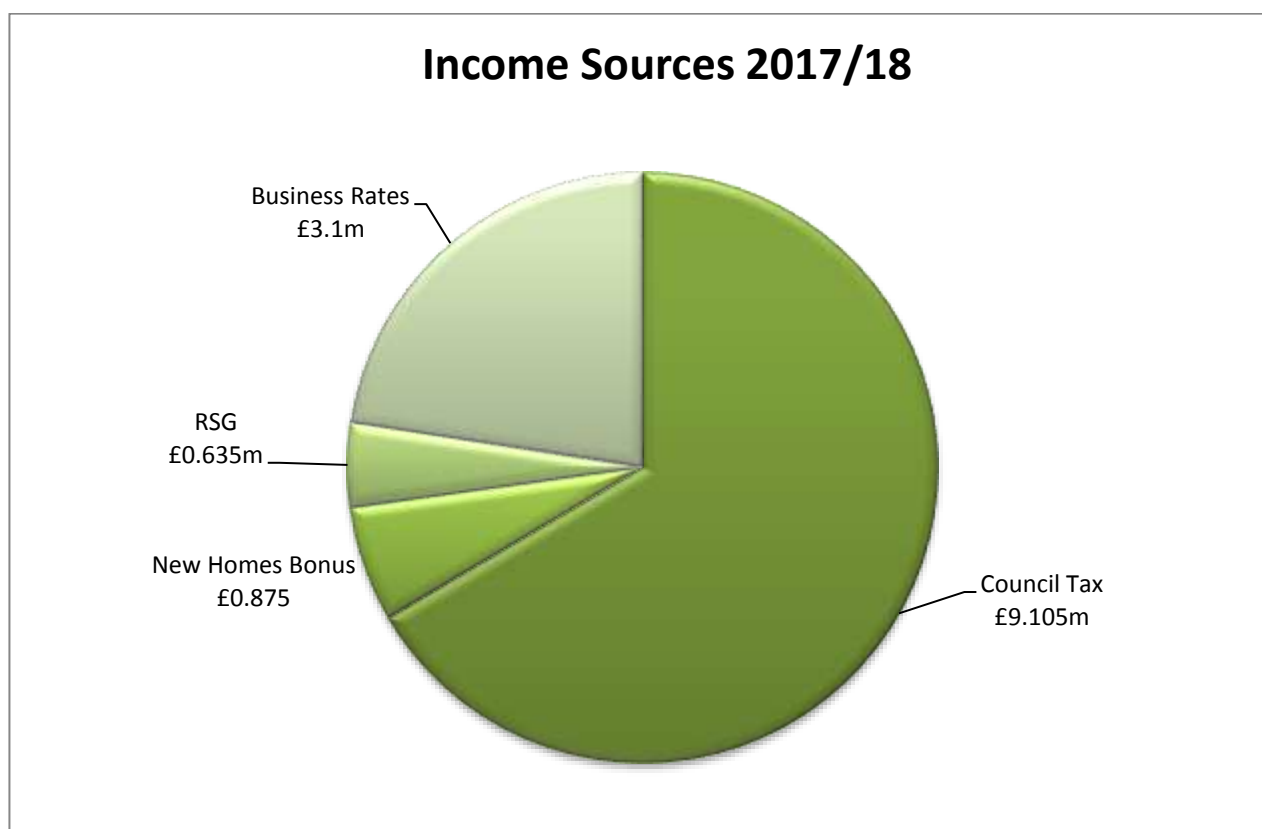
Revenue Outturn Summary	2017/18 Revised Budget	2017/18 Actual	Variance 2017/18	Qtr 3 Variance
	£m	£m	£m	£m
Community	2.741	2.432	-0.309	-0.188
Environment	5.280	5.077	-0.203	-0.127
Economic Development and Regeneration	-3.962	-3.968	-0.006	0.119
Planning	1.386	1.111	-0.275	-0.153
HR, ICT and Customer Services	5.561	5.239	-0.322	-0.047
Housing	1.761	2.443	0.682	0.012
Leader	3.038	3.129	0.091	0.226
Finance and Resources	1.674	1.343	-0.331	-0.095
Contingency	0.557	0.000	-0.557	0.000
<b>Net Cost of Service</b>	<b>18.036</b>	<b>16.806</b>	<b>-1.230</b>	<b>-0.253</b>
Capital Charges:				
Depreciation & REFCUS	-2.383	-2.208	0.175	
Minimum Revenue Provision	0.000	0.188	0.188	
Investment Income	0.000	-0.644	-0.644	
Contribution to/(from) reserves	-1.938	-0.544	1.394	
Council Tax Support (Parishes)	0.109	0.109	0.000	
<b>General Fund Requirement</b>	<b>13.824</b>	<b>13.707</b>	<b>-0.117</b>	
<b>Funding Sources</b>				
Revenue Support Grant	0.635	0.635	0.000	
Business Rates Funding	3.125	3.125	0.000	
Transition Grant	0.084	0.077	-0.007	
New Homes Bonus Fund applied	0.875	0.875	0.000	
Council Tax - Demand on Collection Fund	8.862	8.862	0.000	
Council Tax - Share of Surplus	0.243	0.243	0.000	
<b>Total funding</b>	<b>13.824</b>	<b>13.817</b>	<b>-0.007</b>	
<b>Surplus for the year</b>	<b>0.000</b>	<b>-0.110</b>	<b>-0.110</b>	

## Borrowing

The Council did not undertake any new borrowing in 2017/18. The Council has no outstanding external borrowing. The Council holds finance leases in relation to the Waste Collection Contract, which are being repaid through the contract.

## Income from Grants, Local Tax Payers and other sources

The following graph illustrates how the budget requirement has been financed.



In addition, some services receive specific grants, which are included in their separate budgets. There are conditions attached to most specific grants, which set out how, when and on what service or activity the grant may be spent.

A list of grants received by the Council in 2017/18 can be found at note 24 to the financial statements.

### Pension Liability

The Council's financial statements, in accordance with the proper accounting practice (IAS19), show a net pension liability at 31<sup>st</sup> March 2018 of (£62.525m), which is a reduction of £4.393m since 31<sup>st</sup> March 2017. This is due to a change in financial and demographic assumptions.

The deficit will be funded through reassessment of the employer's contributions as a result of the three yearly fund revaluations by the Actuary.

Full details of the Local Government Pension Scheme can be found in note 28 to the financial statements.

## Capital Expenditure

In 2017/18 the Council invested £11.8m compared with £14.0m in 2016/17. The main areas of expenditure in 2017/18 are explained below:

The Council spent £4m on Economic Development and Regeneration which includes the construction of the new Aldi store, Desbox and a new Temporary Accommodation scheme. Continued development of the Handy Cross hub at a cost of £1m and the purchase of 30-34 Oxford Road at a cost of £0.949m.

Development continued on the High Wycombe Town Masterplan and a further £1.5m was spent during the year on the alternative link road through High Wycombe.

The council spent £1.2m on a scheme which relates to land acquisition in relation to Princes Risborough Expansion.

Disabled Facility Grants – The Council provided £1.1m funding for eligible applicants to enable them to remain in their homes by assisting with adaptations.

The Capital Expenditure has been funded from various sources, the major elements being Capital Receipts £6.7m and Government Grants and Contributions of £5m.

The Council received capital receipts totalling £5.5m in year, which in the main was the receipt of £4.4m from Red Kite Community Housing as part of its share of the Preserved Right to Buy Agreement.

The Council approved its Capital Programme for 2018/19 (including capital investment schemes), in February 2018 worth £45.358m, which included the following major schemes:

- £18m on Economic Development and Regeneration
- £2m on Leisure facilities
- £5m on Temporary accommodation and affordable housing
- £7.5m on road improvement at Abbey Barn Lane.
- £1.3m on HWTC masterplan – Alternative route
- £2.9m on access improvements to Cressex Business Park.
- £7.3m on other infrastructure projects.

The Council expects to meet the full costs of the approved programme from existing and new resources, which it forecasts will be generated over this period. Therefore the Council has no plans to enter into any borrowing to fund this expenditure.

## Section 106 Contributions

The Council spent a total of £1.4m in 2017/18. Including accrued interest and new amounts received, s106 balances decreased from £6.6m to £5.6m.

### Community Infrastructure Levy (CIL)

CIL allows Councils to charge a levy on specified development that is ring fenced to fund additional infrastructure to support the development area. The levy can be used to address the impact of development by funding infrastructure that the Council and local communities support.

In 2017/18, the Council raised a total of £4.4m, ring fenced for future infrastructure works within the district. At 31<sup>st</sup> March 2018, the balance of CIL held by the Council was £7.2m.

### Adequacy of Reserves

A general risk assessment was carried out alongside the development of the 2017/18 budget, showed that the minimum prudent level of reserves was £7.5m. The General Fund Balance at 31<sup>st</sup> March 2018 was £9.848m.

In addition to this, the Council has made additional provision through specific risk reserves in relation to the following areas:

**Insurance Fund** – Balance at 31<sup>st</sup> March 2018 £1.8m. This reserve helps the Council meet future liabilities where the Council has to meet the costs of any excess under its current insurance cover or through financial indemnities that it has made in relation to the Housing Stock Transfer to Red Kite Community Housing.

**Business Rates** – The Council has set aside a specific reserve to meet the potential losses that might arise in the future as a result of the Council not reaching its baseline funding position, factors could include appeals, large, long-term empty properties, demolition or non-payment.

The Council holds other earmarked reserves to meet future expenditure, which will support delivery of both the current corporate priorities and future development and growth of the district. Details of these reserves is included at Note 18.

### Significant Provisions and Contingencies

The Council has made three significant provisions that are held on the Balance Sheet as at 31<sup>st</sup> March 2018:

- Business Rates Appeals Provision – this represents the Council's share of the estimated costs of notified and statutory appeals for reductions to business rates values of £3.4m.
- Insurance Provisions – this represents the estimated future losses on actual claims that the Council expects to incur in future years £0.461m.
- Asbestos Provision of £1.2m – this is in respect of housing asbestos works for which the Council has legal obligations as part of the stock transfer in 2011.

- Bad Debt Provisions - this represents the amount of outstanding debt that the Council estimates that it will not be able to collect from customers in relation to Council Tax, Business, Rates, Housing Benefit Overpayments and other charges relating to the provision of services £7.1m.

The Council also discloses significant contingent liabilities that it is exposed to. The Council has provided indemnities to Red Kite Community Housing as part of the housing stock transfer. These indemnities relate to the VAT shelter, which has a maximum exposure of £22m, an Environmental Warranty, for which the Council has taken out separate insurance covering the first 15 years post transfer, and Asbestos works, should the value of expenditure exceed the sum of £1.1m, which was provided for in the original transfer agreement.

### **Chiltern Crematorium Joint Committee**

The Council is one of three constituent members of the Chilterns Crematorium Joint Committee, along with Aylesbury Vale and Chiltern District Councils.

The Joint Committee manages the crematorium and associated facilities located in Amersham. Under the terms of the Joint Committee, any deficit or surplus earned by the Joint Committee is shared between the constituent authorities on the basis of the number of cremations from the area of each authority, in comparison to total cremations. However, it has been agreed by all constituent authorities that any surplus will not be distributed, but will be retained by the Joint Committee for use in funding capital expenditure to meet future deficits.

In the event of the Joint Committee ceasing to exist, any assets held are vested in the authority in which the assets are located. In this case, the assets would transfer to Chiltern District Council.

Wycombe District Council's share of the accumulated reserves is £2.5m (£2.8m 2016/17). The assets and liabilities of the Joint Committee have not been consolidated into the Council's accounts, reflecting the separate statutory nature of the service. Instead, the summarised results of the Joint Committee are presented below.

The Joint Committee is to build a second crematorium to address rising demand in the region.

The table below shows the reserve balances apportioned between the constituent authorities of the Chiltern Crematorium Joint Committee.

	<b>AVDC</b>	<b>CDC</b>	<b>WDC</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance 31.3.2017	2,024,125	1,819,840	2,755,552	6,599,517
Apportionment 2017/18 deficit	180,761	141,666	226,007	548,434
Balance 31 March 2018	1,843,364	1,678,174	2,529,545	6,051,083
<u>Balances retained</u>				
Earmarked for new Crematorium	1,141,897	1,100,688	1,626,475	3,869,060
General reserves	701,467	577,486	903,070	2,182,023
Balance as at 31 March 2018	1,843,364	1,678,174	2,529,545	6,051,083

## Collection Fund

The Collection Fund is shown on page 80. During 2017/18, the Council collected £111.146m in Council Tax, of which £97.301m was paid to Preceptors and £11.851m was retained by WDC, with the surplus distributed in future years via the Collection Fund.

From the Council's share, £2.610m was distributed to Parishes and £0.376m to the High Wycombe Town Committee. The Council collects Non-Domestic Rates (NDR, also known as Business Rates), retaining 40% of rates collected, with the remaining 60% being passed to Major Preceptors and Central Government. In 2017/18, £70.604m in rates were collected, £41.626m were paid to major preceptors and Central Government.

The majority of the £27.750m retained by Wycombe District Council is paid over to Central Government as a tariff as it is over the Council's baseline funding level set for the Council by Government.

The Council's share of business rates growth is subject to a Levy by Government of 50%. In 2017/18, the total business rates growth above the baseline was £1.8m and therefore £0.902m was retained after payment of the Levy.

## **Impact of the Current Economic Climate**

The Council continues to be in a period of exceptional challenge, with reducing grant from central government, whilst balancing higher demand and expectation on services. The Council will need to make further economies and grow income to meet the anticipated reductions in government funding.

Despite these reductions, the Council remains well placed to meet this and maintain one of the lowest levels of Council Tax in England for a District Authority.

The Government triggered Article 50 in March 2017, following the result of the Referendum in 2016. It is too early to assess the medium to longer-term impact of this on the district and Council. However, the Council will be monitoring and taking appropriate action to manage the impacts of this as they become clearer.

In the short term, there are potential risks around inflation, whilst the pound remains at its current low levels. The impact on the Council is managed through appropriate clauses in supplier contracts, in terms of day to day service contracts.

There are potential risks that capital works costs will rise and the cost of future capital expenditure schemes will therefore rise. The Council will aim to manage these risks through its supply chain and the approach it takes to future commissioning.

## **Key Financial Risks**

### **Corporate Risks**

- Wycombe District Council has identified its key strategic risks as part of its approach to effective corporate governance. The strategic risks are reviewed by the senior management team each quarter and reported and scrutinised by the Audit Committee to ensure timely and effective action is being taken.
- In the context of the Corporate Plan, delivery of the Council's Medium Term Financial Plan is critical to the success of the organisation and therefore its delivery to local residents, businesses and visitor economy. The key financial risks associated with this were set out in the 2018/19 budget report and are summarised as follows:
  - Business Rates Income – The Council's funding from central government includes £3.1m from retained business rates (Funding baseline). Since April 2013, the Council carries 40% of the financial risk associated with the level of net income that is actually achieved in the year. If the total income received is less than the funding baseline, then the amount of funding the Council can retain can be reduced by 7.5%.
  - Business Rates Retention Scheme and Devolved Responsibilities – There are also risks regarding business rates retention for Councils, proposed to be implemented by the end of the Parliament. The Government intend the retention of business rates by Local Authorities to be revenue neutral for the Government and to achieve this by devolving responsibilities to Local Authorities. It is not clear at this stage what these additional



responsibilities will be. The Government have also indicated that the redistribution mechanism of 'Tariffs and Top-Ups' will remain and it is not clear how Business Rates will be distributed nationally. The Medium Term Financial Plan does not make any assumptions about these changes as there are no firm details at this stage but they will be closely monitored and updated when new information is available.

- Council Tax Support – The Council set a discount scheme in 2013/14 designed to mitigate the projected shortfall in Council Tax Support grant it received from government. The Council, together with other precepting bodies, is responsible for the financial costs of any increase in take-up for this discount and uncollected payments.
- Delivering Future Savings and Transformation – The budget continues to rely on a significant level of savings and income generation, which includes the identification of opportunities and the delivery of projects to generate funds. Any delays or failure to deliver these could add significant strain on the Council's budget position, both in 2018/19 and beyond. Progress will be reported to Cabinet as part of the regular budget monitoring reports.
- Universal Credit / Welfare Changes – From 2018/19, welfare changes will begin to impact more significantly with the rollout of Universal Credit, which is likely to have a major impact on Housing Benefits grant and administration grant funding.
- Homelessness – Demand both nationally and locally, for assistance is expected to continue to remain at high levels during 2018/19. This has been the experience in 2017/18. A substantial budget increase has been made to meet the short term costs, pending implementation of various measures to try and increase prevent homelessness and put in place increased levels of temporary accommodation which is more affordable. The impact of the welfare changes will also become increasingly more challenging for those at risk.
- Licensing of Houses in Multiple Occupation – New legislation was introduced in October 2017, which will increase the number of properties that the Council will need to license, with 2-storey buildings included in addition to 3-storey plus. The financial implications cannot be assessed yet until we have established the number of properties to be licenced.
- Investment Properties – The budget proposed for 2018/19 reflects a prudent view on future income. However, the income generated from the Council's property portfolio is the 2<sup>nd</sup> largest source of income and the loss of existing tenants/default does present an ongoing risk to the Council's budget.
- New Homes Bonus – The government are intending to consult on further measures designed to significantly reduce payments and influence planning decisions. These present considerable financial risk that could impact on the Medium Term Financial projection. In the short term, the budget is considered to reflect a prudent sum for future allocations of business payments.

## 6. Looking Forward

The Council, along with the other Buckinghamshire authorities are currently awaiting a decision from the Minister for Housing, Communities and Local Government about the future structure of local government for Buckinghamshire and whether the existing two-tier system should be replaced with either 1 or 2 unitary councils.

In the event that there is an announcement to continue with a single authority, then this is expected to be implemented by April 2020. The respective Councils plans and budgets do not reflect the impact of any change but will be reviewed if an announcement is made.

Like other local authorities, the district has faced an unprecedented reduction in government funding as part of the government's ongoing austerity agenda.

In the current 4 year spending review (2018/19 – 2021/22) period, the Council faces a reduction in its overall share of central government grant funding. By 2019/20, the Council will no longer be receiving any Revenue Support Grant.

Further information about the accounts is available, including alternative languages or font size. Please write to Wycombe District Council, Queen Victoria Road, High Wycombe,

# STATEMENT OF RESPONSIBILITIES

## The Council's Responsibilities

The Council 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 Council, that officer is the Head of Finance and Commercial.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

## The Head of Finance and Commercial Responsibilities

The Head of Finance and Commercial is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Head of finance and Commercial has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the local authority Code

The Head of Finance and Commercial has also:

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

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2018 and its income and expenditure for the year then ended.

Signed:  Head of Finance and Commercial

Date: 26 July 2018

## Certificate of Approval – Chair of Audit Committee

The Statement of Accounts was approved by Wycombe District Council's Audit Committee.

Signed:  Chair of Audit Committee

Date: 26 July 2018

## Comprehensive Income and Expenditure Account

2016/17 Restated					2017/18		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		NOTE	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5,962	(2,212)	3,750	Leader		4,189	(721)	3,468
1,643	(1,182)	461	Economic Development and Regeneration		1,839	(1,190)	649
4,319	(1,095)	3,224	Community		6,940	(1,658)	5,282
3,475	(1,329)	2,146	Housing Services - General Fund		5,386	(2,194)	3,192
8,456	(4,179)	4,277	Environment		9,526	(5,053)	4,473
6,123	(5,055)	1,068	Planning & Sustainability		7,155	(2,927)	4,228
4,075	0	4,075	HR, ICT and Customer Services		4,392	(704)	3,688
49,861	(47,433)	2,428	Finance		46,974	(45,229)	1,745
(177)	(171)	(348)	Non Distributed Costs		(77)	(241)	(318)
<b>83,737</b>	<b>(62,657)</b>	<b>21,081</b>	<b>Cost of Services</b>	7	<b>86,324</b>	<b>(59,917)</b>	<b>26,407</b>
		614	Other Operating Expenditure	8			(2,666)
		(9,183)	Financing & Investment Income & Expenditure	9			(7,605)
		(21,098)	Taxation & Non-Specific Grant Income	10			(26,627)
		<b>(8,586)</b>	<b>(Surplus) on Provision of Services</b>				<b>(10,491)</b>
		173	Deficit/(Surplus) on Revaluation of Property, Plant and Equipment assets				(12,989)
		9,420	Actuarial Losses/(Gains) on Pension Assets / Liabilities	28b			(8,118)
		9,593	<b>Other Comprehensive Income and Expenditure</b>				(21,107)
		<b>1,007</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(31,598)</b>

## Statement of Movements in Reserves

	General Fund Balance	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Movement in Reserves 2016/17</b>							
Balance as at 31 March 2016	<b>9,537</b>	<b>41,705</b>	<b>15,310</b>	<b>3,592</b>	<b>70,144</b>	<b>125,131</b>	<b>195,275</b>
<b>Movement in reserves during 2015/16</b>							
Total Comprehensive Expenditure and (Income)	8,587	0	0	0	8,587	(9,593)	(1,006)
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(6,306)	0	3,019	1,418	(1,869)	1,869	0
Transfers to/from Earmarked Reserves	(2,081)	(4,817)	0		(6,898)	6,898	0
Increase or Decrease in 2016/17	201	(4,817)	3,019	1,418	(180)	(826)	(1,006)
Balance at 31 March 2017 carried forward	9,738	36,888	18,329	5,010	69,964	124,305	194,270
<b>Movement in Reserves 2017/18</b>							
Balance as at 31 March 2017	<b>9,738</b>	<b>36,888</b>	<b>18,329</b>	<b>5,010</b>	<b>69,964</b>	<b>124,305</b>	<b>194,269</b>
<b>Movement in reserves during 2017/18</b>							
Total Comprehensive Expenditure and (Income)	10,491	0	0	0	10,491	21,107	31,598
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(5,496)		(1,484)	2,439	(4,541)	4,541	0
Transfers to/from Reserves	(4,885)	3,356			(1,529)	1,529	0
Increase or (Decrease) in 2017/18	<b>110</b>	<b>3,356</b>	<b>(1,484)</b>	<b>2,439</b>	<b>4,421</b>	<b>27,177</b>	<b>31,598</b>
Balance at 31 March 2018 carried forward	<b>9,848</b>	<b>40,244</b>	<b>16,845</b>	<b>7,449</b>	<b>74,385</b>	<b>151,482</b>	<b>225,868</b>

## Balance Sheet as at 31 March 2018

31 March 2017 £'000		Note	31 March 2018	
			£'000	£'000
	<b>NON-CURRENT ASSETS</b>			
77,135	Property, Plant and Equipment	12a	87,762	
780	Heritage Assets		785	
120,508	Investment Properties	13b	130,504	
138	Intangible Assets		51	
6,000	Investments		13,000	
13,466	Long Term Debtors	15a	10,960	
218,027	<b>TOTAL LONG TERM ASSETS</b>			243,062
	<b>CURRENT ASSETS</b>			
0	Assets Held for Sale		432	
0	Available for Sale Investments		7,061	
41,323	Investments (Short Term)		40,516	
7,789	Short Term Debtors	15b	12,173	
28,078	Cash and Cash Equivalents	15c	19,311	
77,190	<b>TOTAL CURRENT ASSETS</b>			79,493
<b>295,217</b>	<b>TOTAL ASSETS</b>			<b>322,555</b>
(798)	Finance Leases		(763)	
(26,741)	Short Term Creditors & Receipts in Advance	15d	(25,625)	
(3,260)	Provisions	16	(5,018)	
(30,799)	<b>TOTAL CURRENT LIABILITIES</b>			(31,406)
<b>264,418</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>291,149</b>
	<b>NON-CURRENT LIABILITIES</b>			
(3,229)	Other Payables	17	(2,756)	
(66,918)	Liability related to Defined Benefit Pension Scheme	28c	(62,525)	
(70,147)				(65,281)
<b>194,271</b>				<b>225,868</b>

## Balance Sheet as at 31 March 2018

31 March 2017 £'000		Note	31 March 2018	
			£'000	£'000
	<b>FINANCED BY:</b>			
	<b>USABLE RESERVES</b>			
9,738	General Fund Balance	18b	9,848	
36,888	Earmarked Reserves	18c	40,244	
18,329	Capital Receipts Reserve	18d	16,844	
5,010	Capital Grants Unapplied	18e	7,449	
<b>69,965</b>	<b>TOTAL USABLE RESERVES</b>			74,384
	<b>UNUSABLE RESERVES</b>			
178,567	Capital Adjustment Account	19b	189,681	
13,086	Revaluation Reserve	19c	23,932	
1,347	Deferred Capital Receipts	19d	1,821	
(66,918)	Pensions Reserve	19e	(62,525)	
0	Financial Instrument Adjustment Account		(439)	
(1,528)	Collection Fund Adjustment Account		(738)	
(248)	Accumulated Absences Reserve		(248)	
<b>124,307</b>	<b>TOTAL UNUSABLE RESERVES</b>			151,484
<b>194,271</b>	<b>TOTAL RESERVES</b>			<b>225,868</b>

Signed



Head of Finance and Commercial

Date 26 July 2018

Signed



Chair of Audit Committee

Date 26 July 2018

## Cash Flow Statement for the Year Ended 31 March 2018

2016/17			2017/18
Financial Activity in Year			Financial Activity in Year
£'000		Note	£'000
(8,587)	Net (Surplus) on the Provision of Services		(10,491)
(5,359)	Adjustment to net (Surplus) on the provision of services for non cash movements	20a	(1,626)
1,894	Adjustment for items included in the net Deficit on the provision of services that are investing and financing activities	20a	4,819
<b>(12,052)</b>	<b>Net Cash Used from Operating Activities</b>	20a	<b>(7,298)</b>
<b>4,288</b>	<b>Net Cash Used from Investing Activities</b>	20b	<b>14,602</b>
<b>(1,654)</b>	<b>Net Cash Used from Financing Activities</b>	20c	<b>1,462</b>
<b>(9,418)</b>	<b>Movement in Cash and Cash Equivalents</b>		<b>8,766</b>
(18,660)	Cash and cash equivalents at the beginning of the reporting period		(28,078)
<b>(28,078)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(19,311)</b>



# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. Accounting Policies

### A General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare an Annual Statement of Accounts by the Accounts & Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Accounts has been prepared in accordance with the fundamental concepts: Going Concern; Primacy of Legislative Requirements and Accruals of Income and Expenditure.

### B Accruals of Income and Expenditure

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

Revenue from the sale of goods is recognised when the Council transfers significant risks and rewards of ownership to the purchase and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instruments, rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### C Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed each financial year.

## **D Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by charging the General Fund Balance in the Movement in Reserves Statement.

When expenditure, to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then credited to the General Fund Balance in the Movement in Reserves Statement, so that there is no net charge against Council Tax for the expenditure.

Certain reserves are maintained purely for accounting purposes for non-current assets, financial instruments, collection fund, retirement and employee benefits and do not represent usable resources for the Council. Their use is governed by statutory and/or CIPFA guidance and are explained in the relevant policies.

## **E Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They includes benefits such as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits in lieu of salary (e.g. nursery vouchers) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu), earned by employees but yet to be taken before the year-end, which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to the General Fund in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. It is charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs of a restructuring which include the payment of termination benefits

### **Post-Employment Benefits**

#### **The Local Government Pension Scheme**

Employees of the Council are members of the Local Government Pension Scheme administered by Buckinghamshire County Council and is accounted for as a defined benefits scheme:

The liabilities of the Buckinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date

by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections or projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the Actuary (based on the market yields on high quality corporate bonds).

The assets of Buckinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value, using the following methods:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The change in the net pension's liability is analysed into the following components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment, whose effect relates to years of service earned in earlier years, debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net Interest Cost – the expected change in the present value of net liabilities that arises from the passage of time, charged to the Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Return on Assets – excluding amounts included in net interest on the net defined benefit liability, charged to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumption, debited/credited to the Pensions Reserve.
- Contributions paid to Buckinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year as distinct from the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement there are appropriations to and from the Pensions Reserve to remove the debits and credits for retirement benefits charged in the Comprehensive Income and Expenditure Account and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows, rather than as benefits as earned by employees.

## **Discretionary Benefits**

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

## **F Value Added Tax (VAT)**

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs, and all VAT paid is recoverable from it.

## **G Overheads**

The cost of overheads and support services are managed separately, therefore these service segments are reported separately in accordance with the Council's arrangements for accountability and financial performance.

## **H Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences), are only recognised on the Balance Sheet when they are purchased or where internally developed and the Council can demonstrate that the asset will generate future economic benefits or deliver service benefits.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes disposal gains and losses are not permitted to have an impact on the General Fund Balance.

The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **I Property, Plant and Equipment (PPE)**

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

### **Recognition**

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it increases the value of the asset and that it yields benefits to the council and the services it provides for more than one financial year.

## Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The Council does not capitalise borrowing costs incurred whilst assets are under construction. Assets are then carried in the Balance Sheet using the following measurement bases:
  - - Infrastructure, community assets, plan, vehicles and equipment and assets under construction – historical cost
    - All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

Where decreases in value are identified, they are accounted for as follows:

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

## Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, any impairment loss is recognised for the shortfall.

When impairment losses are identified, they are accounted for in the same way as revaluation decreases.

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

## **Depreciation**

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

Depreciation is calculated on the straight-line allocation over the useful life of the asset.

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

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

## **Disposals**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from Disposals (if any), are credited to the same line in the Comprehensive Income & Expenditure Statement also as part of the gain or loss on disposal.

All Revaluation Reserve balances in respect of the asset are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are required to be credited to the Capital Receipts Reserve and can then only be used to fund new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **J Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make a Minimum Revenue Provision (MRP) from revenue towards the reduction in its overall borrowing requirement.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution in the General Fund Balance by way of an adjusting transaction within the Capital

Adjustment Account in the Movement in Reserves Statement for the difference between the two methods.

## **K REFCUS (Revenue Expenditure Funded from Capital under Statute)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. A transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## **L Lease Classification**

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

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

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

### **The Council as Lessee**

#### **Finance Leases**

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

Lease payments are apportioned between:

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

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are transferred to the Capital Adjustment Account in the Movement in Reserves Statement so that there is no charge against Council Tax.

## **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

## **The Council as Lessor**

### **Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain (Disposal Value less the lease debtor) is not permitted by statute to have an impact on the General Fund Balance. The gain is treated as a capital receipt. Where a premium has been received this is posted to the Capital Receipts Reserve. Where the amount due in relation of the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Statement to Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor and the deferred capital receipts are transferred to the Capital Receipt Reserve.

## **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

Rental income is credited on a straight-line basis to the Comprehensive Income and Expenditure Statement.

## **M Financial Instruments**

### **Financial Liabilities**

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



## **Financial Assets**

Financial assets are classified into two types:

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

## **Loans and Receivables**

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

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

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

## **N Government Grants and Contributions**

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that must be met by the recipient as specified, or the grant must be repaid.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Creditors or Capital Grants Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service segment line (revenue grants and contributions attributable to specific services) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grants that have been credited to the Comprehensive Income and Expenditure Statement are intended to meet specific service expenditure that has not yet been incurred, an

equivalent amount is transferred from the General Fund Balance to an Earmarked Reserve in the Statement of Movement in Reserves. A transfer back is made in future years to match expenditure as it is incurred.

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

## **O Community Infrastructure Levy (CIL)**

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

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

## **P Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 1 month from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## **Q Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

Where a change in accounting policies is made, it is applied retrospectively (unless stated otherwise), by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **R Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued as part of a five year rolling programme, according to market conditions at the end of the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in

the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## **S Heritage Assets**

Heritage assets consist solely of the Council's museum collection consisting of fine art and furniture. The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. when an item has suffered physical deterioration or breakage, or where doubts arise as to its authenticity. Any such impairment is recognised and measured in accordance with the Council's general policies on impairment.

The museum holds a small number of valuable paintings including in particular one by Joachim Wtewael of Lazarus Rising from his sick bed and one by John Hamilton Mortimer of St Thomas preaching to the Ancient Britons. The museum collection of chairs and other furniture comprises over 300 items and is the most comprehensive collection of Thames valley chairs in the UK. Notable among items is the so called Pitt Chair bought for £25,000 from a private dealer with grant in aid in 2007. The Dutch Casket, a stumpwork casket is one of less than 100 in the UK and represents one of the museum's most significant treasures. It is held in reserve collections because of its vulnerability to light damage in the present museum displays.

## **T Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. Two types of events can be identified:

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

## **U Materiality and Exceptional Item of Income and Expense**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## **V Contingent Liabilities**

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

will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **W Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probably that there will be an inflow of economic benefits or service potential.

## **X Accounting for Council Tax and Non-Domestic Rates (NDR)**

Billing Councils in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and NDR.

Council Tax collected belongs proportionately to the Council and the major preceptors. NDR collected by the Council belongs to the Government (50%), the Council (40%) and preceptors (10%).

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

The Balance Sheet recognises debtors for unpaid Council Tax and NDR, and a debtor/creditor position for each preceptor since the net cash paid to each preceptor in the year will not be equal to its share of total Council Tax and NNDR income received.

## **2. Accounting Standards that have been issued but have not yet been adopted**

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2018 for 2017/18). Disclosure requirements are expected to be included in a subsequent edition of the Code.

Changes in the 2018/19 Code of Practice that will be introduced in future versions of the accounts include:

- Amendment to the reporting of Financial Instruments (IFRS 9)
- Amendment to the reporting of Revenue from Contracts with Customers (IFRS 15)

## **3. Critical Judgements in applying Accounting Policies**

In applying the accounting policies, the council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is the level of uncertainty about future levels of funding for local government. However, the Council has planned to make savings and generate new income to compensate for reduction in funding. These savings will result predominantly from efficiencies and not reduced levels of services. The Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

#### 4. Assumptions made about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures, which are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made, taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumption and estimates. The items in the Council's Balance Sheet at 31 March 2018, for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Business Rates Appeals Provision	The Council must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data and the analysis of successful appeals to date as at the end of the reporting period.	If the refunds payable are higher than the provision, the difference will reduce the balance on the Collection Fund and reduce the Council's share of business rates income in future years.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase changes in the retirement ages, mortality rates and expected returns on pension assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumption to be applied.	The assumptions used are reviewed yearly in respect of the calculation of the net liability and triennially in respect of the Council's contributions rate. Changes in assumptions may increase the net liability and future pension costs.
Property, Plant, Equipment and Investment Property	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets.  Assets are subject to a 5 year rolling valuation and assumptions are made by the specialist valuer regarding market indicators and other data available to assess an asset's value	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls  A fall in value of the Council's asset would impact on the net worth of the Council, however would not impact on the Council's usable balances.
Provisions	Provisions are estimated on the basis of current knowledge of the amount that will eventually be paid. It is possible that the amounts eventually paid may be more than expected.	If future liabilities exceed the amounts set aside, the additional amounts would have to be met from the Council's general fund.
Debts	Provisions have been made for debt owed to the Council for which payment is doubtful. In the current economic climate, it is not certain that the amount provided for will be adequate.	Provisions may not be adequate where there is a deterioration in collection rates caused by default i.e. debtors not being able to pay the amounts they owe the Council. These additional costs of default would have to be met from the Council's general fund.

## 5. Events after the Balance Sheet Date

There have been no material events after the 31<sup>st</sup> March 2018 until the 26<sup>th</sup> July 2018 that require disclosure.

## 6. Changes to Accounting Policy

As part of the annual review of accounting policies, the Head of Finance and Commercial under the delegated authority part 3 of the constitution (Procedure Rules Standing Orders- Section G Financial Regulations) has made changes to Overheads and Support Services policy as detailed below.

### The Nature and Reasons for the change in Accounting Policy

At Wycombe District Council (WDC), the corporate and support services (Finance, Legal & Democratic services, HR, ICT & Shared services), are managed separately each having a separate Cabinet Portfolio Holder and Head of Service. These services are reported separately to the Senior Management Board and the Cabinet. The respective Heads of Service are accountable for providing the service and its financial performance.

To ensure compliance with the code and to present a meaningful CIES for the user of the accounts, the accounting policy for Overheads and Support Services has been amended. This will mean that the cost of these services will not be apportioned to the front line services and will be reported as a separate service segment on the CIES.

The change impacts the CIES and the Expenditure and Funding Analysis as detailed below for 2016/17 audited figures.

2016/17 Audited Statement of Accounts				2016/17 (post change in accounting policy)			Movement		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Comprehensive Income & Expenditure Account	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
5,138	(2,212)	2,926	Leader	5,962	(2,212)	3,750	824	0	2,926
1,688	(1,182)	506	Economic Development and Regeneration	1,643	(1,182)	461	(44)	0	506
5,255	(1,095)	4,160	Community	4,319	(1,095)	3,223	(936)	0	4,160
4,153	(1,329)	2,824	Housing Services - General Fund	3,475	(1,329)	2,146	(679)	0	2,824
9,454	(4,179)	5,275	Environment	8,456	(4,179)	4,277	(998)	0	5,275
8,239	(5,055)	3,184	Planning & Sustainability	6,123	(5,055)	1,068	(2,116)	0	3,184
0	0	0	HR, ICT and Customer Services	4,075	0	4,075	4,075	0	0
49,957	(47,433)	2,524	Finance	49,861	(47,433)	2,428	(97)	0	2,524
(148)	(171)	(319)	Non Distributed Costs	(177)	(171)	(348)	(28)	0	(319)
<b>83,737</b>	<b>(62,657)</b>	<b>21,080</b>	<b>Cost of Services</b>	<b>83,737</b>	<b>(62,657)</b>	<b>21,080</b>	<b>0</b>	<b>0</b>	<b>21,080</b>

2016/17 Audited Statement of Accounts			Expenditure and Funding Analysis	2016/17 (Post change in accounting policy)		
Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES		Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
2,311	615.00	2,926	Leader	3,135	615	3,750
-3,903	4,409.00	506	Economic Development and Regeneration	-3,948	4,409	461
3,923	237.00	4,160	Community	2,987	237	3,224
2,302	523.00	2,825	Housing Services - General Fund	1,623	523	2,146
6,443	-1,169.00	5,274	Environment	5,446	-1,169	4,277
3324	-140.00	3,184	Planning & Sustainability	1,208	-140	1,068
88	-88	0	HR, ICT and Customer Services	4,163	-88	4,075
1,603	921	2,524	Finance	1,506	921	2,427
0	-319	-319	Non Distributed Costs	-28	-319	-347
<b>16,091</b>	<b>4,989</b>	<b>21,080</b>	<b>Net cost of services</b>	<b>16,091</b>	<b>4,989</b>	<b>21,080</b>
-16,292	-13,375	-29,667	Other income and expenditure	-16,292	-13,375	-29,667
<b>-201</b>	<b>-8,386</b>	<b>-8,587</b>	<b>Surplus or deficit</b>	<b>-201</b>	<b>-8,386</b>	<b>-8,587</b>
<b>-9,537</b>			<b>Opening General Fund Balance at 31st March 2016</b>	<b>-9,537</b>		
-201			Less Deficit / (Surplus) on General Fund Balance	-201		
<b>-9,738</b>			<b>Closing General Fund Balance at 31st March 2017</b>	<b>-9,738</b>		

## 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how funding available to the authority for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

	Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
<b>2017/18</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leader	3,129	338	3,468
Economic Development and Regeneration	(3,968)	4,617	649
Community	2,432	2,850	5,282
Housing Services - General Fund	2,443	749	3,192
Environment	5,077	(604)	4,473
Planning & Sustainability	1,111	3,117	4,228
HR, ICT and Customer Services	5,239	(1,551)	3,688
Finance	1,350	395	1,745
Non Distributed Costs	0	(318)	(318)
<b>Net cost of services</b>	<b>16,813</b>	<b>9,595</b>	<b>26,407</b>
Other income and expenditure	(16,922)	(19,976)	(36,898)
<b>Surplus or deficit</b>	<b>(110)</b>	<b>(10,381)</b>	<b>(10,492)</b>
Opening General Fund Balance at 31st Mar 2017	(9,738)		
Less Deficit / (Surplus) on General Fund Balance	(110)		
<b>Closing General Fund Balance at 31st Mar 2018</b>	<b>(9,848)</b>		
<b>2016/17 Restated</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leader	3,135	615	3,750
Economic Development and Regeneration	(3,948)	4,409	461
Community	2,987	237	3,224
Housing Services - General Fund	1,623	523	2,146
Environment	5,446	(1,169)	4,277
Planning & Sustainability	1,208	(140)	1,068
HR, ICT and Customer Services	4,163	(88)	4,075
Finance	1,506	921	2,427
Non Distributed Costs	(28)	(319)	(347)
<b>Net cost of services</b>	<b>16,091</b>	<b>4,989</b>	<b>21,080</b>
Other income and expenditure	(16,292)	(13,375)	(29,667)
<b>Surplus or deficit</b>	<b>(201)</b>	<b>(8,386)</b>	<b>(8,587)</b>
Opening General Fund Balance at 31st Mar 2016	(9,537)		
Less Deficit / (Surplus) on General Fund Balance	(201)		
<b>Closing General Fund Balance at 31st Mar 2017</b>	<b>(9,738)</b>		



**7a Note to the EFA – Adjustments between funding and accounting basis**

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
<b>2017/18</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leader	0	329	10	338
Economics Development and Regeneration	0	0	4,617	4,617
Community	2,663	174	13	2,850
Housing Services - General Fund	1,460	184	(895)	749
Environment	355	200	(1,158)	(604)
Planning & Sustainability	2,579	506	32	3,117
HR, ICT and Customer Services	(1,812)	197	64	(1,551)
Finance	0	314	81	395
Non Distributed Costs	0	(282)	(36)	(318)
<b>Net Cost of Services</b>	<b>5,245</b>	<b>1,622</b>	<b>2,728</b>	<b>9,594</b>
Other income and expenditure from the Funding Analysis				(19,976)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit				<b>(10,382)</b>
<b>2016/17</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leader	367	230	17	615
Economics Development and Regeneration	0	0	4,409	4,409
Community	94	156	(13)	237
Housing Services - General Fund	211	142	170	523
Environment	87	144	(1,400)	(1,169)
Planning & Sustainability	1,594	363	(2,096)	(140)
HR, ICT and Customer Services	(30)	0	(58)	(88)
Finance	87	156	679	921
Non Distributed Costs	(196)	(10)	(113)	(319)
<b>Net Cost of Services</b>	<b>2,212</b>	<b>1,180</b>	<b>1,595</b>	<b>(4,989)</b>
Other income and expenditure from the Funding Analysis				(13,375)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit				<b>(8,387)</b>

## 8. Other Operating Expenditure

Other operating Expenditure reported includes all levies payable and gains generated from in year disposals of non-current assets.

31 Mar 17 £'000		31 Mar 18 £'000
2,508	Payment of Precepts to Parishes	2,714
(1,895)	(Gains) on the disposal of non-current assets	(5,381)
<b>614</b>	<b>Total</b>	<b>(2,666)</b>

## 9. Financing and Investment Income and Expenditure

31 Mar 17 £'000		31 Mar 18 £'000
181	Interest Payable and Similar Charges	119
6,570	Pension adjustment - Interest Cost	5,697
(4,638)	Pension Adjustment - Expected return on assets	(3,917)
(559)	Interest Receivable and Similar Income	(220)
(10,737)	Income and expenditure in relation to investment properties and changes in their fair value	(9,284)
<b>(9,183)</b>	<b>Total</b>	<b>(7,605)</b>

## 10. Taxation and Non-specific Grant Income and Expenditure

This note consolidates non-specific grants and contributions receivable not identified to a particular service area. Capital grants and contributions are credited to non-specific grant income even if service specific. The note also shows the Council's proportion of council tax and business rates used to fund in year service activities.

31 Mar 17 £'000		31 Mar 18 £'000
(11,786)	Council Tax	(12,125)
	Collection Fund Adjustment Account	738
(3,665)	New Homes Bonus	(2,321)
(1,490)	Revenue Support Grant	(635)
(3,218)	Non-Domestic Rates	(3,125)
(319)	Government Grants (not applicable to Specific Services)	(3,093)
(620)	Capital Grants and Contributions	(1,686)
0	Community Infrastructure Levy	(4,380)
<b>(21,098)</b>	<b>Total</b>	<b>(26,627)</b>

## 11a. Adjustments between accounting basis and funding basis under Regulations 2017/18

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
<b>Items impacting Unusable Capital Reserves</b>					
Reversal of Depreciation & Amortisation	2,329	0	0	2,329	(2,329)
Reversal of Impairment of Assets	473	0	0	473	(473)
Reversal of Revenue expenditure funded from Capital under Statute	5,183	0	0	5,183	(5,183)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(7,485)	0	5,839	(1,646)	1,646
Application of Capital Grants and Contribution to finance Capital	0	0	(3,400)	(3,400)	3,400
Reversal of Movement in Market Value of Investment Properties	(4,533)	0	0	(4,533)	4,533
Statutory Provision for the Repayment of Debt	(985)	0	0	(985)	985
<b>Items impacting Usable Capital Receipts Reserve</b>					
Net gain/(loss) written off on sale or disposal of Long Term Assets	(5,381)	5,256	0	(125)	125
Financing of Capital Expenditure	0	(6,739)	0	(6,739)	6,739
<b>Items impacting Pension Reserve</b>					
Employer's contributions payable to the Pension Fund and retirement benefits	(1,610)	0	0	(1,610)	1,610
Reversal of Net charges made for pensions- current Service cost	3,555	0	0	3,555	(3,555)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,780	0	0	1,780	(1,780)
<b>Items impacting Other Reserves</b>					
Council's share of Movement in Collection Fund Surplus/(Deficit)	738	0	0	738	(738)
Reversal of unrealised losses on Available for Sale Investment	439			439	(439)
<b>TOTAL Adjustments between accounting basis &amp; funding basis under regulations 2017/18</b>	<b>(5,496)</b>	<b>(1,484)</b>	<b>2,439</b>	<b>(4,541)</b>	<b>4,541</b>

## 11b. Adjustments between accounting basis and funding basis under Regulations 2016/17

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
<b>Items impacting Unusable Capital Reserves</b>					
Reversal of Charges for depreciation and revaluation losses of Long Term Assets	2,104	0	0	2,104	(2,104)
Reversal of Revenue expenditure funded from Capital under Statute	2,426	0	0	2,426	(2,426)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(2,377)	0	2,377	0	0
Application of Capital grants & Contributions to finance Capital Expenditure	(1,253)	0	(959)	(2,212)	2,212
Reversal of Movement in Market Value of Investment Properties	(6,290)	0	0	(6,290)	6,290
Statutory Provision for the Repayment of Debt	(1,326)	0	0	(1,326)	1,326
<b>Items impacting Usable Capital Receipts Reserve</b>					
Net gain/(loss) written off on sale or disposal of Long Term Assets	(1,982)	6,241	0	4,259	(4,259)
Cost of Disposal	87			87	(87)
Financing of Capital Expenditure	0	(4,899)	0	(4,899)	4,899
Transfer from Deferred Capital Receipts	0	1,676	0	1,676	(1,676)
<b>Items impacting Pension Reserve</b>					
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,256)	0	0	(1,256)	1,256
Reversal of Net charges made for pensions - current Service cost	2,505	0	0	2,505	(2,505)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,932	0	0	1,932	(1,932)
<b>Items impacting Other Reserves</b>					
Write out of Glitner	(72)	0	0	(72)	72
Councils share of Movement in Collection Fund Surplus/(Deficit)	(804)	0	0	(804)	804
<b>TOTAL Adjustments between accounting basis &amp; funding basis under regulations 2016/17</b>	<b>(6,306)</b>	<b>3,019</b>	<b>1,418</b>	<b>(1,869)</b>	<b>1,869</b>

## 12a Movement of Property, Plant and Equipment 2017-18

	Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Assets Under Construction	Infrastructure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2017	63,015	18,462	1,364	100	2,063	6,490	91,494
Reversal of accumulated depreciation on revaluation	(454)						(454)
Additions	1,526	1,096	0	0	1,049	0	3,671
Revaluation increases / (decreases) recognised in the Revaluation Reserve	9,074	0	631	0	0	0	9,705
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	928	0	(14)	0	0	0	914
Other Transfers	(1,258)	(35)	(5)	0	(1,575)	0	(2,873)
Other movements in cost or valuation	2,001	(5)	(771)	0	175	0	1,400
<b>At 31 March 2018</b>	<b>74,832</b>	<b>19,518</b>	<b>1,205</b>	<b>100</b>	<b>1,712</b>	<b>6,490</b>	<b>103,857</b>
<b>Accumulated Depreciation</b>							
At 1 April 2017	(1,578)	(12,565)	0	0	0	(216)	(14,359)
Reversal of accumulated depreciation on revaluation	454						454
Depreciation Charge	(603)	(1,423)	0	0	0	(216)	(2,242)
Depreciation Transfer	52	0	0	0	0	0	52
Depreciation on Disposal	0	0	0	0	0	0	0
<b>At 31 March 2018</b>	<b>(1,675)</b>	<b>(13,988)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(432)</b>	<b>(16,095)</b>
<b>Balance Sheet Value at 31 March 2018</b>	<b>73,157</b>	<b>5,530</b>	<b>1,205</b>	<b>100</b>	<b>1,712</b>	<b>6,058</b>	<b>87,762</b>
<b>Balance Sheet Value at 1 April 2017</b>	<b>61,437</b>	<b>5,897</b>	<b>1,364</b>	<b>100</b>	<b>2,063</b>	<b>6,274</b>	<b>77,135</b>

## 12b Movement of Property, Plant and Equipment 2016-17

	Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Assets Under Construction	Infrastructure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2016	63,726	17,313	1,364	360	4,542	6,490	<b>93,795</b>
Additions	178	785	0	0	44	0	<b>1,007</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(3)	0	0	(170)	0	0	<b>(173)</b>
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(3)	0	0	(90)	0	0	<b>(93)</b>
Disposals	(524)	0	0	0	(2,523)	0	<b>(3,047)</b>
Accumulated Depreciation written out upon disposal	0	0	0	0	0	0	<b>0</b>
Other Transfers	(359)	364	0	0	0	0	<b>5</b>
<b>At 31 March 2017</b>	<b>63,015</b>	<b>18,462</b>	<b>1,364</b>	<b>100</b>	<b>2,063</b>	<b>6,490</b>	<b>91,494</b>
<b>Accumulated Depreciation</b>							
At 1 April 2016	(1,065)	(11,439)	0	0	0	0	<b>(12,504)</b>
Depreciation Charge	(628)	(1,126)	0	0	0	(216)	<b>(1,970)</b>
Depreciation Transfer	109	0	0	0	0	0	<b>109</b>
Depreciation on Disposal	6	0	0	0	0	0	<b>6</b>
<b>At 31 March 2017</b>	<b>(1,578)</b>	<b>(12,565)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(216)</b>	<b>(14,359)</b>
<b>Balance Sheet Value at 31 March 2017</b>	<b>61,437</b>	<b>5,897</b>	<b>1,364</b>	<b>100</b>	<b>2,063</b>	<b>6,274</b>	<b>77,135</b>
<b>Balance Sheet Value at 1 April 2016</b>	<b>62,661</b>	<b>5,874</b>	<b>1,364</b>	<b>360</b>	<b>4,542</b>	<b>6,490</b>	<b>81,291</b>

## 12c Revaluations

### Valuation Process for Non-Current Assets

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment to be measured at fair value revalued at least every five years. Valuations are in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis of valuing individual classes of assets owned by the Council is detailed in the Statement of Accounting Policies.

The Council's Operational Assets are valued externally by Wilkes Head and Eve, as part of the rolling programme.

	Land & Buildings	Vehicle, Plant & Equip	Comm-unity Assets	Surplus Assets	Assets Under Constr-uction	Infra-structure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Carried at historical cost at 31st March 2018</b>	<b>0</b>	<b>5,530</b>	<b>0</b>	<b>0</b>	<b>1,712</b>	<b>6,058</b>	<b>13,300</b>
<b>Valued at current value as at:</b>							
31st March 2018	13,254	0	631	0	0	0	13,885
31st March 2017	242	0	0	0	0	0	242
31st March 2016	8,544	0	0	0	0	0	8,544
31st March 2015	1,390	0	0	0	0	0	1,390
31st March 2014	49,728	0	575	0	0	0	50,302
31st March 2013	0	0	0	100	0	0	100
<b>Total</b>	<b>73,157</b>	<b>5,530</b>	<b>1,205</b>	<b>100</b>	<b>1,712</b>	<b>6,058</b>	<b>87,762</b>

## 12d Information about Depreciation Methodologies

Depreciation and amortisation is charged over the useful life of an asset on a straight line basis, on all assets, except non-operational land and buildings and community assets.

Buildings	40 years average
Intangible Assets	3 years average
Plant and Computer Equipment	3-5 years average

Community Assets have not been depreciated as they consist largely of freehold land; nor have any Heritage Assets, which consist of works of art and other museum collections.

## 13 Investment Properties and Surplus Assets

### 13a Revaluation of Investment Properties

Investment properties are valued internally. These are revalued as part of the five year rolling programme but reviewed annually for impairment. If the valuer assesses a material change as part of the impairment review, the asset is revalued in year to ensure investment properties are at fair value at the balance sheet date.

#### **Valuation Techniques used to Determine Fair Values for Investment Properties – Significant Observable Inputs**

The fair value for the office, commercial and retail units and some land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2 in the fair value hierarchy. The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 input – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset.

#### **Highest and Best Use of Investment Properties**

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use. Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus Gains or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.



### 13b Movement of Investment Properties

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

31 Mar 17 £'000		31 Mar 18 £'000
	<b>Cost or valuation</b>	
104,949	At 1 April year start	120,508
9,440	Additions - acquisitions	949
1,129	Additions - subsequent expenditure	1,984
6,290	Revaluation increases recognised in the Surplus / Deficit on the provisions of services	4,414
(1,300)	Derecognition - Disposals	(350)
0	Transfers	2,880
0	Other Adjustments	119
<b>120,508</b>	<b>Balance at 31 March</b>	<b>130,504</b>

### 13c Accounted for in Comprehensive Income and Expenditure Statement

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

31 Mar 17 £'000		31 Mar 18 £'000
(5,666)	Rental and Other income from Investment Properties	(6,104)
(6,290)	Change in Fair Value of Investment Properties	(4,533)
1,219	Operating expenses arising from Investment property	1,353
<b>(10,737)</b>	<b>Surplus upon Investment properties</b>	<b>(9,284)</b>

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

### 13d Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy, as at 31<sup>st</sup> March 2018, are as follows:

Fair value as at 31 March 17 £'000	Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 18 £'000
1,184	Residential Props (Market value)	0	1,166	0	1,166
4,530	Office Units	4,358	0	0	4,358
114,794	Commercial Units	0	124,980	0	124,980
<b>120,508</b>		<b>4,358</b>	<b>126,146</b>	<b>0</b>	<b>130,504</b>

### 14 Capital Expenditure, Financing & Commitments

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

31 Mar 17 £'000		31 Mar 18 £'000
<b>8,188</b>	<b>Opening Capital Finance Requirement</b>	<b>6,864</b>
	<b>Capital Investment</b>	
1,007	Property, Plant and Equipment	3,670
10,569	Investment Properties	2,932
15	Intangible Assets	0
2,426	Revenue Expenditure Funded from Capital Under Statute	5,183
14,017		11,785
	<b>Sources of Finance</b>	
(4,899)	Capital receipts	(6,739)
(2,213)	Government grants and other contributions	(5,046)
(1,326)	Minimum Revenue Provision	(985)
(6,903)	Sums set aside	0
(15,341)		(12,770)
<b>(1,324)</b>	<b>Total in year movement in Capital Financing Requirement</b>	<b>(985)</b>
<b>6,864</b>	<b>Closing Capital Finance Requirement</b>	<b>5,879</b>
	The net movement in the year is represented by:	
(1,324)	Increase/(Decrease) in underlying need to borrow	(985)
<b>(1,324)</b>	<b>Total in year movement in Capital Financing Requirement</b>	<b>(985)</b>

## 14a Capital Commitments as at 31st March 2018

The Capital Commitments as at 31<sup>st</sup> March 2018 by Service are shown in the table below:

<b>Service</b>	<b>31 Mar 18 £'000</b>
Community	16
Economic Development	431
External Bodies	528
Housing	66
HR & ICT	97
Leader	649
Planning & Sustainability	498
<b>Total</b>	<b>2,285</b>

## 15 Financial Instruments – Balances

### 15a Debtors – Long-term

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
12,088	Red Kite Community Housing (RKCH)*	(3,022)	9,066
1,346	Rent to Mortgage	0	1,346
0	Finance Lease - Needham Place	475	475
32	Other Long Term debtors	41	73
<b>13,466</b>	<b>Total</b>	<b>(2,506)</b>	<b>10,960</b>

Note: \*The RKCH balance relates to the VAT shelter cash flow mechanism, part of the housing stock transfer agreement, which is due to be repaid by the end of 2021.

### 15b Debtors – Short-term

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
3,065	Other Entities and Individuals	4,113	7,178
(179)	Provision for Impairment	(53)	(232)
<b>2,886</b>	<b>Total Financial Instruments definition</b>	<b>4,060</b>	<b>6,946</b>
	Business Rates:		
1,337	Gross Arrears of Tax	(184)	1,153
(1,247)	Provision for Impairment - Tax	318	(929)
	Council Tax:		
870	Gross Arrears of Costs	0	870
(870)	Provision for Impairment - Costs	0	(870)
1,013	Gross Arrears of Tax	(281)	732
(873)	Provision for Impairment - Tax	277	(596)
	Housing Benefits:		
5,357	Gross Arrears of Overpayments	328	5,685
(4,653)	Provision for Impairment	181	(4,472)
3,969	Central Government Bodies	(2,719)	1,250
0	Other Local Authorities	2,404	2,404
<b>7,789</b>	<b>Total</b>	<b>4,384</b>	<b>12,173</b>

## 15c Cash and Cash Equivalents

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
774	Bank Current Account**	(860)	(86)
27,304	Short Term Deposits	(7,907)	19,397
<b>28,078</b>	<b>Total</b>	<b>(8,767)</b>	<b>19,311</b>

\*\* The Council held cash balances on behalf of various trusts which is deducted from the current bank account figure as summarised in the table below.

31 Mar 17		31 Mar 18
£'000		£'000
(115)	Griffiths, Lincolnshire & Thomas Trust	(116)
(42)	Rutland Trust	(43)
0	Higginson Park Trust	(101)
<b>(157)</b>	<b>Total</b>	<b>(260)</b>

## 15d Creditors – Short-term

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
(7,217)	s106 Developer Contributions (see Note 27)	1,316	(5,901)
(3,272)	Receipts in Advance	859	(2,413)
(3,406)	Other Entities and Individuals	(1,738)	(5,144)
<b>(13,895)</b>	<b>Total Financial Instruments Definition</b>	<b>437</b>	<b>(13,458)</b>
	<b>Government Items</b>		
(6,764)	Central Government Bodies	1,187	(5,577)
(5,710)	Other Local Authorities	740	(4,970)
(371)	Council Tax & NDR	(1,249)	(1,620)
<b>(26,740)</b>	<b>Total</b>	<b>1,115</b>	<b>(25,625)</b>

## 16 Provisions

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
(764)	Insurance Provision	303	(461)
(2,496)	NDR Appeals Provision (WDC's share)	(878)	(3,374)
0	Asbestos Provision	(1,183)	(1,183)
<b>(3,260)</b>	<b>Total</b>	<b>(1,758)</b>	<b>(5,018)</b>

## 17 Other Payables

31 Mar 17		Movement in Year	31 Mar 18
£'000		£'000	£'000
(2,388)	Embedded Finance Lease (waste contract)	761	(1,627)
(841)	Community Infrastructure Levy (parishes)	(288)	(1,129)
<b>(3,229)</b>	<b>Total</b>	<b>473</b>	<b>(2,756)</b>

## 18. Usable Reserves

### 18a Movement in Reserves

Details of the movements relating to individual usable reserves are shown below:

31 Mar 17 £'000		Note	Movement in Year £'000	31 Mar 18 £'000
9,738	General Fund	18b	110	9,848
36,888	Earmarked Reserves	18c	3,356	40,244
18,329	Usable Capital Receipts	18d	(1,485)	16,844
5,010	Capital Grants Unapplied	18e	2,439	7,449
<b>69,965</b>	<b>Balance at 31 March</b>		<b>4,420</b>	<b>74,384</b>

### 18b General Fund

31 Mar 17 £'000		31 Mar 18 £'000
9,537	Balance at 1 April	9,738
8,587	Surplus / (Deficit) on Provision of services	10,491
(6,306)	Adjs between accounting & funding basis under regulation	(5,496)
(2,081)	Transfers (to) Earmarked Reserves	(3,356)
0	Transfer to Unusable Reserves	(1,529)
<b>201</b>	<b>Fund Surplus for the year</b>	<b>110</b>
<b>9,738</b>	<b>Balance at 31 March</b>	<b>9,848</b>

### 18c Earmarked Usable Reserves

Earmarked Reserve Description	Balance at 1 April 2017 £'000	Additions in year 2017/18 £'000	Used in year 2017/18 £'000	Balance at 1 April 2018 £'000
Revenue Development Reserve (RDR)	23,589	2,155	(1,075)	24,669
Repairs & Renewals Fund	4,225	450	(613)	4,062
Transformation	660	0	0	660
Insurance Funds	2,086	0	(263)	1,823
Planning Delivery, LAGBI & Local Dev	838	0	(110)	728
DWP Appropriation	1,301	0	0	1,301
Special Expenses	934	99	0	1,033
Business Rates Adjustment Reserve	1,666	1,487	0	3,153
Business Rates Equalisation Fund	763	0	0	763
Other	826	1,226	0	2,052
<b>TOTAL EARMARKED RESERVES</b>	<b>36,888</b>	<b>5,417</b>	<b>(2,061)</b>	<b>40,244</b>

## 18d Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets, which have been received and have not yet been used to finance capital expenditure. The balance on the Reserve is held to fund future years' capital expenditure.

<b>31 Mar 17 £'000</b>		<b>31 Mar 18 £'000</b>
15,310	Balance at 1 April	18,329
7,699	Proceeds from sale of non-current assets	5,255
(4,899)	Use of Capital Receipts Reserve to finance new capital expenditure	(6,739)
219	Capital Receipt from Deferred Capital Receipts Reserve	0
<b>18,329</b>	<b>Balance at 31 March</b>	<b>16,844</b>

## 18e Capital Contributions and Grants Unapplied

Where Capital Grants, that have no condition attached to them, have been received but no expenditure has yet been made against them, the amount is held in the Capital Grants Unapplied Reserve.

<b>31 Mar 17 £'000</b>		<b>31 Mar 18 £'000</b>
3,592	Balance at 1 April	5,010
1,418	Capital Grants from Community Infrastructure Levy	2,152
0	Disabled Facility Grants	287
<b>5,010</b>	<b>Balance at 31 March</b>	<b>7,449</b>



## 19 Unusable Reserves

### 19a Movement in Reserves

Details of the movements relating to individual unusable reserves are shown below:

31 Mar 17 £'000		Note	31 Mar 18 £'000
178,567	Capital Adjustment Account	19b	189,681
13,086	Revaluation Reserve	19c	23,932
1,347	Deferred Capital Receipts Reserve	19d	1,821
(66,918)	Pensions Reserve	19e	(62,525)
(1,528)	Collection Fund Adjustment Account	19f	(739)
0	Financial Instruments Adjustment Account		(439)
(248)	Accumulated Absences Reserve		(248)
<b>124,306</b>	<b>Total Unuseable Reserves</b>		<b>151,483</b>

### 19b Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of long-term assets and for financing the acquisition, construction or enhancements of those assets under statutory provisions. The Account is charged with the cost of consumption of property, plant and equipment and enhanced by the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement of these assets.

31 Mar 17 £'000		31 Mar 18 £'000
<b>164,552</b>	<b>Balance at 1 April</b>	<b>178,569</b>
(1,784)	Depreciation on Property, Plant & Equipment	(2,242)
(40)	Amortisation of Intangible Assets	(87)
(92)	Asset Impairment	(1,544)
673	Upward Revaluation to CIES	2,458
(2,425)	Revenue Expenditure Funded from Capital under Statute	(5,182)
(3,948)	Non-current assets written off on disposal	(350)
0	Decomission of Assets	(1,387)
	Revaluation Reserve on Decomission & Transfer of assets	1,965
	Depreciation written out of the revaluation reserve	178
<b>(7,617)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(6,191)</b>
	Resources set aside to finance capital expenditure	
6,903	Sums set aside	0
4,899	Capital Receipts	6,739
2,213	Grants & Contributions Applied	5,046
1,326	Minimum Statutory Provision	985
<b>15,341</b>	<b>Total Financing Items</b>	<b>12,770</b>
6,290	Movements in Market Value of Investment Properties	4,533
<b>178,566</b>	<b>Balance at 31 March</b>	<b>189,681</b>

## 19c Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulate gains are:

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

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

31 Mar 17 £'000		31 Mar 18 £'000
14,558	Balance at 1 April	13,086
175	Upward revaluation of assets	9,965
(716)	Revaluation decrease	0
	Recognition of Assets not previously on Balance Sheet	3,284
(348)	Impairment charged to the revaluation reserve	(260)
<b>13,669</b>	<b>Surplus/Deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>26,075</b>
(184)	Difference between fair value depreciation and historical cost depreciation	(178)
(399)	Decomission, Transfer and Disposal of assets	(1,965)
<b>13,086</b>	<b>Balance at 31 March</b>	<b>23,932</b>

## 19d Deferred Capital Receipts

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

31 Mar 17 £'000		31 Mar 18 £'000
3,023	Balance at 1 April	1,347
(1,457)	Deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	0
(219)	Transfer to the Capital Receipts Reserve upon receipt of cash for items disposed in prior years	0
0	Change in Long Term Finance Leases	475
<b>1,347</b>	<b>Balance at 31 March</b>	<b>1,821</b>

## 19e Pensions Reserve

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

<b>31 Mar 17 £'000</b>		<b>31 Mar 18 £'000</b>
(54,317)	Balance at 1 April	(66,918)
(26,879)	Actuarial Gain or (Loss) on Pension Assets and Liabilities	3,692
1,256	Employer contributions plus benefits paid direct to beneficiaries	1,610
17,459	Return on assets excluding amounts included within net interest	4,426
(4,437)	Reversal of IAS19 entries charges to the CIES - transferred to the Pensions Reserve	(5,335)
<b>(66,918)</b>	<b>Balance at 31 March</b>	<b>(62,525)</b>

## 19f Collection Fund Adjustment Account

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

<b>31 Mar 17 £'000</b>		<b>31 Mar 18 £'000</b>
(2,332)	Balance at 1 April	(1,528)
0	Reversal of balance brought forward	1,528
794	In-year Non-Domestic Rates surplus / (deficit) movement	(1,003)
10	In-year Council Tax surplus movement	264
<b>(1,528)</b>	<b>Balance at 31 March</b>	<b>(739)</b>

## 20 Cash Flow

### 20a Cash Flows from Operating Activities

2016/17 Activity in Year £'000		2017/18 Activity in Year £'000
<b>(8,587)</b>	<b>Deficit / (Surplus) on the Provision of Services</b>	<b>(10,491)</b>
	<b>Adjust net surplus or deficit on the provision of services</b>	
(2,010)	Depreciation & Amortisation	(2,242)
(266)	Impairment	(473)
(3,181)	Pension Liability	(3,725)
6,290	Movement in Investment Property Values	4,533
(714)	(Increase) / Decrease in Impairment Provision for bad debts	723
1,730	Increase / (Decrease) in Creditors (excluding Collection Fund Agencies)	(304)
(7,791)	(Increase) / Decrease in Debtors (excluding Impairment Provision & Collection Fund Agencies)	4,126
(45)	(Increase) / Decrease in Inventories	0
551	Increase / (Decrease) in Provisions	(1,758)
0	Increase / (Decrease) in Non-Current Liabilities	0
(94)	(Increase) / Decrease in Long Term Debtors	(2,506)
171	Other Non-Cash Movements	
<b>(5,359)</b>	<b>Sub-Total Adjustments for Non-cash Movements</b>	<b>(1,626)</b>
	<b>Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:</b>	
1,894	Adjust for profit upon sale of assets (offset to proceeds shown in investment section below)	4,819
<b>(12,052)</b>	<b>Total Cash Flows from Operating Activities</b>	<b>(7,298)</b>

## 20b Cash Flows from Investing Activities

2016/17 Activity in Year £'000		2017/18 Activity in Year £'000
11,591	Purchase/(Sale) of Property, Plant & equipment, Heritage & Intangible Assets	6,604
(6,241)	Proceeds from the Sale of Property, Plant & equipment, Heritage & Intangible Assets	(5,256)
2,000	Purchase/(Sale) of Long Term Investment	7,000
(3,062)	Purchase / (Sale) of Temporary Investments	6,254
<b>4,288</b>	<b>Total Cash Flows from Investing Activities</b>	<b>14,602</b>

## 20c Cash Flows from Financing Activities

2016/17 Activity in £'000		2017/18 Activity in £'000
0	(Increase) / Decrease in Debtors (Collection Fund Agencies)	(465)
(1,654)	(Increase) / Decrease in Creditors (Collection Fund Agencies)	1,927
<b>(1,654)</b>	<b>Total Cash Flows from Financing Activities</b>	<b>1,462</b>

## 21 Members' Allowances

The total of Members' Allowances paid in the year 2017/18 was £581,634 (£541,896 in 2016/17).

## 22 Officers' remuneration (including termination benefits)

### 22a Senior Employee Remuneration

The remuneration of senior employees, defined as those who are Heads of Service, Directors, the Chief Executive and those holding statutory posts, or those whose remuneration is £150,000 or more per year, was as set out below.

	Salary (Including fees & allowance)	Benefit in Kind	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration
<b>Restated 2016/17</b>					
<b>Post</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive (Karen Satterford)	141,891	688	142,579	19,676	162,255
Corporate Director	102,870	688	103,558	14,291	117,849
Major Projects & Estates Executive	87,269	688	87,957	11,947	99,904
Head of HR, ICT and Customer Services	85,887	688	86,575	11,947	98,522
Head of Community Services	85,887	0	85,887	11,852	97,739
Head of Financial Services	87,539	0	87,539	11,852	99,391
Head of Planning & Sustainability	82,886	688	83,574	11,533	95,107
Head of Democratic, Legal & Policy	64,490	0	64,490	8,900	73,390
Head of Environmental Services	85,887	688	86,575	11,947	98,522
District Solicitor (Monitoring Officer)	67,228	688	67,916	9,372	77,288
	<b>891,834</b>	<b>4,816</b>	<b>896,650</b>	<b>123,319</b>	<b>1,019,969</b>
<b>2017/18</b>					
<b>Post</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive (Karen Satterford)	139,471	682	140,153	36,438	176,592
Corporate Director 1 (Left 07/05/17)	11,229	0	11,229	1,669	12,898
Corporate Director 2 (Started 01/01/18)	24,971	170	25,142	3,947	29,089
Major Projects & Estates Executive	86,746	682	87,428	14,652	102,080
Head of HR, ICT and Customer Services	86,746	682	87,428	13,726	101,154
Head of Community Services	86,746	682	87,428	13,726	101,154
Head of Financial Services 1 (Left 21/05/17)	14,788	0	14,788	1,904	16,691
Head of Financial Services 2 (Started 04/12/17)	28,216	222	28,438	4,465	32,902
Head of Planning & Sustainability	85,320	682	86,002	13,502	99,504
Head of Democratic, Legal & Policy	86,746	0	86,746	13,619	100,365
Head of Environmental Services	86,746	682	87,428	13,726	101,154
District Solicitor (Monitoring Officer)	69,482	0	69,482	11,016	80,498
	<b>807,207</b>	<b>4,484</b>	<b>811,691</b>	<b>142,390</b>	<b>954,081</b>

## 22b Officers Remuneration

A requirement of the Accounts and Audit Regulations 2015 is for the disclosure of the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting at £50,000. Senior Officers as shown in Note 22a are excluded from this note. Amounts exclude National Insurance payments but include all payments, pension costs, taxable allowances and the monetary value of other employee benefits. The relevant details are as follows:

2016/17 Number of Employees	Remuneration Band	2017/18 Number of Employees
13	£50,000 - £54,999	9
6	£55,000 - £59,999	9
11	£60,000 - £64,999	10
8	£65,000 - £69,999	6
3	£70,000 - £74,999	10
41		44

## 22c Termination Benefits

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

Exit Packages Cost Band (including special payments)	Number of compulsory Redundancies		Number of other departures agreed		Total number of exit packages by Cost Band		Total Cost of Exit Packages in each band	
	2016/17 No.	2017/18 No.	2016/17 No.	2017/18 No.	2016/17 £'000	2017/18 £'000	2016/17 £'000	2017/18 £'000
£0-£20,000	0	0	1	1	1	1	12	5
£20,000-£40,000	0	0	0	1	0	1	0	30
£40,000-£60,000	0	0	0	0	0	0	0	0
£60,000 upwards	0	0	0	0	0	0	0	0
<b>TOTAL Cost of Redundancies made in year</b>							12	35
Reversal of amounts provided for in previous financial years regarding redundancies paid in current financial year							-12	0
<b>TOTAL Amounts provided for in Comprehensive Income &amp; Expenditure Account for Redundancies</b>							0	35

## 23 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections:

2016/17 £'000		2017/18 £'000
62	Fees payable with regard to external audit services	62
29	Fees payable for the certification of grant claims and returns	17
<b>91</b>	<b>Total</b>	<b>79</b>

## 24 Grant Income

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

2016/17 £'000		2017/18 £'000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
(742)	Government Grants (Not Attributable to Specific Services)	(40)
(3,140)	National Non-Domestic Rates	(3,125)
(1,490)	Revenue Support Grant	(635)
(3,665)	New Homes Bonus	(2,321)
(84)	Transition Grant	(77)
(620)	Developer Capital Contribution	(6,026)
(9,741)	<b>Total Credited to Taxation and Non Specific Grant Income</b>	<b>(12,224)</b>
	<b>Credited to Services</b>	
(45,495)	Housing Benefits	(43,794)
(565)	Housing Benefit Admin Grant	(528)
(399)	Council Tax Support Admin and NDR cost of collection	(396)
(850)	Improvement Grants (Disabled Facilities Grant)	(1,419)
(218)	EU Referendum	0
(172)	Elections	(220)
(7)	Miscellaneous Grants	(158)
0	Flexible Homeless Support Grant	(91)
(47,706)	<b>Total Credited to Services</b>	<b>(46,606)</b>
<b>(57,447)</b>	<b>Total Grant Income</b>	<b>(58,830)</b>



## 25 Contributions received in advance or owed Third Parties

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver or where the Council is holding funds for third parties.

The balances at the year-end are as follows;

2016/17 £'000		2017/18 £'000
(1,520)	Open Space Developer Contribution Unapplied	(1,431)
(506)	Community Developer Contribution Unapplied	(482)
(303)	Environmental Developer Contribution Unapplied	(232)
(44)	Indoor Leisure Developer Contribution Unapplied	(52)
(32)	CCTV Developer Contribution Unapplied	(32)
(3,096)	On behalf of Affordable Housing Schemes	(2,510)
<b>(5,501)</b>	<b>Total yet to be applied at Balance Sheet date</b>	<b>(4,739)</b>
(1,028)	On behalf of Buckinghamshire County Council Transport Schemes	(813)
<b>(6,529)</b>	<b>Total s106 Developer Contributions Unapplied</b>	<b>(5,552)</b>
(688)	On behalf of other schemes and parties	(349)
<b>(7,217)</b>	<b>Total held on behalf of third parties</b>	<b>(5,901)</b>

## 26 Related Parties Transactions

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

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Related parties to this authority would include:

- central government;
- local authorities and other bodies precepting or levying demands on the council tax;
- its councillors;
- its chief officers; and
- its pension fund

Members of the immediate family, or the same household of an individual identified as a related party, are also presumed to be related parties.

All significant transactions with the Government, precepting authorities and the Buckinghamshire County Council pension fund have been disclosed elsewhere in this Statement of Accounts. In addition the council made other payments to Buckinghamshire County Council totalling £2,852k in 2017/18 (£3,724k in 2016/17) and undertook work to the value of £1,317k in 2017/18 (£1,009k in 2016/17) on behalf of Buckinghamshire County Council.

The Council made payments to Chiltern District Council of £4,856k in 2017/18 (£5,378k in 2016/17), comprising mostly the joint waste contract of £4,836k. The Council received income from Chiltern District Council to the value of £1,526k in 2017/18 (£1,820k in 2016/17), £1,488k related to the Joint Waste Contract. The Council made payments to Aylesbury District Council of £256k in 2017/18 (£127k in 2016/17) and undertook work to the value of £111k in 2017/18 (£77k in 2016/17).

No material transactions took place in respect of councillors and chief officers except for the following:

The Council awards grants to various voluntary and community organisations throughout the district. The award of such grants are all independently approved by the relevant Cabinet Member. District Council members declared interests in voluntary organisations receiving funding from the Council of £239k in 2017/18 (£223k in 2016/17).

A Senior Officer is currently a Director and minority shareholder in Crendon Properties Limited and Wycombe Flats Limited. Crendon Properties hold three 125 year ground leases with Wycombe District Council. The Council received payments of £22k from Crendon Properties Limited and made payments of £10k to Wycombe Flats Limited and £2k to Crendon Properties Limited.

Another senior officer is currently a Director of Planning Officers Society Enterprises (POSe), is a member of the Royal Town Planning Institute and the Institute of Environmental Sciences and is panel member for the Bucks, Oxford, Berks and Milton Keynes Design group, they are also a BEE (Built Environment Expert) with what was formerly the Commission for Architecture and the Built Environment. WDC paid POSe £4,454.58 in 2017/18 for receipt of some training.

These are all voluntary positions, with no financial benefits to the individual or to WDC.

## 27 Leases

### 27a Authority as Lessee

#### i) Operating Leases

The Council has a number of operating leases as follows:

2016/17 £'000		2017/18 £'000
187	Land & Buildings - 2 area offices	0
32	Vehicles, Plant and Office Equipment	24
<b>219</b>	<b>Total Annual Operating Lease Costs</b>	<b>24</b>

The Council paid a one off fee of £158k in 2016/17 to buy out of the Marlow Information Centre lease within Land and Buildings.

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

2016/17  Total £'000		Future Years	
		Vehicles, Plant & Equipment £'000	Total £'000
26	Not later than one year	23	23
34	Later than one year and not later than five years	9	9
<b>60</b>	<b>Total Liability</b>	<b>32</b>	<b>32</b>

#### ii) Finance Leases

As at 31<sup>st</sup> March 2018, the Council had £2,390k of finance leases relating to the joint waste contract with Chiltern District Council. These are leases embedded within the service contract and have no net effect on the Council's debt levels.

	31 March 18 £'000
Minimum lease payments are made up as	
under 1 year	849
Later than one year and not later than five years	1,276
later than five years	534
Future Finance costs	(269)
<b>Total Finance Lease Liability</b>	<b>2,390</b>

## 27b Authority as Lessor

### i) Operating Leases

Operating lease rentals received during the year totalled £6,362k (£5,951k in 2016/17). These relate to the Council's property portfolio.

### ii) Finance Leases

The Authority has leased out a property to Beacon Investments LLP. The gross investment is made up of the following amounts;

	31 March 18 £'000
Finance lease debtor (NPV of min lease payments)	
Current	21
Non current	483
Unearned finance income	416
<b>Total Gross Investment in the Lease</b>	<b>920</b>

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

	Gross Investment in Lease 31 March 18 £'000	Minimum Lease Payments 31 March 18 £'000
Not later than one year	40	21
later than one year and not later than five years	144	74
later than five years	736	409
<b>Total</b>	<b>920</b>	<b>504</b>

## 28 Defined Benefit Pension Scheme

### 28a Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The authority participates in the Local Government Pension Scheme, administered locally by Buckinghamshire County Council. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

## 28b Transactions relating to Post-Employment Benefits

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

31 Mar 17 £'000		31 Mar 18 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
	<i>Cost of Services:</i>	
2,515	• Current Service Cost	3,597
(114)	• Settlements and Curtailments	(185)
	<i>Financing and Investment Income and Expenditure</i>	
104	• Administration Expense	143
1,932	• Net Interest on the defined liability (asset)	1,780
<b>4,437</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>5,335</b>
	<b>Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Account:</b>	
	<i>Remeasurement of the net defined benefit liability comprising:</i>	
(17,459)	• Return on fund assets	(4,426)
36,761	• Actuarial gains / (losses) arising on changes in financial assumptions	(3,692)
(3,249)	• Actuarial gains / (losses) arising on changes in demographic assumptions	0
(7,906)	• Experience gains / (losses) on defined benefit obligation	0
1,273	• Other (if applicable)	0
<b>9,420</b>	<b>Total Other Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Account</b>	<b>(8,118)</b>
	<b>Movement in Reserves Statement</b>	
	Reversal of net charges made to the Surplus or Deficit for the	
(4,437)	• Provision of Services for post employment benefits in accordance with the Code	(5,335)
1,256	• Employer's contributions payable to the scheme	1,610
<b>(3,181)</b>	<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>	<b>(3,725)</b>

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

## 28c Assets and Liabilities, Gains and Losses

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The net liability of £62.5m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

31 Mar 17 £'000		31 Mar 18 £'000
(214,236)	Present value of liabilities in the Local Government Pension	(213,689)
147,318	Fair value of assets in the Local Government Pension Scheme	151,164
<b>(66,918)</b>	<b>Surplus / (deficit) in the scheme</b>	<b>(62,525)</b>

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payment fall due), as assessed by the scheme actuaries.

The employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2019 is £1.6m.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for 2017/18 is a gain of £8.1m.

### Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

31 Mar 17 £'000		31 Mar 18 £'000
(185,303)	Opening balance at 1 April	(214,236)
(2,515)	Current service costs	(3,597)
(6,570)	Interest cost	(5,697)
(36,761)	Change in financial assumptions	3,692
3,249	Change in demographic assumptions	0
7,906	Experience (loss)/gain on defined benefit obligation	0
(707)	Contributions by scheme participants	(715)
6,207	Benefits paid	6,475
258	Liabilities (assumed) / extinguished on settlements	389
<b>(214,236)</b>	<b>Closing Balance at 31 March</b>	<b>(213,689)</b>

Reconciliation of fair value of the scheme assets:

31 Mar 17 £'000		31 Mar 18 £'000
130,986	Opening balance at 1 April	147,318
1,256	Employer Contributions	1,610
4,638	Interest on Assets	3,917
707	Contributions by scheme participants	715
17,459	The return on Plan Assets, excluding the amount included in the net interest expense	4,426
(1,273)	Other Actuarial gains/(losses)	0
(6,207)	Benefits paid	(6,475)
(144)	Settlement Prices received / (paid)	(204)
(104)	Administration Expenses	(143)
<b>147,318</b>	<b>Closing Balance at 31 March</b>	<b>151,164</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experiences in the respective markets. The actual return on scheme assets in the year was a gain of £4.4m (2016/17 gain of £17.5m).

The Scheme assets consist of the following categories, by proportion of the total assets held:

31 Mar 17 %		31 Mar 18 %
57	Equity Instruments	56
24	Bonds	22
	<i>By sector:</i>	
12	Corporate	9
12	Government	13
19	Property & Alternative	22
	<i>By type:</i>	
8	Property	7
2	Cash	4
1	Alternative Assets	1
4	Hedge Fund	5
4	Absolute Return Portfolio	5
<b>100</b>		<b>100</b>

## 28d 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 Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2017 but rolled forward to 31 March 2018.

## 28e Principal Assumptions

The principal assumptions used by the actuary were:

2016/17		2017/18	Sensitivity to Change	
			+1% or 1 year	-1% or 1 year
			Movement in Overall Liability	
			£million	£million
	<b>Liability Assumptions (rate of</b>			
3.5%	Rate of inflation	3.4%	-3.4	3.4
2.6%	Rate of Pension Increase Rate	2.4%		
4.1%	Rate of increase in salaries *	3.9%	-0.3	0.3
2.7%	Rate for discounting scheme liabilities	2.6%	-3.6	-3.7
	<b>Liability Assumptions (mortality)</b>		-8.4	8.0
	Longevity at 65 for current pensioners			
23.9	Men	24.0		
26.0	Women	26.1		
	Longevity at 65 for future pensioners			
26.1	Men	26.2		
28.3	Women	28.4		

\* Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, there has been allowed a short term overlay from 31st March 2016 to 31st March 2020 for salaries to rise in line with CPI.



## 29 Nature and Extent of Risk

### 29a Disclosure of Nature and Extent of Risk arising from Financial Instruments

#### Financial Instruments - Balances

	Long-Term		Current	
	31-Mar-18 £'000	31-Mar-17 £'000	31-Mar-18 £'000	31-Mar-17 £'000
Investments				
More than one year	13,000	6,000		
Less than one year			40,516	41,323
Debtors	10,961	13,466	6,946	3,065
Cash and Cash Equivalent			19,311	28,078
Creditors	0	(841)	(13,458)	(13,895)
Available for Sale Investments	0	0.00	7,061	0

Income, Expense, Gains and Losses from Financial Instruments	31-Mar-18 £'000	31-Mar-17 £'000
Investment Interest/gains from treasury activity	(220)	(559)

#### Fair Value

Financial liabilities and financial assets represented by, creditors, investments and debtors are carried on the Balance Sheet at amortised cost. The Council considers that the market value of these instruments is not materially different from their carrying value (amortised cost) given their duration and nature of the transactions.

Where an investment that has a maturity of under one year, or has a variable rate of interest, is a creditor or a trade debtor then the fair value is taken to be the repayment outstanding or the invoiced amount.

The financial instrument that are subject to fair value adjustment are:-

- Investment in UK Government fixed interest securities (gilts) where the capital value can fluctuate based on interest rate yield and money market activity;
- The available for sale investment is the Local Authorities' property fund purchased on 30 November 2017 is valued at the bid price on 31 March 2018.

## Key Risks

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

### The key risks are:

Credit risk	The possibility that other parties might fail to pay amounts due to the Council;
Liquidity risk	The possibility that the Council might not have funds available to meet its commitments to make payments;
Re-financing risk	The possibility that the Council might be requiring to renew a financial instrument at disadvantageous interest rates or terms;
Market risk	The possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

### 29b Overall procedures for managing risk

The Council has adopted the CIPFA Code of Practice on Treasury Management and complies with the Prudential Code for Capital Finance in Local Authorities. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments. Full details of the Council's Treasury Management Strategy can be found on the Council website.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Communities and Local Government (DCLG) Investment Guidance for local authorities. In compliance with the guidance, the Council invests its funds prudently and has regard to the security and liquidity of its investments before seeking the highest rate of return.

### 29c Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are only made with banks and financial institutions when they meet the minimum requirements of the investment criteria set out in the Treasury Management Strategy. This is based on Credit ratings from the Fitch, Moody's, and Standard and Poor credit rating agencies. The Strategy also imposes a maximum amount and time to be invested with a financial institution located within each credit rating category. Information relating to the counterparties is constantly monitored and action taken should any institution fail to meet the minimum criteria.

The following analysis summarises the investment's credit quality and maturity analysis at 31 March 2018:

	Instant Access Accts	0-3 Mths	3-6 Mths	6-12 Mths	Over 12 Mths	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AAA/AA+ related counterparties	12,500	0	0	0	0	12,500
AA/AA- rated counterparties	0	1,000	9,980	0	13,000	23,980
A+/A rated counterparties	0	10,000	7,000	12,000	0	29,000
A- rated counterparties	0	0	1,000	4,000	0	5,000
BBB+ & unrated counterparties	2,055	0	0	0	0	2,055
Unrated	0	0	0	0	0	0
<b>TOTAL</b>	<b>14,555</b>	<b>11,000</b>	<b>17,980</b>	<b>16,000</b>	<b>13,000</b>	<b>72,535</b>
<i>Historical experience of default</i>	<i>0.017%</i>	<i>0.170%</i>	<i>0.017%</i>	<i>0.017%</i>	<i>0.039%</i>	

The Council does not generally allow credit for customers. Trade debtors of £6,946k are accounted for inclusive of Provision of doubtful debt where there is a risk of non-payment.

## 29d Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council ensures that it has ready access to borrowings from the money markets to cover any day to day cash flow need. It currently has no long term borrowing. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

## 29e Market Risk

The Council's cash investments are exposed to interest rate movements. For instance, a rise in variable and fixed interest rates would have the effect of increasing the income credited to the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken

for longer periods to secure better long term returns. A positive movement of 1% in rates received on average investment balances of £80m would generate additional investment income of £800k.

### 30 Special Expenses

Such expenses are incurred within the unparished area of High Wycombe and are levied only on the taxpayers of that area. The Gross Income and Expenditure of these have been included within the Comprehensive Income & Expenditure Account.

<b>31-Mar-17</b> <b>£'000</b>		<b>31-Mar-18</b> <b>£'000</b>
103	Recreation Grounds	155
102	Cemetery	86
88	Other Services	79
<b>293</b>	<b>TOTAL EXPENDITURE</b>	<b>320</b>
	Financed by:	
(12)	Capital Resources	(12)
(414)	Collection Fund and Council Tax Support Funding	(408)
0	Interest	(4)
<b>(426)</b>	<b>TOTAL INCOME</b>	<b>(424)</b>
(801)	Balance at Year Start	(934)
(133)	(Surplus)/Deficit for the Year	(104)
<b>(934)</b>	<b>Balance at Year End</b>	<b>(1,038)</b>

## 31 Higginson Park Trust

The Charity provides a range of indoor and outdoor sports and recreational opportunities to the Marlow community with access for all to make use of the available facilities. The Charity is currently regulated by a Scheme of the Charity Commissioners of 19 January 1982 with Wycombe District Council being the sole Trustee. The Trustee is entitled to use the charity's income for the cost of repairs, insurance, and other expenditure in respect of the property including incidental administration and management expenses.

31-Mar-17 £'000		31-Mar-18 £'000
	<u>Statement of Financial Activity</u>	
(291)	Income	(377)
453	Expenditure	430
<b>162</b>	<b>Total Net Deficit</b>	<b>53</b>
	<u>Balance Sheet</u>	
5,503	Fixed Assets	5,356
	Net Current Assets	94
<b>5,503</b>	<b>Total Assets Less Current Liabilities</b>	<b>5,450</b>
	<u>Charity Funds</u>	
5,503	Restricted Income Funds	5,356
0	Unrestricted Income Funds	94
<b>5,503</b>	<b>Total Charity Funds</b>	<b>5,450</b>

## 32 Contingent Liabilities

### VAT Shelter Arrangement

As part of the transfer agreement the Council provided a VAT guarantee to Red Kite Community Housing (RKCH) to pay up to a maximum sum of £22m should RKCH be unable to fully recover VAT on the qualifying works included within valuation due to an event outside their control. It is the Council's current opinion that the VAT shelter will not fail.

### Warranties

The Council has agreed to a number of warranties under the Transfer Agreement, these are common place in such negotiations. The key warranties that continue to apply for the Council in respect of contingent liabilities are (a) asbestos indemnity and (b) environmental pollution.

### Asbestos Indemnity

For cases that relate to pre-transfer of the housing stock to RKCH in December 2011, the Council indemnified RKCH for all costs, claims and lawsuits which arise from any person being exposed to asbestos unless there is negligence on the part of RKCH. This warranty runs for the first thirty years after the sale date.

The indemnity also covers the cost of removal, treatment or encapsulation of asbestos within properties to be paid by the Council provided that RKCH have firstly spent the £1.1m (inclusive of fees) within the original valuation. The Council understands that this sum is likely to be exceeded but has not yet had access to information to yet establish the extent of any claim.

**Environmental Pollution**

Other than that which is disclosed as part of the transfer agreement and amongst other things, the Council has warranted that: it has complied in full with all environmental legislation; that it has obtained and complied with all environmental approvals necessary for the ownership and use of the property; that there is no environmental claim which is current, pending or threatened; that no dangerous substance is present at, in or under any property; that no part of the property has been or is in such a condition that it could be designated as contaminated. The Council is not aware of any claims under this warranty. The Council has separately taken out Environmental Insurance covering the first 15 years of this period.

# SUPPLEMENTARY FINANCIAL STATEMENTS

## COLLECTION FUND

2016/17 £'000		Note	2017/18		
			Council Tax £'000	Business Rates £'000	TOTAL £'000
	<b>INCOME</b>				
(106,066)	Council Tax Payers	CF2	(111,146)	0	(111,146)
(72,071)	Business Rate Payers	CF3	0	(70,604)	(70,604)
<b>(178,137)</b>	<b>Total Income</b>		<b>(111,146)</b>	<b>(70,604)</b>	<b>(181,750)</b>
	<b>EXPENDITURE</b>				
	Precepts and Demands				
36,974	Central Government		0	34,688	34,688
83,660	Buckinghamshire County Council		81,781	6,244	88,025
11,082	Thames Valley Police & Crime Commissioner		11,433	0	11,433
4,701	Bucks & Milton Keynes Fire Authority		4,087	694	4,781
41,099	Wycombe District Council		11,851	27,750	39,601
	Charges to Collection Fund				
447	Write offs of uncollectable amounts		611	565	1,176
397	Increase / (decrease) in bad debt provision		791	8	799
(774)	Increase / (decrease) in provision for appeals		0	2,195	2,195
241	Cost of Collection		0	234	234
<b>177,827</b>	<b>Total Expenditure</b>		<b>110,554</b>	<b>72,378</b>	<b>182,932</b>
(310)	<b>(Increase) / Decrease in Collection Fund Balance</b>		(592)	1,774	1,182
3,986	Fund Balance - (Surplus) / Deficit at 1 April		(4,047)	4,945	898
(2,768)	Contribution to/(from) previous year estimated surplus/(deficit)		2,200	(3,816)	(1,616)
<b>908</b>	<b>Fund Balance - (Surplus) / Deficit at 31 March</b>		<b>(2,439)</b>	<b>2,903</b>	<b>464</b>

## NOTES TO THE COLLECTION FUND

### CF1 The Fund

These accounts represent the transactions of the Collection Fund. The Fund is required under statute to record the amount collectable from residents in their role as Council Taxpayers and Businesses liable to pay the Business Rate. The proceeds of Council Tax & Business Rates are shared between the Council and its partner organisations as detailed in Note CF3 below.

Wycombe District Council's own entitlement to this income is shown on the Comprehensive Income & Expenditure Account

### CF2 Council Tax Payers & Precepting Authorities (Fund Outturn for the Year)

The charge for council tax is based on the total number of dwellings in each of eight bands at 1 April 1991 valuations. This is adjusted for dwellings where discounts or exemptions apply and is converted into an "equivalent number of Band D dwellings" where bands below Band D will pay proportionately less than dwellings in higher bands. A further adjustment is made for losses on collection and contributions in lieu of tax in respect of certain government properties. The table below sets out the calculation of the Council Tax Base for 2017/18.

Equivalent Number of Band D Dwellings 2016/17	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings 2017/18
-	A (Disabled Relief)	-	0.56	-
743.03	A	1,129.95	0.67	757.07
5,089.66	B	6,589.15	0.78	5,139.54
14,184.33	C	16,092.35	0.89	14,322.19
10,842.82	D	11,150.28	1.00	11,150.28
12,242.76	E	10,105.05	1.22	12,328.16
11,816.28	F	8,250.85	1.44	11,881.22
10,871.12	G	6,560.70	1.67	10,956.37
1,922.20	H	979.40	2.00	1,958.80
<b>67,712.20</b>		<b>60,857.73</b>		<b>68,493.63</b>
(1,339.32)	Less: Allowance for losses on collection			(1,354.46)
<b>66,372.88</b>	<b>Council Tax Base for the Year (number of weighted properties Band D) (X)</b>			<b>67,139.17</b>
<b>1,560.41</b>	<b>Average Council Tax at Band D level (Y)</b>			<b>1,627.01</b>
<b>103,569</b>	<b>Council Tax budgeted for the year (£'000) (X multiplied by Y)</b>			<b>109,236</b>



### CF3 Business Rate Payers

In line with the Local Government Act 2003, from 1 April 2005, all business premises are subject to a tax known as Non-Domestic Rates (NDR). The tax is calculated using local rateable values which are then multiplied by a uniform rate.

The Council is responsible for collecting the total amount of NDR payable, less certain reliefs and other deductions, and paying a percentage over to Central Government and Major Preceptors. The Council retains 40% of NDR receipts which are recorded in the Comprehensive Income & Expenditure Statement.

The relevant rateable value and multiplier data is shown below:

2016/17		2017/18
£171,280,975	Total Non-domestic Rateable Value at 31 March	£177,335,287
49.7p	National Non-domestic Rate Multiplier - Full	47.9p

### CF4 Preceptor Debtor / Creditor Balances

The Council has to reflect balances held in respect of its own share of Council Tax and Non-Domestic Rates debt. The remaining balances are reflected within the Balance Sheet as debtors or creditors with major preceptors and the Government depending on whether the cash paid over to them is more or less than their attributable share of Council Tax or NDR due for the year, net of any provision for bad debts.

	31 March 2017			31 March 2018		
	Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
Wycombe District Council	(448)	1,983	1,535	(265)	1,162	897
Central Government	0	2,478	2,478	0	1,451	1,451
Bucks County Council	(3,006)	445	(2,561)	(1,828)	261	(1,567)
Thames Valley Police Authority	(437)	0	(437)	(255)	0	(255)
Bucks & Milton Keynes Fire	(156)	49	(107)	(91)	29	(62)
<b>Collection Fund (Surplus)/Deficit</b>	<b>(4,047)</b>	<b>4,955</b>	<b>908</b>	<b>(2,439)</b>	<b>2,903</b>	<b>464</b>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYCOMBE DISTRICT COUNCIL

## Opinion

We have audited the financial statements of Wycombe District Council for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement;
- Related notes 1 to 32; and
- Collection Fund and the related notes CF1 to CF4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of Wycombe District Council as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance and Commercial's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Commercial has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the Statement of Accounts, set out on pages 4 to 18, other than the financial statements and our auditor's report thereon. The Head of Finance and Commercial is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Wycombe District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Responsibility of the Head of Finance and Commercial**

As explained more fully in the Statement of the Head of Finance and Commercial's Responsibilities set out on page 19, the Head of Finance and Commercial is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Head of Finance and Commercial is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### ***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Wycombe District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Wycombe District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

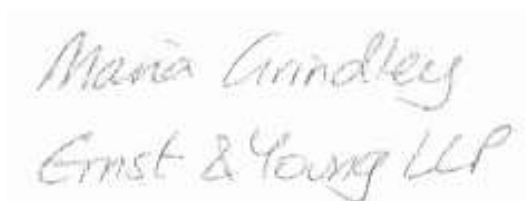
We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

We certify that we have completed the audit of the accounts of Wycombe District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

### **Use of our report**

This report is made solely to the members of Wycombe District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

A photograph of a handwritten signature in blue ink. The signature reads "Maria Grindley" on the first line and "Ernst & Young LLP" on the second line. The handwriting is cursive and professional.

*Maria Grindley (Key Audit Partner)*

*Ernst & Young LLP (Local Auditor)*

*Reading*

*26 July 2018*

The maintenance and integrity of the Wycombe District Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# ANNUAL GOVERNANCE STATEMENT 2017/2018

## Introduction

Both the Leader and the Chief Executive recognise the importance of having a system of rules, policies and procedures in place to ensure that information is available to help, shape and direct the way in which services are managed and delivered.

Each year, the Council is required to produce an Annual Governance Statement (AGS) which explains how its corporate governance arrangements have been working in practice.

The AGS in respect of 2017/18 was presented to the Audit Committee at its meeting in May 2018, along with a new Local Code of Governance for 2018, for their review and comment prior to submission of the AGS to the Leader and Chief Executive for formal sign off alongside the Annual Accounts.

## Scope of responsibility

### **This statement covers the period 1 April 2017 to 31 March 2018**

Wycombe District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Wycombe District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This statement explains how Wycombe District Council meets the requirements of the Accounts and Audit Regulations, which are made under the Local Audit and Accountability Act 2016, in that it must have in place a sound system of internal control that:

- (a) facilitates the effective exercise of the Council's functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the Authority is effective; and
- (c) includes effective arrangements for the management of risk.

In discharging this overall responsibility, Wycombe District Council is responsible for putting in place proper arrangements for the governance of its affairs.

## The purpose of the governance framework

Our governance framework comprises the systems and processes, and cultural values, by which the Authority is directed, controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Our system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Wycombe District Council policies, aims and objectives, to evaluate the likelihood of

those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This governance framework has been in place at Wycombe District Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

### **The governance framework**

In 2016, guidance was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (Solace) "Delivering Good Governance in Local Government Framework 2016 Edition" (referred to as Delivering Good Governance) and this formed the basis of the Councils Local Code of Governance as well as this AGS. The guidance is split into seven core principles which are detailed below:

- A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B Ensuring openness and comprehensive stakeholder engagement.
- C Defining outcomes in terms of sustainable economic, social and environmental aspects.
- D Determining the interventions necessary to optimise the achievement of the intended outcomes
- E Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F Managing risks and performance through robust internal control and strong public financial management.
- G Implementing good practice in transparency, reporting, and audit to deliver effective accountability

### **Commitments**

It is important that Wycombe District Council's approach to effective governance is understood by all. The following 7 goals demonstrate Wycombe District Councils' approach to good governance.

- ❖ Clearly set out Wycombe's objectives and what it is trying to achieve.
- ❖ Measure and publicise how effective Wycombe's services are and take action to improve where performance is below target.
- ❖ Making best use of public money by taking prudent and risk based financial decisions and measuring the value for money it achieves.
- ❖ Clear Constitution that sets out who can take which decisions.
- ❖ Members and Officers behaving in ways that reflect Wycombe's values and high standards of conduct.
- ❖ Record and publish the decisions that Wycombe takes and the reasons for them and where possible makes the most important decisions in public.
- ❖ Have in place a scrutiny function that holds the Executive to account.

## **Review of effectiveness**

Wycombe District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Each year all Heads of Service and their Management Teams are required to complete and sign-off with their line manager the Annual Assurance Statement. This return identifies whether the service area has full, partial or non-compliance, based on evidence, with improvement tasks identified as appropriate. The statement for the period 1 April 2017 to 31 March 2018 covered the following areas, against which the level of compliance is recorded.

1. Service objectives – full compliance.
2. People - partial compliance.
3. Use of resources –partial compliance
4. Health and safety – full compliance
5. Information Governance and records management – partial compliance.
6. Business risk and business continuity –partial compliance
7. Transparency and Accountability – full compliance.
8. Partnership working – full compliance
9. Project management – partial to full compliance
10. Contracts – full compliance

## **KEY THEMES ARISING FROM THE 2017/18 AAS PROCESS**

Of the 5 areas where partial compliance was recorded, these are briefly explained below:

### **People**

Partial compliance in that job descriptions (JD's) need to be reviewed in line with individual performance development plans.

### **Use of Resources**

Partial compliance in regards to the Services being able to demonstrate performance levels across the range of services provided.

NB this was a theme from the 2016/17 AAS process

### **Information Governance and Records Management**

Partial compliance in that further work was required in relation to the management of paper and electronic records which would enable both the ease of location and disposal of records at the appropriate time.

NB this was a theme from the 2016/17 AAS process



## **Business Continuity (BC)**

Partial compliance in that further work was required in ensuring that Services had made adequate arrangements to ensure continued service delivery and that the arrangements have been communicated to all relevant staff.

In addition to the above, a test (dry run) should be undertaken to validate the process detailed in the BC Plan on a corporate or on a Service by Service basis.

NB this was a theme from the 2016/17 AAS process

## **Project Management**

Partial compliance in that Lessons Learnt reports are not produced and shared corporately for projects completed within a Service, during the year.

NB this was a theme from the 2016/17 AAS process

## **LOCAL CODE OF CORPORATE GOVERNANCE**

It is important to acknowledge that many of the key governance mechanisms referred to in the Local Code are relatively static in terms of currency and do not tend to alter over time.

However it is the review of their effectiveness in practice rather than a review of their existence that demonstrates the efficacy of the Council's AGS for 2017/8.

During 2017/18, Officers have fully implemented 4 of the 9 Areas for Improvement from the review of the Local Code in 2016/17, with 3 due to be implemented in 2018/19 and a further 3 are to be considered by SMB as regards:

### Implemented

1. Introduced an Annual report process outlining the work of the Standards Committee.
2. Reminders have been issued to all Members of the need to ensure that all disclosures are made.
3. Revised Whistleblowing policy introduced.
4. New revised Corporate Plan introduced for 2018/19

### Due for implementation in 2018/19

1. Annual report summarising service improvements completed as a result of feedback the Council has received.
2. Progress to be reported on annual basis to assess the implementation, delivery and monitoring of the refreshed corporate plan.
3. Progress to be reported to assess the purpose and applicability the quarterly financial and performance process to be introduced in 2018/19.

However the following 4 Areas for Improvement from the 2017/18 review process that have not been implemented and have therefore been restated below in order that Management can consider their applicability as individual work streams for implementation during 2018/19:

The "minded to" announcement (March 2018) by the Secretary of State with regard to the future of local government in Buckinghamshire has had an impact on the delivery of work streams during 2017/18 and these have therefore been restated in the Areas of Improvement Plan for 2018/19. This will enable senior management the opportunity to discuss the future relevance of each of the affected separate work streams.

1. Review covering both the Constitution and the wider decision making & governance arrangements to be undertaken.
2. Review to be undertaken to assess the purpose and content of the current Communications policy.
3. Review to be undertaken to refresh and update the current Engagement strategy and toolkit.
4. Consider the commissioning of a Household Survey during 2018/19.

The publication of our Local Code and the Annual Governance Statement meets the requirement of the Accounts and Audit (England) Regulations 2016, and the AGS accompanies the Annual Financial Accounts report which is available on the Council's website.

#### **OVERALL ASSESSMENT**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and will ensure that the Identified Areas for Improvement are implemented so as continually improve our processes and procedures. .



**Leader of the Council**

**Chief Executive**

**On behalf of Wycombe District Council**

**Date: 04/06/2018**

**Date: 04/06/2108**

## GLOSSARY OF TERMS

<b>Accounting Period</b>	The period of time covered by the accounts, normally a period of twelve months commencing on 1 April for local authority accounts. The end of the accounting period is the Balance Sheet date.
<b>Accounting Policies</b>	The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.
<b>Accruals</b>	Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.
<b>Actuarial Gains and Losses</b>	These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have changed.
<b>Amortisation</b>	The reduction of the value of an intangible asset by spreading its cost over a period of years.
<b>Annual Governance Statement</b>	The Annual Governance Statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.
<b>Appointed Auditors</b>	The Council's appointed auditors are Ernst & Young (EY)
<b>Appropriation</b>	The transfer of resources between reserves
<b>Asset</b>	An item having value measurable in monetary terms. Assets can either be defined and fixed or current. A fixed asset has use and value for more than one year whereas a current asset (e.g. short-term debtors) can readily be converted into cash.
<b>Balance Sheet</b>	A financial statement summarising the financial position of the Council, in particular its assets, liabilities and other balances at the end of each accounting period.
<b>Billing Authority</b>	A local authority responsible for collecting Council Tax and Non-Domestic Rates (Business Rates).
<b>Budget</b>	A budget is a financial statement that expresses an organisation's service delivery plans and capital programme in monetary terms.
<b>Business Rates (NDR)</b>	Rates are payable on business premises based on their rateable value (last assessed in the 2010 Rating List by the Valuation Office Agency) and a national rate poundage multiplier.
<b>Capital Adjustment Account</b>	A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.
<b>Capital Expenditure</b>	Expenditure for the acquisition, construction, enhancement or replacement of fixed assets that will be used in providing services for more than one year.
<b>Capital Financing</b>	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants and capital contributions.
<b>Capital Receipts</b>	Income received from the sale of land, buildings and equipment. Proportions of capital receipts can be used to repay debt on Long Term Assets or to

	finance new capital expenditure, within rules set down by government, but cannot be used for revenue purposes.
<b>Cashflow Statement</b>	A statement that summarises the inflow and outflows of cash within the Council's accounts.
<b>CIPFA</b>	Chartered Institute Of Public Finance and Accountancy The professional institute for accountants working in the public services.
<b>Collection Fund</b>	A statutory fund maintained by the Council, which is used to record council tax and non-domestic rates collected by the Council, along with payments to central Government, precepting authorities and its own general fund.
<b>Community Assets</b>	This is the land and property that the Council intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples include open spaces.
<b>Contingent Asset</b>	Potential gains and losses for which a future event will establish whether an asset exists and for which it is inappropriate to set up a debtor in the accounts.
<b>Contingent Liability</b>	A contingent liability is either: <ul style="list-style-type: none"> <li>(i) A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or</li> <li>(ii) A present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.</li> </ul>
<b>Council Tax</b>	Council tax is levied on households and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
<b>Creditor</b>	This term applies to money the Council owes to others for work done or goods and services it has received during the financial year but not paid for at the end of the accounting period.
<b>Current Service Cost (Pensions)</b>	The increase in present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
<b>Defined Benefit Scheme</b>	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
<b>Debtor</b>	This term applies to money that others owe to the Council for work done or goods and services that have been provided to them by the Council during the financial year but have not been paid for by the end of the accounting period.
<b>Depreciation</b>	A measure of the cost or amount of benefit of a non-current asset that has been consumed during the period.
<b>Earmarked Reserves</b>	These are funds set aside for a specific purpose, or a particular service, or type of expenditure.
<b>Expected Rate of Return on</b>	For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over

<b>Pension Assets</b>	the remaining life of the related obligation on the actual assets held by the scheme.
<b>Fair Value</b>	The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.
<b>Finance Lease</b>	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the lease.
<b>General Fund</b>	The Income and Expenditure of the Council as defined by Statute as distinct from definition by IFRS Financial Reporting Standards.
<b>Heritage Assets</b>	Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Authority's history and local area.
<b>Houses in Multiple Occupation (HMO's)</b>	WDC has a duty to licence Houses in Multiple Occupation. A rented property is considered a House in Multiple Occupation if: <ul style="list-style-type: none"> <li>(i) at least three tenants live there, forming more than one 'household'</li> <li>(ii) the tenants share toilet, bathroom and/or kitchen facilities</li> </ul>
<b>IFRS</b>	International Financial Reporting Standards.
<b>Impairment</b>	This is a reduction in the value of Property or Plant as shown in the balance sheet to reflect its true value.
<b>Infrastructure Assets</b>	Fixed assets that have no alternative use and are intended to be held in perpetuity. Examples of infrastructure assets are highways and footpaths.
<b>Investments</b>	Short-term investments are those maturing within one year if the balance sheet date, any investments maturing more than one year after the balance sheet date are treated as long-term investments.
<b>Investment Properties</b>	Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential.
<b>Long Term Debtors</b>	Amounts due to the Council more than one year after the Balance Sheet date.
<b>Net Book Value (NBV)</b>	The amount at which Property, Plant & Equipment is included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.
<b>Net Current Replacement Cost</b>	The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.
<b>Net Realisable Value</b>	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

<b>Non-Operational Assets</b>	Long Term Assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non-operational asset is an investment property or an asset being held pending its sale.
<b>Operational Assets</b>	Long Term Assets held by the Council and used or consumed in the delivery of its services.
<b>Operating Lease</b>	An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.
<b>Pension Fund</b>	An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.
<b>Precept</b>	The amount by which a Precepting Authority (e.g. a County Council) requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements.
<b>Projected Unit Method</b>	<p>An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:</p> <ul style="list-style-type: none"> <li>(i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and</li> <li>(ii) the accrued benefits for members in service on the valuation date.</li> </ul> <p>The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.</p>
<b>Property Plant &amp; Equipment</b>	Tangible assets that benefit the local authority and the services it provides for a period of more than one year.
<b>Provisions</b>	Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.
<b>Related Parties</b>	<p>Two or more parties are related parties when at any time during the financial period:</p> <ul style="list-style-type: none"> <li>(i) one party has direct or indirect control of the other party; or</li> <li>(ii) the parties are subject to common control from the same source; or</li> <li>(iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or</li> <li>(iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests</li> </ul>
<b>Related Party Transaction</b>	A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.
<b>Residual Value</b>	The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

<b>Revenue Expenditure Financed By Capital Under Statute (REFCUS)</b>	<p>Expenditure that may be classified under legislation as capital but does not result in the creation of a non-current (fixed) asset on the Balance Sheet. This expenditure is generally charged to the relevant service revenue account in the year incurred with a corresponding credit to the Statement of Movements in Reserves to ensure there is no cost to the General Fund.</p>
<b>Revenue Support Grant (RSG)</b>	<p>This funding is the Government Grant provided by the Department for Communities and Local Government (DCLG), which is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.</p>
<b>Scheme Liabilities (Pensions)</b>	<p>The liabilities of a defined scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.</p>
<b>Service Reporting Code of Practice (SeRCOP)</b>	<p>CIPFA's Service Reporting Code of Practice sets out the financial reporting guidelines for local councils. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.</p>