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AYLESBURY VALE DISTRICT COUNCIL

Democratic Services

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17 September 2015

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **7.00pm** (or as soon as possible after the conclusion of a Members training session on "Risk Management") on **Monday 28 September 2015** in **The Olympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Contact Officer for meeting arrangements: Craig Saunders; csaunders@aylesburyvaledc.gov.uk;

Membership: Councillors: T Mills (Chairman), K Hewson (Vice-Chairman), B Chapple OBE, M Collins, A Hetherington, S Renshell, M Smith, R Stuchbury, D Town and H Mordue (ex-Officio)

NOTE: The training session for Members will begin at 6.30pm

AGENDA

1. APOLOGIES

2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

3. MINUTES (Pages 1 - 12)

To approve as a correct record the Minute of the meeting held on 27 July 2015, attached as an appendix.

4. DECLARATION OF INTEREST

Members to declare any interests.

5. EA AUDIT RESULTS REPORT (ISA 260)

To consider the report attached at Appendix B.

Contact Officer: Evelyn Kaluza (01296) 585549

6. BUSINESS ASSURANCE PROGRESS REPORT (Pages 13 - 26)

To consider the report attached as Appendix C.

Contact Officer: Evelyn Kaluza (01296) 585549



7. RISK MANAGEMENT STRATEGY AND STRATEGIC RISK REGISTER (Pages 27 - 50)

To consider the report attached as Appendix D.

Contact Officer: Tamsin Ireland (01296) 585004

8. POST AUDIT STATEMENT OF ACCOUNTS

To consider the report attached as Appendix E.

Contact Officer: Evelyn Kaluza 901296) 585549

9. WORK PROGRAMME (Pages 51 - 52)

To consider the report attached as Appendix F.

Contact Officer: Evelyn Kaluza (01296) 585549

10. DATES OF FUTURE MEETINGS

Future meetings are planned as follows:

- 6.30pm on 9 November, 2015.
- 6.30pm on 25 January, 2016.
- 6.30pm on 21 March, 2016.

AUDIT COMMITTEE

27 JULY 2015

PRESENT: Councillor T Mills (Chairman); Councillors K Hewson (Vice-Chairman), B Chapple OBE, M Collins, R Stuchbury, D Town and A Cole

Also present: David Guest from Ernst and Young LLP.

APOLOGIES: Councillors S Renshell, M Smith and H Mordue

1. TEMPORARY CHANGES TO MEMBERSHIP

Councillor A Cole substituted for Councillor Mrs Renshell

2. MINUTES

RESOLVED –

That the minutes of the meetings held on 18 March and 27 May 2015 be approved as correct records.

3. DECLARATION OF INTEREST

There were none

4. EXTERNAL AUDIT - UPDATE/PROGRESS REPORT

The Committee received a report on the progress made by the external auditors, Ernst and Young, on their audit plan for 2014/15.

It was reported that the external auditors had completed all of their walk throughs and controls testing, including their review of the work of Internal Audit. To date this work had not identified any issues considered necessary to bring to the attention of the Committee.

As part of the external auditor's planning procedures, they would consider the significant risks of giving a wrong conclusion in relation to their value for money assessment. As much work as was considered appropriate would be carried out to enable a safe conclusion to be reached on arrangements to secure value for money. This might identify other risks which might require the external auditors to focus additional attention during the course of the audit.

Due to the continuing financial pressures on local government, this had been reassessed as a significant risk. This did not reflect any particular concerns at this stage about the Council's processes, but rather reflected the environment within which the Council was working.

The Council continued to face financial challenges, with a savings requirement of £0.6m in 2016/17. The Medium Term Financial Plan (MTFP) had a cumulative budget gap of £2.5 m in 2017/18 and a savings gap of at least £1.8m per year beyond 2017/18. The MTFP set out the Council's strategic approach for closing the budget gap and key deliverables that were critical to the financial stability of the Council.

The external auditors would focus on reviewing the achievement of the planned savings in 2014/15 and reviewing the Council's on-going identification of savings or alternative income streams to reduce the budget gap in 2016/17. They would also review the Council's MTFP and the assumptions up to 2017/18.

It was reported that the Committee would be provided with formal reports throughout the audit process and the report submitted summarised the proposed timeline. In addition to this formal reporting, the external auditors would seek to give practical business insights and updates on regulatory matters via sector briefings.

Members sought clarification around several issues, including:-

- The arrangements for ensuring that sufficient funding was available to meet any obligations that might arise as a result of the Government's recent announcements concerning a National Minimum Wage.
- Whether the proposed value for money assessment was particular to this Authority or of a generic nature. It was confirmed that the latter was the case.
- The work undertaken in relation to the Corporate Risk Register and mitigation actions.
- The period over which the value for money risk assessment would take place. It was confirmed that it was not possible at this stage to give an exact end date. Members were reminded that the MTFP anticipated the loss of Government Grant and Retained Business Rates by 2019/20.
- It was confirmed that major capital projects were subject to their own individual risk registers.

RESOLVED –

That the external auditors' report be noted and it be confirmed was aligned with the Committee's expectations.

5. BUSINESS ASSURANCE PROGRESS REPORT

The Committee received a progress report on assurance work activity undertaken against the 2015/16 Assurance Plan since March 2015 and the following matters were highlighted:-

- (i) **Assurance / Project Delivery reviews completed since the last progress report:**
- Data Transparency Code – Limited Assurance.
 - 2014/15 Oyster Travel Cards – Substantial Assurance.
 - 2014/15 Payroll – Substantial Assurance.
 - 2014/15 Car Parking Income – Substantial Assurance.
 - 2014/15 Treasury Management – Substantial Assurance.
 - 2015/16 Depot Fuel Management – Substantial Assurance.

For the Data Transparency Code, a limited assurance meant that the review had identified some concerns on service delivery arrangements or the controls in place to manage identified risks. As such, the risk of the activity not achieving its objectives was medium to high.

In addition one Project Delivery Review on the Right Here Right Now project had been undertaken and had been given an Amber/Green rating (i.e. successful delivery appeared probable, although constant attention would be needed to ensure risks did not materialise into major issues threatening delivery).

(ii) Assurance Reviews Follow-up:

New Finance Software – the new finance system (Tech One) had gone live on 1 June 2015. The main internal control changes implemented that could be demonstrated as working were the procure to pay process and to a limited extent the contract payment process. (These would be subject to detailed testing in October 2015)

There were still a number of outstanding control issues which the Finance Team had not yet been able to demonstrate were working in the system to the satisfaction of Business Assurance.

The list had been reviewed by the programme board on 14 July 2015 and dates had been set for improvement actions to be completed. Without these basic controls in place and operating would likely result in a significant amount of extra testing by both Business Assurance and External Audit to provide the assurances that determine the audit opinion over the statement of accounts for 2015/16.

(iii) Assurance Plan Work in Progress – the following work from the 2014/2015 plan had started:-

- 2014/15 Policy Compliance – The contract for software had been agreed and the project implementation started. It was expected to go live in September 2015.
- 2015/16 Section 106 Agreements – the field work was complete and the draft report was being written with a view to it being finalised by the end of July 2015.
- 2015/16 Taxi Licensing – the terms of Reference had been issued and the fieldwork had started. The target date for completion of this review was mid-August.
- 2015/16 Conference Centre income – the terms of reference had been issued and the fieldwork had started. The target date for completion of this review was mid-August.

(iv) Service Risk Assurance 2014/15

A summary of the results of the service risk assurance process for 14/15 were attached as Appendix 3 to the Committee report. The results were used to identify areas of weakness to be reported in the Annual Governance Statement.

Business continuity and information security had been identified as showing a number of “amber” ratings from the self assessment which would need to be followed up.

(v) Overdue Audit Recommendations and Tracker – All assurance reviews were followed up at an appropriate point in time to ensure that agreed management actions had been completed. Further follow-ups were undertaken on outstanding actions and where these were six months overdue (or more), they were reported to the Committee.

The Business Assurance Manager did not close cases until she was satisfied that the management control was fully completed or in operation. A further date was then set to review the item again.

A summary of the reviews completed in 2013/14 and 2014/15 was detailed at Appendix 2 to the Committee report, with information on recommendations over 6 months old which had not already been mentioned on Follow Up work detailed at Appendix 4.

- (vi) **Business Assurance Customer Feedback** – the results were provided of the customer feedback surveys for reviews undertaken during 2014/15, which clearly indicated high customer satisfaction with the service. The results were reported as part of the annual review of effectiveness of internal audit in the Annual Business Assurance Manager's Report, under the headings staff performance, conduct of reviews and reporting.
- (vii) **Response to Ernest and Young (EY) Briefing for Audit Committee** – Each quarter EY produced a briefing note aimed at Local Government Audit Committees. At the back of the latest briefing note (attached as Appendix 5 to the Committee report) was a set of questions which the Audit Committee should ask of their Officers. Responses to these questions were provided as part of the progress report.

Members commented or sought clarification around a number of issues including the following:-

- An explanation was given by the Business Assurance Services Manager of the graphical presentations showing the results of the service risk assessments and the effectiveness of the controls put in place. It was acknowledged that there was potential for making the information easier to digest.
- Again, it was confirmed that major capital projects each had individual risk registers.
- It was confirmed that the information obtained via the risk management and service risk assurance process was used to inform the budgetary planning process where this was considered appropriate.
- The Business Assurance Services Manager confirmed that existing staffing resources were such as to manage existing programmes of work and that if considered appropriate there was sufficient flexibility within the budget to buy in external expertise as and when required.
- It was confirmed that the gaps in the transparency data would be on the new web site by 31 August 2015. The exception would be the land and property register which required a further technical solution.
- It was confirmed also that details of the hits on the Transparency pages of the new web site could be reported to the Committee at its January 2016 meeting as part of the regular Business Assurance progress reporting.
- It was noted that a full update on risk management would be provided for the September meeting of the Committee, including a briefing prior to the Committee.

RESOLVED –

That the progress report be noted.

6. BUSINESS ASSURANCE SERVICES MANAGER'S ANNUAL REPORT 2014/2015

The Business Assurance Services Manager was required to provide a written annual report to those charged with governance timed to support the Annual Governance Statement (AGS), which should be presented to Members and considered separately from the AGS and the formal Accounts.

The Committee received a report detailing the Business Assurance Services Manager's opinion on risk management, control and governance and their effectiveness in achieving the Council's agreed objectives for 2014-15. Based on this work, Business Assurance Services (BAS) had reached the overall opinion that satisfactory assurance could be provided on the adequacy and effectiveness of the control environment. There were no specific governance, risk management and internal control issues of which the Manager had been made aware of during the year which caused any qualification of the above opinion.

In forming this opinion the Business Assurance Services Manager had confirmed that internal audit activity throughout 2014-15 had been independent from the rest of the organisation and had not been subject to interference in the level or scope of the audit work completed.

A total of 9 assurance reviews had been completed in 2014-2015 of which 4 had been given a "Substantial" assurance, 5 a "Reasonable" assurance and one a "Limited" assurance. In addition there had been one project review with an "amber/green" delivery confidence rating.

There were still a number of outstanding recommendations from 13/14 which related to the financial systems controls which could not be addressed by the existing finance system APTOS. However it was expected that the replacement finance system would address all of these weaknesses when it was implemented for 2015/16.

All agreed actions arising from audit reports were kept under review by Business Assurance Services and regular reports on overdue actions were provided to the Audit Committee.

Advisory work had also been completed from the Assurance Strategy and Plan on data transparency, the new finance system, project management maturity and on the Information Governance Group's Risk Register.

Business Assurance officers had attended the three levels of governance of major projects (i.e. Project Board meetings, Major Projects Project Managers Group and the Major Projects Sponsors Group) to provide advice on risk and control. As a result, advisory areas of work which were not on the plan had been initiated on areas of risk including the banking contract and on confidential shredding.

The audit of the Financial System and Budgetary control from 2012-13 had been followed up. There were a number of outstanding recommendations regarding internal controls which would be remedied when the new Finance System was in place. As such, it had been agreed with the Director with the responsibility for Finance that it was not economical to incur additional costs for the APTOS system at that time.

Other sources of assurance through the three lines of defence model, as detailed in the strategy, had been used to validate the overall opinion. The annual service risk assurance process had been completed in March 2015. This process sought to identify

from service managers which of their policy / service areas were higher risk by the nature of their activities and to identify what assurances there were in terms of responsibilities, training and monitoring. Overall compared to 2013/14, there were fewer areas where service managers considered there to be particular areas of weakness.

The Audit Committee was provided with regular progress reports on the work of the Business Assurance Service covering completed assurance work, advisory work completed, progress with current work, any other significant work, and outstanding audit recommendations that were over 6 months old. There were no significant issues to report regarding the follow up on audit recommendations.

Members were informed that the Council had revised the approach for identifying and assessing strategic risks during 2014/15. The Strategic Risk Register provided evidence of a risk aware and risk managed organisation. It reflected the risks that were on the current radar for Corporate Board and were not dissimilar to those faced across other local authorities. The difference was how the risks were assessed and how they were being managed. The Risk Register was reviewed at six monthly intervals.

Business Assurance Services continued to be the Council's key point of contact for the National Fraud Initiative (NFI) which ran every 2 years, and was co-ordinated by the Audit Commission. During 2014-15 the new Whistle Blowing policy which replaced the Confidential Reporting Policy had been published. The new policy now included reference to the key legislation contained in the Public Interest Disclosure Act.

Business Assurance had been increasing the awareness of this through a series of face to face training and information through the intranet for officers. Business Assurance had attended Managers Group twice since March to update them on the new policy and the Bribery Act 2010 and how this related to the receipt of gifts and hospitality.

The Accounts and Audit Regulations 2006 (updated subsequently) required a review of the effectiveness of internal audit to be conducted annually. A self-assessment in 2013 against the requirements of the Public Sector Internal Auditing Standards (PSIAS) and a gap analysis exercise showed that the Council's audit service operated in accordance with best practice guidelines and fully complied with the PSIA Standards. The Action Plan had been updated to reflect the current position and was detailed at Appendix B to the Committee report.

In accordance with best practice, a rigorous internal review had also been undertaken of all work undertaken by Assurance Officers, further informed by the results of the staff appraisal process. The report also detailed the other professional training and development that had been undertaken over the last 12 months.

During 2014/15 there had been two full time assurance officers (Internal Auditors) to focus on delivering the Business Assurance Plan along with the Business Assurance Manager. On 31 March 2015 one of the assurance officers had left to take up a new senior audit role and the resource implications for the 2015/16 plan were reported to the meeting. One officer was also asked to be part of the core group that managed the May Parliamentary Elections which taken approximately 10 days in total. Whilst this had had an minor impact on overall productivity, it had not impacted on the completion of the Assurance Plan.

The Fraud Investigation Officers who were part of the Revenue and Benefits Service had transferred to the DWP as part of the Single Fraud Investigation Service on 1 February 2015. The full impact of this transfer would be reported to the Committee in September 2015.

Members commented on several specific issues, including the following:-

- It was felt that there might be merit in the introduction of performance ranges for some of the quality performance standards and the Business Assurance Services Manager would consider this.
- Members commented on the possibility of some benchmarking being undertaken, but it was noted that it was not the Council's practice to embark upon this often time consuming work unless it could be demonstrated that there would be considerable advantage to the Council.
- Members asked for further information on the plans to fill the auditor vacancy and an assurance that the budget would not be subject to cuts in light of other financial pressures. It was confirmed by the Section 151 Officer that it was his responsibility to ensure that there was an effective internal audit function that was adequately resourced.

RESOLVED –

That the content of the Business Assurance Services Manager's annual report for 2014-15 be noted.

7. ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement (AGS) for Aylesbury Vale District Council, that would be signed by the Leader of the Council and the Chief Executive when approved by the Audit Committee, formed part of the Council's formal accounts for the financial year 2014-15. A draft of the Annual Governance Statement had been reported to the Audit Committee in March 2015, and Members had been given the opportunity to discuss and comment on it.

Members were advised that the assurance gathering process for preparing the Statement was based on the management and internal control framework of the Council and, in particular, on the independent report of the Council's Business Assurance Services Manager presented to this meeting. The assurance framework included reference to the sources of assurance obtained from management. This included the new service risk assurance process which had been reported in more detail in the Business Assurance Service Progress Report.

Improvements to the internal control environment were documented in Section 5 of the AGS and these would be monitored via the Business Assurance Service Progress Reports.

Having critically reviewed the Annual Governance Statement 2014-15, commenting in particular on the Council's e-learning arrangements for staff, and regular reporting on the Authority's customer comments and complaints procedure; having considered the robustness of the Council's governance arrangements, and having monitored the actions arising from the review arrangements, it was

RESOLVED –

- (1) That the content of the Annual Governance Statement 2014-15, be noted.
- (2) That the Annual Governance Statement 2014-15 be approved for inclusion in the Council's Statement of Accounts for 2014-15.

8. DRAFT STATEMENT OF ACCOUNTS

The Committee received a report on the current position in terms of accounts preparation, and which also identified significant changes to accounting policies applied in the preparation of the accounts. The budget outturn position was also reported in a management style for the information of Members.

Members were informed that whilst the Quarterly Finance Digest (QFD) did not form part of the statutory accounts, it did provide a more understandable guide to the financial events that had taken place in the last year relating to the provision of Council services. The outturn position for the year shown in the Digest was a contribution to balances of £135,703, as against a budgeted contribution to balances of £101,100. The actual contribution would have been greater but during 2014/15 the Council had agreed to a special use of balances of £10,000 to fund the continuing costs associated with HS2.

The early generation of savings in advance of 2014/15 and higher income associated with revised service provision had contributed to this underspend, although this had to be offset against a shortfall in income from investment interest.

Some of the main factors that had been reported during the year and which had contributed to the outturn position were savings/extra income from Housing Benefit Administration, Office Accommodation, Development Control higher fee income, Waterside theatre (business rates and other cost savings), and domestic refuse (savings on salaries and vehicle running costs). Factors that had negatively impacted included Environment and Health administration, partnership costs associated with iESE, business transformation (project and salary costs), redundancy costs associated with the restructure of Planning Business Support and lower income offset by reduced running expenses for the IT Division.

The latest Quarterly Finance Digest had also detailed the top 5 underspends and overspends by service areas for 2014/15, and showed that the General Fund Statement of Balances position at the year end was £3.765m after taking into account the outturn position.

During 2014/2015, transfers to and from reserves had been as follows:-

- That £2.7m had been transferred out of reserves and £6.3m transferred into reserves, making a net increase of £3.6m.
- The largest use of reserves had been £0.657m from the income investment reserve that had been transferred to the General Fund in order to meet the shortfall on investment interest. Investment interest continued to be lower than expected due to interest rates remaining unchanged throughout the year. The 2015/16 budgets had been revised to more accurately reflect the anticipated interest for the year so that there was less call on the reserve in the future.
- A contribution of £0.5m had been transferred from the Property Sinking Fund (revenue to capital) to help fund the Swan Pool improvements.
- Other movements out had been £405,000 from the Planning reserve to fund appeal costs, and £401,000 from the Repair and Renewals Fund to meet the costs of planned operational building repairs.
- There had been one sizeable contribution to reserves, which was £3.45m of New Homes Bonus into the New Homes Bonus reserve. This gave a year end balance of £7m, of which £1.113m was earmarked for Parish initiatives.

- Whilst the reserves showed a net increase for the year, this was solely due to the contribution to the New Homes Bonus. However, this reserve had committed £5 million to the Council's East / West rail contribution (Council decision of 17 July 2013). The commitment was spread over a number of years. Other commitments included £1.5m to the High Speed Broadband project, £0.986m for the Pembroke Road depot and £0.945m towards the Swan Pool improvements. Without this contribution the total amount held in reserves would have risen slightly to £24.3 million.
- A review of reserves would be carried out in advance of the 2016/2017 budget setting process, and the full list of reserves and provisions was detailed in Appendix B to the Committee report.

The Council had an approved capital programme for 2014/15 of £24.3m, of which £13.8m was earmarked for the UCAV (University Campus Aylesbury Vale) facility, £2.0m for the Swan Pool improvements and £1.5m for Pembroke Road upgrade.

The actual spend was £15.4m, of which £7.8m was for the construction of the UCAV facility. The other area of significant spend was on enabling grants to Housing Associations, which totalled £4.5m. The spend was £8.9m less than expected due to delays relating to the UCAV facility starting later than expected and with the second phase of the Depot alterations, where no agreement has been reached with AVE on which properties were available for development.

The Council was still in the position that it could not generate vast sums of capital receipts as it had disposed of the majority of its assets. During 2014/15, £6.4 million had been received. £2.8 million had come from house sales and £3.6 million from the sale of the Circus Fields site and land at Barlow Road, Wendover.

During 2014/15 the Council had taken out further long term borrowing in order to meet its capital expenditure commitments. One loan, totalling £13.5m, had been taken out with the PWLB for a period of 36 years. This took the total borrowings at the end of the year to £28.5m.

During the year the remaining balance of £2.5m being held with a Fund Manager, Investec, had been repaid.

The statutory code for the production and authorisation of the accounts, that all Councils had to follow, was set out within the Accounts and Audit Regulations. These required Members to only approve the accounts in September when they could be informed of any audit findings and, therefore, make an informed decision on their accuracy.

The Council's Chief Financial Officer had certified the draft accounts by 30 June and had published them on the Council's website. Guidance from the Accounts and Audit Regulations suggested that, while there was not a requirement to do so, it was best practice to give Members an early notification of the financial outcome of the previous financial year. As such, Members had been provided with the previous year's full statements and were asked to consider these alongside the year-end financial information contained in the Quarterly Finance Digest (QFD).

Members' attention was drawn to the two main statements, namely the Comprehensive Income and Expenditure Statement (CIES) and the Balance Sheet. The CIES contained the same spend and income information as detailed in the QFD, but it was presented in a different way to comply with the Statement of Recommended Practice (SORP).

There had not been any accounting changes that had been incorporated in the accounts this year.

There had not been any significant issues that had been required to be reflected in the 2014/15 accounts. However, some of the main information points were:-

- Icelandic Banks – Heritable Bank: No payments had been received during the year, which left a balance of £49,603 outstanding against the £1 million deposit.
- Fixed Assets – The only assets valued at the end of the year were the Community Centres.
- That the year end position was that Aylesbury Vale Estates (AVE) owed the Council £32.7m, made up of £28.6m deferred receipts, £2.9m Hale Leys loan and a debtor of £1.2m.

During the course of the year the deferred receipts balance had reduced by £3,938,903. This was a result of AVE repayments of £362,473 against loan one and a repayment of £3,576,430 against loan two, which was now fully repaid.

The provisional year end position of the AVE group was a £1.101m profit, which was made up of an AVE LLP profit of £628,000 and a Hale Leys LLP profit of £473,000. These figures were reflected differently in the AVDC and AVE accounts as they were prepared using different accounting regulations.

AVE LLP had declared a dividend of £208,388 for 2014/15, split 50/50 between AVDC and Akeman. As in previous years, AVDC had converted the Council's share of the dividend into a further loan.

Accounting estimates had needed to be used in a number of areas in the course of preparing the accounts, including for fixed assets, debtors and creditors, provisions, Pensions and Council tax accounting. To enable a better understanding of these figures, a table of estimations was included at Appendix C to the Committee report. The table highlighted how the methods and assumptions were made, and helped to explain why an estimate might be widely different from the actual position.

Members sought clarification around a number of issues, including the level of working balances, the Debtors/creditors position, the level and allocation of reserves, the position around AVE and the funds made available through the New Homes Bonus allocation. With regard to AVE, the Director with responsibility for finance indicated that the AVE Business Plan was the subject of report to the Finance and Services Scrutiny Committee annually and that a report to that Committee was imminent.

RESOLVED –

That the current position in relation to the statutory accounts preparation and the outturn be noted.

9. AUDIT COMMITTEE WORK PROGRAMME

The Committee considered the future Work Programme for 2015-16 which took account of comments and requests made at previous Committee meetings and particular views expressed at this meeting, and the requirements of the internal and external audit processes.

RESOLVED –

That the future Work Programme as discussed at the meeting be approved.

10. DATES OF FUTURE MEETINGS

It was noted that the next meeting of the Audit Committee would be held at 6.30 pm on 28 September 2015, in the Olympic Room at The Gateway, Gatehouse Road, Aylesbury.

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EXTERNAL AUDIT – AUDIT RESULTS REPORT - ISA(UK & IRELAND) 260

1 Purpose

To allow the Audit Committee to review the draft Audit Results Report – ISA260 and from the External Auditors and the agree the letter of representation.

2. Recommendations/for decision

- 2.1 The Committee is asked to receive the External Auditors' report to those charged with governance and to:
- (i) Note the matters raised in the report and any other comments made by the External Auditors in its introduction to the item.
 - (ii) to note and agree the contents of the letter of representation to be signed by the Chairman of the Audit Committee

3. Supporting information

The Council is required to receive the report from the External Auditors to those charged with governance at a formal committee meeting before the end of September 2015.

In addition the committee is required to approve the content of the letter of representation which has to be signed by the Chairman of the Audit Committee.

4. Reasons for Recommendation

This report is an integral part of the independent external audit review process.

5. Resource implications

None.

Contact Officer Evelyn Kaluza 01296 585549
Background Documents None

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Aylesbury Vale District Council

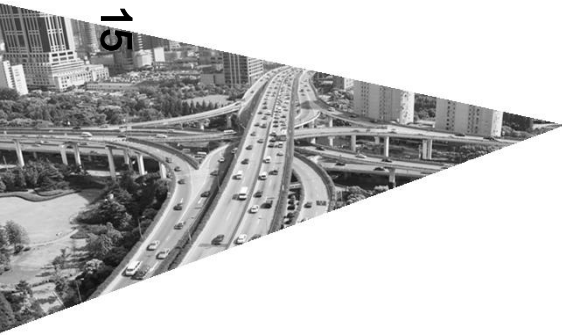
Audit Committee Summary

For the year ended 31 March 2015

Audit Results Report – ISA (UK and Ireland) 260

28 September 2015

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Building a better
working world

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Section 1

Executive summary

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Executive summary – key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Audit Committee – on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. This report summarises the findings from the 2014/15 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ As of 17 September 2015, subject to satisfactory clearance of outstanding work, we expect to issue an unqualified opinion on the financial statements. Our audit results demonstrate, through the few matters we have to communicate, that the Council has prepared its financial statements adequately.

Value for money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ We do not expect to report any significant matters to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Section 2

Extent and purpose of our work

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Extent and purpose of our work

The Council's responsibilities

- ▶ The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
- ▶ The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

- ▶ Our audit was designed to:
 - ▶ Express an opinion on the 2014/15 financial statements and the consistency of other information published with them;
 - ▶ Report on an exception basis on the Annual Governance Statement;
 - ▶ Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion); and
 - ▶ Discharge the powers and duties set out in the Audit Commission Act 1998 and the Code of Audit Practice.

In addition, this report contains our findings related to the areas of audit emphasis and any views on significant deficiencies in internal control or the Council's accounting policies and key judgments.

As a component auditor, we also follow the NAO group instructions and report the results on completion of the WGA work through the Assurance Statement to the NAO and to the Council.

This report is intended solely for the information and use of the Council. It is not intended to be and should not be used by anyone other than the specified party.

Section 3

Addressing audit risks

Addressing audit risks – significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

A significant audit risk in the context of the audit of the financial statements is an inherent risk with both a higher likelihood of occurrence and a higher magnitude of effect should it occur and which requires special audit consideration. For significant risks, we obtain an understanding of the entity's controls relevant to each risk and assess the design and implementation of the relevant controls.

Audit risk identified within our audit plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewing accounting estimates for evidence of management bias, and • Evaluating the business rationale for significant unusual transactions. 	<p>Our testing gave us no concerns as to management override through inappropriate or biased management decisions.</p>
<p>Revenue and expenditure recognition</p> <p>ISA 240 requires auditors' consideration of the risks of material misstatement due to fraud to be based on a presumption that there are risks of fraud in revenue and expenditure recognition. This is due to the potential pressures or incentives on management to commit fraudulent financial reporting to achieve an expected financial outcome through inappropriate revenue and expenditure recognition.</p> <p>Given the level and nature of revenue and expenditure; and the financial challenges facing the Council, we are unable to rebut this presumption of fraud and therefore assess this as a significant risk.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Evaluating the types of revenue and expenditure and the associated risks; • Evaluating the selection and application of relevant accounting policies by the Council; • Understanding the systems relevant controls; and • Carrying out audit procedures to obtain the necessary assurance. 	<p>Our testing gave us no concerns as to inappropriate revenue and expenditure recognition through fraudulent or biased management decisions.</p>

Addressing audit risks – other audit risks

- We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over these issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Other Financial Statement Risks		
<p>New Monitoring Officer During the 2014/15 year the Monitoring Officer for the Council has been replaced with an interim Monitoring Officer. Due to the importance of this role, in maintaining the highest standards of conduct for elected Councillor’s and staff, there is a risk that the interim Monitoring Officer is not appropriately experienced or qualified to perform their role.</p>	<p>Our approach focused on</p> <ul style="list-style-type: none"> • undertaking inquiries with the interim Monitoring Officer and management to gain assurances over their qualifications and experience. 	<p>Our inquiries and testing with the Monitoring Officer and management gave us no concerns as to the qualifications and experience of the Monitoring Officer.</p>
<p>Group Accounting It is important that the Council’s share of the transactions is accounted for properly. The accounts of Aylesbury Vale Estates LLP are produced using UKGAAP whereas the Council produce their accounts using IFRS. The Council needs to ensure that arrangements are in place to make appropriate IFRS judgements.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Reviewing procedures performed on consolidation by management; and • Substantively testing disclosures to ensure accounts are in line with IFRS. 	<p>No issues arose from our testing.</p>
<p>Property, Plant and Equipment We identified an error during last year’s audit that required amendment in the 2013/14 accounts. The error was caused by the useful lives of some assets not being updated in line with the External Valuers revaluations. This led to corrections being made on depreciation charges, gross book values and land & buildings figures.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> • Test the appropriateness of PPE journal entries ensuring that they are in line with the Councils accounting policies; and • Additional substantive testing of depreciation and revaluations. 	<p>We found errors in the accounting for revaluations. The impact of these errors are outlined in Appendix A.</p> <p>No other issues identified that require reporting.</p>

Addressing audit risks – other audit risks (cont'd)

► We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over these issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Other audit risks		
<p>Non Distributed Costs We identified in our 2013/14 audit that the income and expenditure lines for Non Distributed Costs had been used for items which should have been classified elsewhere in the Comprehensive Income and Expenditure Statement.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Additional substantive testing of transactions to ensure that they have been classified in line with SERCOP requirements. 	<p>No issues arose from our testing.</p>
<p>Design and Operation of Internal Controls There are a number of historical control issues in place relating to the APTOS financial system (being replaced for 2015/16) which meant that we are unable to rely on controls for Accounts Receivable, Accounts Payable and journals systems. Our walkthroughs have confirmed that the control issues remain.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Substantive testing of transactions from these systems. 	<p>Our interim work confirmed that some action had been taken to provide controls over the financial systems in place but APTOS has now been replaced for 2015/16.</p>

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Section 4

Financial statements audit – issues and findings

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Financial statements audit – issues and misstatements arising from the audit

Progress of our audit

- ▶ The following areas of our work programme remain to be completed. We will provide an update of progress at the Audit Committee meeting:
 - ▶ Receipt of a signed Letter of Representation which will be agreed at the meeting;
 - ▶ Whole of Government Accounts (WGA) review;
 - ▶ Receipt of outstanding related party transaction returns from members; and
 - ▶ Receipt of signed accounts for Hale Leys & AVE.
- ▶ Subject to the satisfactory resolution of the above items, we propose to issue an unqualified audit report on the financial statements.

Uncorrected misstatements

We have not identified any misstatements in the draft financial statements which management has chosen not to adjust.

Corrected misstatements

- ▶ Our audit identified a number of further misstatements which our team have highlighted to management for amendment. These have been corrected during the course of our work and further details are provided at Appendix A.

Other matters

- ▶ As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:
 - ▶ Qualitative aspects of your accounting practices; estimates and disclosures;
 - ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions;
 - ▶ Any significant difficulties encountered during the audit; and
 - ▶ Other audit matters of governance interest.

We have no matters we wish to report.

Financial statements audit – application of materiality

Our application of materiality

- ▶ When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	
Planning Materiality and Tolerable error	<p>For the Council’s financial statements, we set planning materiality at £2.118 million (2014: £2.053 million), which is 2% of gross expenditure in the accounts of £105.896 million.</p> <p>For the Group Accounts, we set planning materiality at £2.128 million (2014: £2.066 million), which is 2% of gross expenditure in the accounts of £106.402 million.</p> <p>We also set a tolerable error (TE) for the audit. This is how we apply planning materiality at the more detailed level of an individual account or balance. Its purpose is to make reasonably sure that the total of all uncorrected and undetected misstatements is unlikely to exceed planning materiality. The level of TE drives how much detailed audit testing we need to support our opinion.</p> <p>For both the Council’s financial statements and the Group Accounts we have set TE at the higher level of the available range.</p>
Reporting Threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.106 million (2014: £0.104 million)

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We also identified areas where we used a lower level of materiality level, as it might influence the reader. For these areas we developed a specific audit strategy. These include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits: Strategy applied: Tested all disclosures to payroll information and supporting documentation;
- Related party transactions. Strategy applied: Tested all disclosures and the register of members interests.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above; we also take into account any other relevant qualitative considerations.

Financial statements audit – internal control, written representations and whole of government accounts

Internal control

- ▶ It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.
- ▶ We have tested the controls of the Council only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ It is consistent with other information that we are aware of from our audit of the financial statements.
- ▶ We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.
- ▶ We have however identified a deficiency in the collation of related party returns from Members during 2014/15. To date there are eight returns which the Council has yet to receive.
- ▶ We recommend that the Council put in place arrangements to ensure that all returns are collected in a timely manner. This will give the Council assurance that all related party transactions have been disclosed within the statement of accounts.

Request for written representations

- ▶ We have requested a management representation letter to gain management's confirmation on a number of matters.
- ▶ In addition to the standard representations required we have asked for a specific representation regarding related party transactions to provide us assurance where returns have not been received from Members.

Whole of Government Accounts

- ▶ Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the National Audit Office.
- ▶ We are currently concluding our work in this area and will report any matters arising to the Audit Committee.

Section 5

Arrangements to secure economy, efficiency and effectiveness

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Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Aylesbury Vale District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we consider the following criteria and focus specified by the Audit Commission.

Criterion 1 – arrangements for securing financial resilience

'Whether the Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future'

- ▶ During the audit we identified a significant risk under this criterion, which we reported to you in our 27 July Audit Progress Report.

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Significant risk impacts on arrangements for securing financial resilience	Our audit approach	Findings
<p>Medium term financial planning</p> <p>The Council continues to face financial challenges; with a savings requirement of £0.6m in 2016/17. The current medium term financial plan has a cumulative budget gap of £2.5 million in 2017/18. With a savings gap of at least £1.8m per year beyond 2017/18.</p> <p>The medium term financial plan sets out the Council's strategic approach for closing the budget gap and key deliverables that are critical to the future financial sustainability of the Council.</p>	<p>Our approach focused on:</p> <ul style="list-style-type: none"> • Reviewing the achievement of the planned savings in 2014/15; • Reviewing the Council's ongoing identification of savings or alternative income streams to reduce the budget gap in 2016/17; and • Reviewing the Council's medium term financial planning and assumptions to 2017/18. 	<p>We have reviewed the Council's financial planning to date and the latest medium-term financial plan.</p> <p>We have reviewed the assumptions made by the Council in drawing up the plan which includes a number of efficiency initiatives and income streams to reduce the budget gap in future years.</p> <p>The Council's strategic plan appears to be reasonable.</p>

- ▶ We have no issues to report under this criterion.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Aylesbury Vale District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we consider the following criteria and focus specified by the Audit Commission.

Criterion 2 – arrangements for securing economy, efficiency and effectiveness

'Whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity'

▶ We did not identify any significant risks under this criterion.

▶ We have no issues to report under this criterion.

▶ Our work did not identify any other matters on aspects of the Council's corporate performance and financial management framework not covered by the scope of these criteria.

Section 6

Independence and audit fees

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Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 18 March 2015.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 28 September 2015.

Communicating with Those Charged With Governance (TCWG)

- ▶ We confirm that we have met the reporting requirements to the Audit Committee, as 'those charged with governance' under International Standards on Auditing (UK and Ireland) 260 – Communication with those charged with governance. Our communication plan to meet these requirements were set out in our Audit Plan of 18 March 2015.

Audit fees

- ▶ The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2014/2015	Scale fee 2014/2015	Variation comments
	£	£	
Audit Fee: Code work	75,713	75,713	N/a
Certification of claims and returns	16,600	16,600	N/a
Non-Audit work	0	0	N/a

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Section 7

Appendices

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Appendix A – corrected audit misstatements

- ▶ The following corrected misstatements, greater than £0.106mn have been identified during the course of our audit and warrant communicating to you.
- ▶ These items have been corrected by management within the revised financial statements.

Balance sheet and statement of comprehensive income and expenditure

Item of account	Nature	Type	Balance sheet	Comprehensive income and expenditure statement
	Description	F, P, J	Debit/(credit)	Debit/(credit)
1. Short Term Borrowing	The Council's borrowings had been classified as Long Term when there was one payment due during 2015/16 and should have been classified as Short Term Borrowing.	F	(5,017,000)	
2. Long Term Borrowing		F	5,017,000	
3. CIES – Cost of services – Gross Income	Incorrect accounting for upward revaluations for assets between the CIES and the Revaluation Reserve. N.B – This amendment impacts on a number of additional disclosures within the financial statements.	F		(821,000)
4. CIES – Cost of services – Gross Expenditure		F		(2,000)
5. Revaluation Reserve		F	823,000	
Cumulative effect of corrected misstatement			823,000	(823,000)

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Key

- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement

Appendix A – corrected audit misstatements (cont'd)

- ▶ The following misstatements, greater than £0.106mn, have been identified during the course of our audit and in our professional judgement warrant communicating to you.
- ▶ These items have been corrected by management within the revised financial statements

Disclosures

Disclosure	Type	Description of misstatement
1. Financial Instruments – Long Term Creditors	F	The whole amount of Long Term Creditors (£9.999 million) relates to ALUTS (Aylesbury Land Use and Transport Strategy) which is income received in advance does not meet the definition of a Financial Instrument and should not be included within the Note.
2. Property, Plant and Equipment	F	The movements on revaluations of property, plant and equipment have been incorrectly classified. The overall movements affecting the Balance Sheet and Comprehensive Income and Expenditure statement are outlined on page 20.
		Within Note 11.7 the following reclassifications were required for “Other Land and Buildings”:
		- Revaluation increases recognised in the revaluation reserve -£823,000
		- Revaluation increases recognised in the (surplus)/deficit on the provision of services -£2,962,000
		- Impairment losses recognised in the (surplus)/deficit on the provision of services <u>+£3,785,000</u>
		- Overall impact on the Net Book value on Other Land and Buildings £0

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Key

- ▶ F – Factual misstatement
- ▶ P – Projected misstatement based on audit sample error and population extrapolation
- ▶ J – Judgemental misstatement

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BUSINESS ASSURANCE PROGRESS REPORT – JULY TO SEPTEMBER 2015

1 Purpose

- 1.1 To receive the Business Assurance Services Progress Report of activity undertaken since June 2015.

2 Recommendations

- 2.1 The committee is recommended to note the progress report at Appendix A

3 Supporting Information

- 3.1 This report provides an update on the progress made against the 2015/16 Assurance Plan. Appendix A includes information on:
- Summary of assurance reviews completed or in progress
 - Overdue Audit Recommendations
 - Update on impact of Single Fraud Investigation Service
 - Revised Assurance Plan
 - Resource Changes

4. Reasons for Recommendations

- 4.1 Ensuring a proper and effective flow of information to Audit Committee Members enables them to perform their role effectively and is an essential element of the corporate governance arrangements at the council.

5. Resource Implications

- 5.1 There are no resource implications to report.

Contact Officer: Evelyn Kaluza, Business Assurance Manager 01296 585549
Background papers: none



Business Assurance Services

Assurance Progress Report

September 2015

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1. Assurance reviews completed since the last progress report

Assurance Reviews			
No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
		Enterprise Car Pool (Savings)	
		Section 106 (Developer Contributions)	
		Conference Centre Income	

2. Follow up Work

Transparency Code – Compliance

A target of the end of June 15 was agreed for all datasets to be published. At the July committee it was agreed that this date would be extended to 31 August.

As at the date of this report there are still two main areas of the Code that are not compliant. The 2 areas are; 'The Organisation' (salaries, pay scales, senior posts and union facility time) and 'Land & Property'. The Land & Property is more complex to resolve and work has started to update the Uniform system but this may take a couple of months to be completed. The HR information will be upload before the end of September 2015.

Technology One (Finance System) – Status Update

We reported in July that the replacement finance system Technology One went live on 1 June 2015. There were a number of areas of control that were not implemented at that stage and these were listed in the appendix to the report. The Project Board agreed that these outstanding areas would be implemented by 30 September 2015.

Business Assurance will carry out detailed testing during October / November and will report back at the next Audit Committee on the status of the outstanding recommendations.

3. Assurance Plan Work in progress

The following areas are in progress from the Assurance Plan

Assurance Plan Area	Type of Assurance	Progress
14/15 Policy	Advisory	Contract for software agreed and project

Compliance Software		implementation started. Expected to go live in October 2015.
15/16 Data Protection (Off site & Mobile Devices)	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.
15/16 Supplier Resilience	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.
15/16 Housing Allocations	Assurance	The review is being scoped with a view to issuing a Terms of Reference and starting the review in September 2015.

4. Revised Work Plan

The Assurance Plan has been reviewed and updated for the remaining six months to reflect changes which have meant some reviews are no longer a priority for this year and in other cases they have been merged with other reviews or removed all together. **Appendix 2** shows the work completed, outstanding and the changes.

5. Update on Impact of Single Fraud Investigation Service

The two Fraud Investigation staff who reported to the Revenues and Benefits Service Manager transferred to the DWP's Single Fraud Investigation Service on 2 February 2015. The Revenues and Benefits Service had already established a Compliance Team at that point and since then the work of the team has expanded to deal with the ongoing referral of Housing Benefit fraud cases to the DWP and to be the point of contact for any exchange of information between the Council and the DWP. These arrangements are documented in an SLA.

Any other allegations of council tax fraud are referred to the Compliance Team mailbox. The team are responsible for drawing information from various sources and making decisions to amend council tax accounts. Penalties will be added to your accounts where appropriate.

In addition the compliance team have a process for reviewing all discounts, exemptions and disregards on Council Tax which includes a risk based priority system.

In November the committee will receive a more detailed update on the work of the compliance team and the number of housing benefit fraud referrals and the amount of council tax recovered through the compliance team reviews.

6. Overdue Recommendations and Tracker

Appendix 3 shows the recommendations which have been outstanding over six months.

7. Resource Update

It was reported at the last committee that one of the internal auditors had left the Council at the start of April 2015. The work plan is being managed by the remaining auditor.

Since the last meeting the Business Assurance Manager has been seconded to a new role to lead a new venture to achieve substantial future income for the Council. This has initially been agreed for a twelve month period.

The Council is legally required to have an internal audit provision (albeit it can be provided by external provider if necessary) as directed by the Audit and Accounts Regulations 2015.

As the Business Assurance Manager has responsibilities which are not only internal audit the Director with responsibility Finance is seeking to find an interim solution. This may involve buying in or seconding in expertise from outside the Council as the Head of Internal Audit has to be experienced and qualified.

The aim is to have these arrangements in place from the beginning of October 2015. The Chair of the Audit Committee will be consulted before any arrangements are formalised.

A verbal update will be provided at the meeting.

Assurance Definitions

<p>Substantial</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Reasonable</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low.</p> <p>As a guide there are mostly low risks and a few medium risk/priority actions arising from the review.</p>
<p>Limited</p>	<p>Our critical review or assessment on the activity identified some concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high.</p> <p>As a guide there are mostly medium and a few high risk / priority actions arising from the review.</p>
<p>None</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high.</p> <p>As a guide there are a large number of medium and high risks / priority actions arising from the review.</p>

REVISED ASSURANCE PLAN 2015/16

Updated September 2015

COMPLETED REVIEWS

Review Area	Description	Reported to Audit Committee
Data Transparency	Provide assurance that the transparency requirements have been implemented and review data quality of key areas	Reported in Progress report July 15
Depot fuel management	To review the control and management of fuel at the depot including fuel cards	Reported in Progress report July 15
S106 allocations	Review of process for determining and allocation S106 monies.	Reported in Progress report Sept 15
Enterprise Car Pool	To review the controls in place for monitoring the use and administration of the pool cars and company cars	Reported in Progress report Sept 15
Conference Centre Income	Review of arrangement for the charging and collection of income	Reported in Progress report Sept 15
Fraud Identification – post SFIS	To review the impact of staff transferring to SFIS	Reported in Progress report Sept 15

OUTSTANDING REVIEWS

Review Area	Description	Progress/Expected Start date
Taxi Licensing	To review processes and controls for the issue of taxi licenses	Testing completed and report findings to be discussed on 17/9/15
Data Protection – Home working	To review the information risks and arrangements for staff who regularly work out of the office with access to personal data	Scope being discussed with Data Protection Officer.
Data protection – use of personal devices	To review use of personal devices for work	Scope being discussed with IT
Supplier Resilience	Assurance that key suppliers/contracts have adequate business continuity plans in place	Scope being discussed with HS&Resilience Officer

Core Financial - General Ledger	A review of budget setting, monitoring processes and reconciliations	Feb-16
Core Financial - Payroll	A review of payroll system and controls	Feb-16
Core Financial - Accounts payable	Review of new T1 process and controls to test that they are working as expected	Oct-15
Core Financial - Debtors	To review the new T1 process and controls to test that they are working as expected	Nov-15
Council Tax and Business Rates collections	A review of the key controls around the collection process	Dec-15
Housing Benefits and CT reduction	Review the processes and controls for the correct payment of housing benefits and application of CT reductions/exemptions	Nov-15
Housing Allocations	Review of housing allocations process	Scope being discussed with Housing Officers.
Banking	Review of closure of Coop Bank	Nov-15
Elections funding	To review the expenditure and resources incurred in managing the elections	Jan-16
SALIX funding	Review arrangements for managing SALIX projects	Jan-16
Chiltern Rail Account	Review controls around the account and reconciliation	Mar-16
Safeguarding	To assess the awareness and understanding of safeguarding in the high/medium risk services	Dec-15

OUTSTANDING/ONGOING ADVISORY WORK

Review Area	Description	Progress/Expected Start date
-------------	-------------	------------------------------

New models of service delivery	Provide assurance/risk advice as part of any restructures or changes in model of delivery	ongoing
Major Projects	Ongoing assurance of major projects	BAS Manager attends meetings
Risk Management of Projects	Specific review of the management of risks in key projects –VALP, web replacement	RHRN done. VALP to be completed
Corporate Governance - Committee Reporting	Review arrangements for reducing risk of decisions being presented to committee without due diligence by key officers	Jan-16
Financial Regulations	Involvement in review of financial regulations	Finance expected to complete update by 30 Sept 15
Fraud Strategy	To update strategy and plan	Nov-15

ITEMS REMOVED OR CHANGED FROM ORIGINAL PLAN

ASSURANCE REVIEWS

Review Area	Description	Reason for Change	
NBM projects	Assurance review that benefits have been achieved	A separate review has been undertaken for the Car Pool Scheme which was an NBM project. There are no other major schemes to review in 15/16	Review need in Jan 16
Universal Credit	To be involved in the assessment of the impact of universal credit	More an item for gathering information in this year with a greater impact to come in following year	Postpone to 16/17
Corporate Plan	To assist in the development of the new corporate plan and monitoring arrangements	There are no plans to have a specific "corporate plan" in the format that has been adopted in previous years. There is ongoing work on developing a wider strategy for the future of the council	Review need in Jan 16

Culture	Assessment of culture against the AVDC values/future organisational needs	As a result of ongoing review of organisation direction and strategy the	Review need in Jan 16
Performance Scorecards	To work with services to develop performance scorecards	This is not a priority for Corporate Board and only the Corporate Scorecard is currently required	Review need in Jan 16
Shop Mobility	Review the legality of arrangements for the collection of donations and the running of raffles.	This is being picked up as part of a wider review of Shop Mobility by Engine Room	Remove
Debt collection – Bailiffs	To review process for the recovery of debts across the council using internal and external bailiffs	To be picked up as part of wider review of debt management planned by Director of Resources	Remove
Legal compliance	Review of new arrangements for legal advice	Arrangements for provision of legal services from HB Law has only been formalised from 1 Sept 15 so move to 16/17 plan	Postpone to 16/17
Garden and Trade Waste income	To provide assurance that Customers in receipt of service are correctly charged and non payments are promptly dealt with	Whole process reviewed as part of Right Here Right Now and automation due to start in November 15	Remove
VAT	Assurance that T1 process for VAT accurate	Include as part of review of AC Receivables	Remove
Recruitment	To review the processes around recruitment which manage the risk of fraud	Include as part of payroll audit	Remove

ADVISORY WORK

Fraud data matching	To review options for maximising the internal and external sources of data for identifying fraud	Limited resources to progress. RHRN project providing some cross matching for customer relationship system (CRM)	Postpone to 16/17
Asset Management Strategy	Is the council securing value from its assets /review development of asset management strategy	There is no strategy in place yet	Postpone to 16/17
Contract Management	Continue with work on contract management	Resource limitations - pushed work	Remove

	arrangements	back to iESE	
Fraud data matching	To review options for maximising the internal and external sources of data for identifying fraud	Limited resources to progress. RHRN project providing some cross matching for customer relationship system (CRM)	Postpone to 16/17
Asset Management Strategy	Is the council securing value from its assets /review development of asset management strategy	There is no strategy in place yet	Postpone to 16/17
Contract Management	Continue with work on contract management arrangements	Resource limitations - pushed work back to iESE	Remove

Appendix 3 – Overdue Recommendations Tracker

Recommendation	Risk and Impact	Management Action agreed	Priority	Target date	P (Partial) N(not started)	Update management response as at September 2015
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Network Drives Audit

<p>A more managed environment should be created and properly communicated by IT to facilitate joint-working and file-sharing across services.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 51</p>	<p>Risk: Unmanaged data storage environment leads to noncompliance with AVDC Information Security Policies and Data Protection Act. Because of the volume of data that has built up over 10+ years on the AVDC-High Street drive information is difficult to search and much of it is likely to be obsolete.</p> <p>Impact: Financial cost of supporting the drive plus low-probability/high impact risks related to Data Protection Act compliance. (E.g. obsolete Shared Housing Register was secure in the sense that it was held on the network but it was not kept in compliance with the Data Protection Act principles because the data was no longer needed.)</p>	<p>A Sharepoint environment to replace the current 'shared area' will enable more and better sharing of information. This will need to be carefully managed as per project plan to be developed as a response to Rec 1 page 8.</p>	<p>High</p>	<p>1/5/2012</p>	<p>P</p>	<p>Update 16/9/15</p> <p>Kirsten Shaw – IT Division</p> <p>We are still evaluating options. The licensing for Box has been found to be prohibitively expensive, the complexity and cost of designing and implementing a SharePoint solution are similarly off putting. Other potential solutions are now being researched.</p>
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1 Purpose

- 1.1 To present the updated Risk Management Strategy for consideration and comment by the committee prior to being presented to Cabinet.
- 1.2 To brief the committee on the updated Strategic Risk Register.

2 Recommendations/for decision

- 2.1 To review and comment on the updated Risk Management Strategy, attached at Appendix 1
- 2.2 To review the Strategic Risk Register (Appendix 2) and identify any issues for further consideration

3 Risk Management Strategy - Supporting information

- 3.1 The risk management arrangements of the Council are a key part of the overall internal control arrangements of the Council and form part of the Annual Governance Statement.
- 3.2 The Council's risk management strategy was last updated in September 2013. A revised risk management strategy (appendix 1) has been produced to reflect changes in the Council's approach to risk and its changing risk appetite.
- 3.3 When risk appetite is properly understood and clearly defined, it becomes a powerful tool, not only in taking well measured risks, but also for improving overall performance and decision making.
- 3.4 At the most basic level our risk appetite is – How much risk are we prepared to take in order to attain the benefit / return for our investment (£ or effort) or in other words, the individual and total impact of risk we are prepared to accept in the pursuit of our strategic objectives.
- 3.5 To help update the Councils Risk Management Strategy we needed to gain an insight to how we 'Think about Risk', particularly those risks associated with our emerging priorities.
- 3.6 We held a discussion with Transition Board on the 2nd September and will be discussing our risk appetite with informal Cabinet on the 21st September so will be able to feedback verbally to this committee.

4 Strategic Risk Register - Supporting information

- 4.1 The Audit Committee has a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the committee is asked to review the Strategic Risk Register.
- 4.2 The Strategic Risk Register provides evidence of a risk aware and risk managed organisation. It reflects the risks that are on the current radar for transition board and are not dissimilar to those faced across other local authorities. The difference is how the risks are assessed and how they are being managed.
- 4.3 The strategic risk register was discussed by transition board on the 2nd September 2015 to review the ratings, establish how effectively the risks are being managed and where further action is required.

- 4.4 The matrix on page 1 shows a summary of the risks and how they have been rated. The ratings to assess the risks take into account the importance of the risk in terms of the impact it would have on the Council and also the confidence in managing the risk. The third dimension (size of bubble in matrix) is how likely the risk is to change in the next twelve months. This reflects that some of the risks are “slow burning” which means there are potential longer term impacts but action to mitigate the risks may still be required.
- 4.5 The risk register is reviewed on a six monthly basis by Transition Board and reported to the Audit Committee.

5 Reasons for Recommendation

- 5.1 To allow members of the Audit Committee to review the Strategic Risk Register and comment on the Risk Management Strategy.

6 Resource implications

- 6.1 None

Contact Officer Tamsin Ireland Business Intelligence and Assurance Officer
Tel: 01296 585004

Background Documents None

Let's talk about Risk

Our Risk Management Strategy



Aylesbury Vale District Council – Let's talk about Risk

Context

The council is at the forefront of developing new ways of working to meet the increasing financial challenges ahead and with this comes risk and uncertainty. Our focus on commerciality, the achievements of the New Business Model and digital transformation means that we need to change the way we are organised and the way we work to allow us to make the most of our opportunities and meet customer expectations.

Our approach needs to encourage and support well-managed risk taking where staff have the ability, skills and confidence to make decisions in an environment where certainty of outcomes cannot always be guaranteed. Staff need to engage in wider conversations with others to raise awareness and understanding of risk and to take on board different views.

Risk Appetite

Part of the revised approach is to have a better understanding about the council's changing appetite for taking risks where there is a greater potential for a return but high uncertainty or where the preference is to be more cautious.

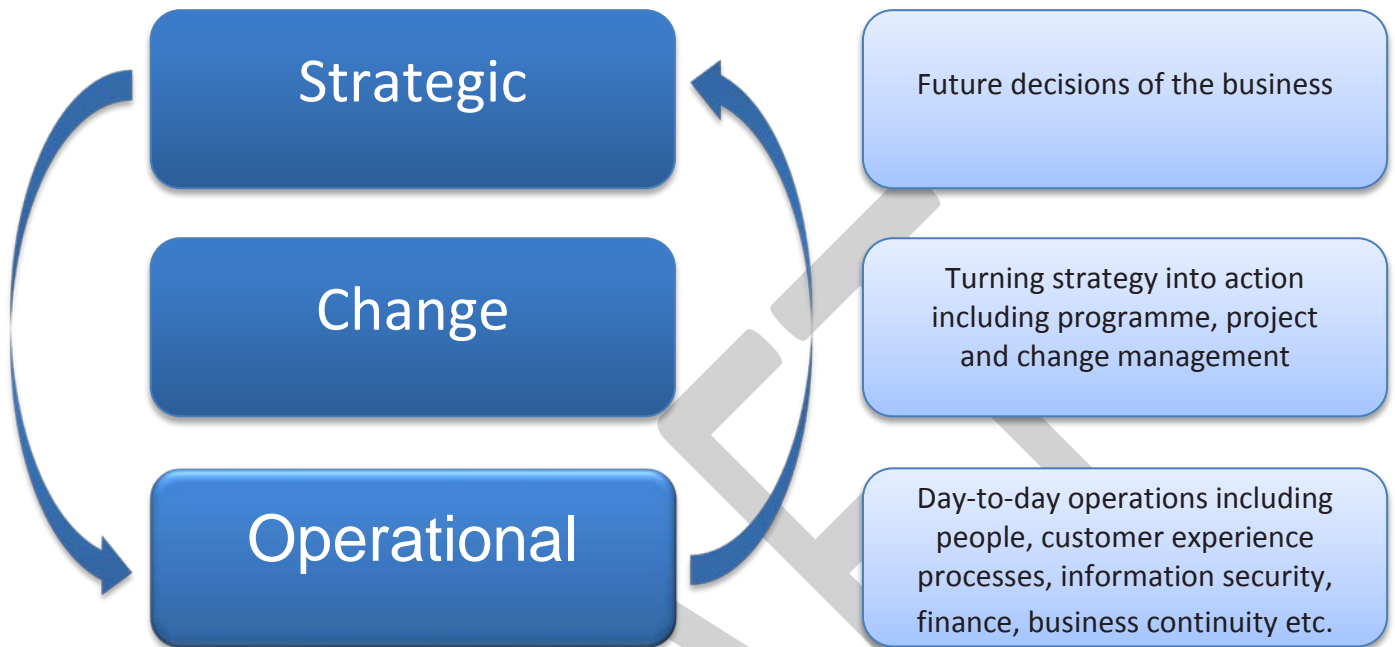
A framework has been adopted against which the broad direction of the council's appetite for risk can be defined as a guide for management and decision makers and this may change over time. See Appendix 1.

There isn't a one size fits all and each decision will still need to take into account the specific risks and opportunities. However by identifying where the risk appetite falls along the scale from "avoid" to "mature" it will set the context for developing options for any future changes or new services.

The risk appetite levels across the framework will be set by Cabinet and Transition Board and reviewed on an annual basis and reported with the Strategic Risk Profile.

Our Approach to Risk Management

Our approach to risk management is proportionate to the decision being made or the impact of changes to service delivery/ strategies. Our risk management arrangements enable us to manage uncertainty in a systematic way at all levels of the council's business – see below.



A formal risk assessment – producing a risk register – is not required for everything we do. Risk registers are only required for:

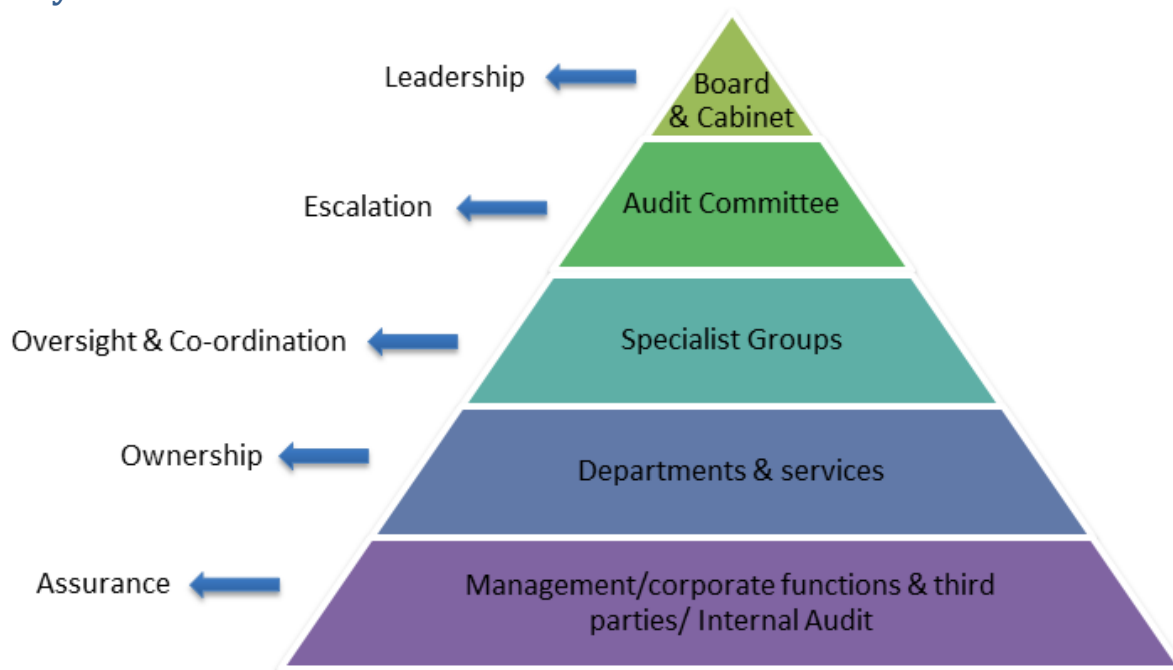
- Strategic risks.
- Key projects and programmes.
- Complex New Business Model Initiatives.

All key decisions presented to Cabinet must clearly show the key risks and opportunities associated with the decision (recommendations), the potential impact and how these will be managed. This helps promote informed decision making, particularly in an environment of uncertainty and change.

A risk calculator must be completed for all projects to help identify areas of high risk. The calculator gives each project a risk score; high, medium or low. This calculator is revisited at regular intervals during the life of the project.

All services are required to complete a service risk assurance check each year. This considers key compliance risks as well as service specific risks. The check reflects the level of risk for each service against key areas. This in turn helps determine where further information is required on how specific risks are being managed.

Key Roles

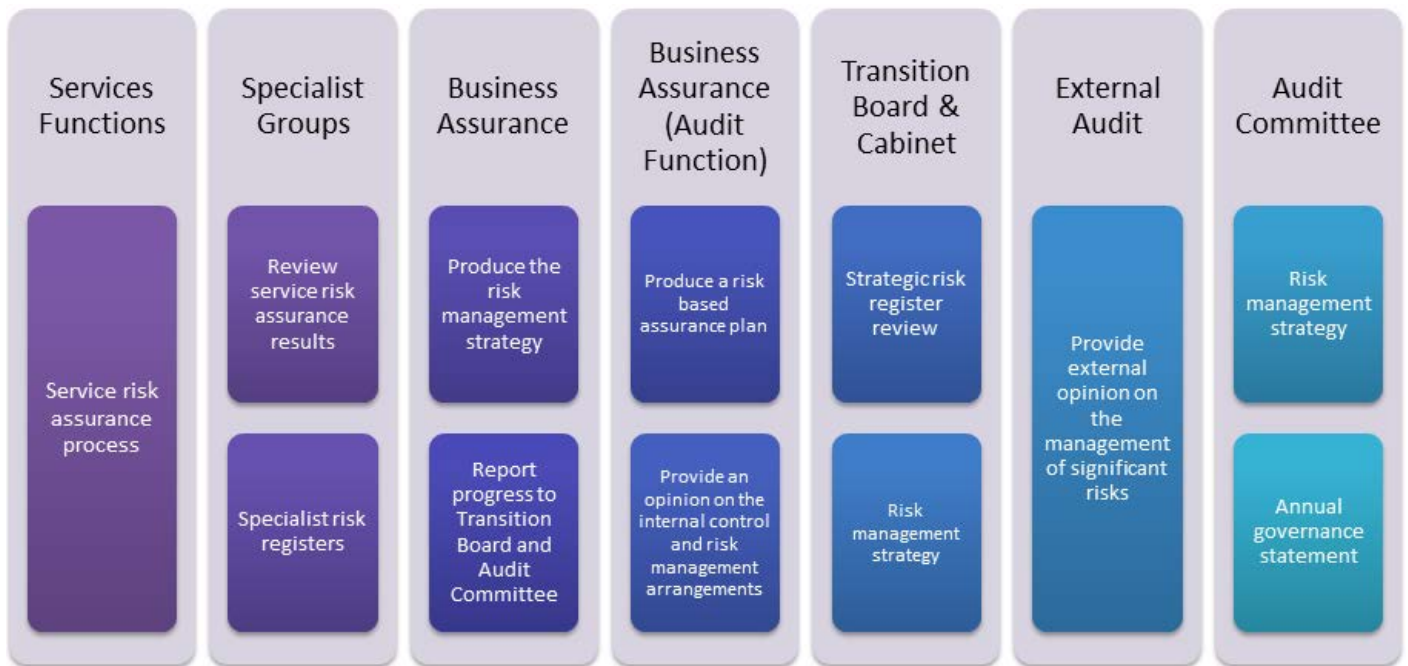


Within this structure, each party has the following key roles:

- The Transition Board and Cabinet, on the top of the pyramid, has the ultimate accountability for the risk and related control environment, and is responsible for approving and reviewing risk policies and setting the level of risk the council is prepared to accept - its 'risk appetite'.
- The Audit Committee is responsible for overseeing the effectiveness of the council's risk management arrangements, challenging risk information and escalating issues to the board/Cabinet;
- The Specialist Groups (some of which are a statutory requirement) are responsible for the facilitation and co-ordination of risk management activity in their specialist area across the council;
- Departments and services are responsible for identifying, assessing, measuring, monitoring and reporting significant risks associated with their functions or activities;
- Management, third parties and Internal Audit give assurance on the management of risks and the operation/performance of controls.

Risk Management Assurance

The assurance arrangements for the Council are identified in the diagram below. These arrangements cover all levels of the organisation including strategic leaders and members to ensure risk information can be escalated and used as an effective tool to aid decision making. The provision of good risk intelligence promotes discussion, encourages challenge and enables us to consider risks and opportunities as an integrated part of the management of the Council.



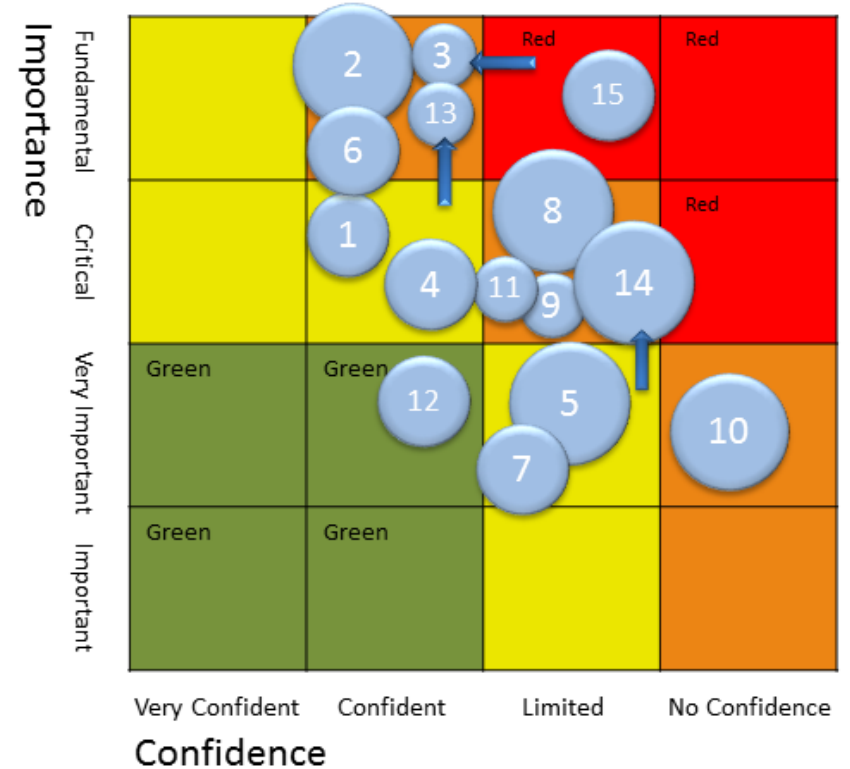
Appendix 1 – Risk Appetite Matrix

Risk levels	0	1	2	3	4	5
Key elements	Avoid Avoidance of risk and uncertainty is a Key Organisational objective	Minimal (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	Cautious Preference For safe delivery options that have a low degree of inherent risk and may only have limited potential for reward.	Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk).	Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Financial/VfM	Avoidance of financial loss is a key objective. We are only willing to accept the low cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated in order to capitalise on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – ‘Investment capital’ type approach.	Consistently focused on the best possible return for stakeholders. Resources allocated in ‘social capital’ with confidence that process is a return in itself.
Compliance/regulatory	Play safe; avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic but we are likely to win it and the gain will outweigh the adverse	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Innovation/Quality/Outcomes	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless really necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently ‘breaking the mould’ and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation’s reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
RISK APPETITE	NONE		LOW	MODERATE	HIGH	SIGNIFICANT

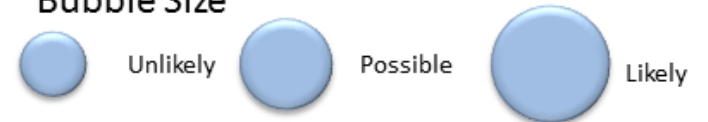
Strategic Risks Summary – September 2015

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Ref	Area of Risk
1	New models of service delivery may not achieve savings
2	Ability to meet future savings requirements
3	Future Organisational capacity/resilience
4	Change management – staff ability to deal with change, loss of key talent
5	AVE not meet financial targets
6	Delivery of new Vale of Aylesbury Local Plan (Housing Growth uncertainties)
7	Information Governance, breach of data protection
8	Infrastructure funding shortage
9	Safeguarding Duties
10	New homes bonus - Government ending scheme
11	Major capital projects
12	Cloud based technology solutions do not meet complex service change requirements
13	Resilience (business continuity)
14	Occupational Health and Safety
15	No consensus on growth at a political level in Bucks *NEW*



Bubble Size



Likelihood of risk increasing in next 12 months

Risk to manage	New models of service delivery may not achieve savings	1
Key challenges	<ul style="list-style-type: none"> • Officers & Members resolution to implement changes • Legal issues relating to trading companies etc. • Institutional resistance to change • Ability to communicate to the wider organisation • Capacity & capability to implement and deliver change. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	3 Critical	2 Possible

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Sources of Assurance	<ul style="list-style-type: none"> • Budget monitoring, if we deliver the savings this is assurance that the NBM is working. • New transition board • Assessment centre for senior managers • Lack of complaints
Gaps in Assurance	
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Issues with staff engagement • Complaints • Union/staff side engagement
Further Action required	<ul style="list-style-type: none"> • Lots of tough decisions. • Honest conversation with the public, staff and wider members about what we can afford to do in the future. • Review resources to implement.

Risk to manage	Ability to meet future savings requirements	2
Key challenges	<ul style="list-style-type: none"> • Continual identification of new savings • Reconciling savings with politics • Keeping staff focussed and on board • Managing customer expectations. • Uncertainty around the Autumn Statement 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	4 Fundamental	3 Likely

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Sources of Assurance	<ul style="list-style-type: none"> • Figures reported as part of corporate scorecard • NBM – keeping focus on the strategy, tracking smartsheet. • Financial planning process • Departments have been given individual savings targets. • Performance monitored through budget setting and monitoring. • Clear about what savings need to be made. • New Transition Board • Focus on commercial vehicle
Gaps in Assurance	<ul style="list-style-type: none"> • Political Appetite • Public Opinion - charging for or stopping services
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Corporate Scorecard • NBM Smart sheet • NBM Board
Further Action required	<ul style="list-style-type: none"> • Deliver savings • Business Case for Unitary

Risk to manage	Future organisational capacity/resilience – fast pace and scale of change results in a de-motivated, disengaged and poor performing workforce which impacts on the council's ability to meet the financial challenges ahead.	3
Key challenges	<ul style="list-style-type: none"> • Sustainable pace of change • Shaping services to meet future needs • Clear vision of what is needed • Dealing with staff unwilling to change, although this is improving • Fill capacity needs, spend more in the short term to back fill posts and get to answer sooner. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	4 Fundamental	1 Unlikely

Sources of Assurance	<ul style="list-style-type: none"> • Investment in talent management processes, training and flexible working to develop and retain talented staff • Graduate talent programme • NBM work around service redesign/reviews • Assessment Centre, insight into strengths of individuals • Getting good external advice from private sector. • More confident in own abilities • Transition Board – people at forefront of change in their own area.
Gaps in Assurance	<ul style="list-style-type: none"> • External support/lack of understanding in sector. • Uncertainty about devolution, unitary and joint working
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Loss of movers and shakers • Increased complaints • Pilots for commercial ventures don't make returns. • Savings targets not met. • Pace decreases • Relationships/mutual aid goes.
Further Action required	<ul style="list-style-type: none"> • Continued development of People strategy/engagement strategy • Review of T&C's & ATR • Changes to managers group • Roll out of assessment centre • Clearer communication

Risk to manage	Change Management – Staff ability to deal with change.	4
Key challenges	<ul style="list-style-type: none"> Continually getting message to staff of need to change. Staff recognise need to change Making sure staff are fully engaged in changes to service delivery 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	3 Critical	2 Possible

Sources of Assurance	<ul style="list-style-type: none"> Let's get talking / NBM Champions / World Cafe Staff Consultative Committee. Cabinet Members engage with staff.
Gaps in Assurance	<ul style="list-style-type: none"> Assuring consistent application of change management.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> Feedback from staff. Sickness rates/HSE Management Standards Turnover Increase in undesirable incidents
Further Action required	<ul style="list-style-type: none"> Review HR Policies Review ATR

Risk to manage	Partnership Working - AVE does not meet financial targets	5
Key challenges	<ul style="list-style-type: none"> • Lease breaks or expiries in the next two years for a number of major tenants. • Satisfaction of existing tenants. • National economic conditions. • Legislative changes to Business Rates. • Performance of AVE as a vehicle • Support for vehicle at Board level. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	2 Very Important	3 likely

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Sources of Assurance	<ul style="list-style-type: none"> • Business planning process • On-going monitoring and monthly meetings • Partnership review • Scrutiny investigate relationships e.g. AVE business Plan • Partnership Governance
Gaps in Assurance	
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Monthly monitoring reports • Cash flow • Business Plans • Performance against targets
Further Action required	

Risk to manage	Delivery of new Vale of Aylesbury Local Plan (VALP) <ul style="list-style-type: none"> • Not being delivered on time • Being rejected again • Housing growth uncertainties • Duty to co-operate – dependency and inter-relationships • Conflicting data (e.g. HEDNA – different consultants using different methodologies) 	6
Key challenges	<ul style="list-style-type: none"> • Changes to government policy • Political context • Lack of engagement from partners 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	4 Fundamental	2 Possible

Sources of Assurance	<ul style="list-style-type: none"> • Making sure we are adequately resourced • We are tuned into any changes that are likely and have thought about how we might respond. • Support being provided by the Planning Officers Society. • Taken Advice from Planning Inspectorate • Work through the Bucks Planning Officers Group
Gaps in Assurance	
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Keeping close to Government policy changes • Keep tuned into what is happening in our neighbouring authorities. • Keep an eye on the London Plan and what this might mean for us in terms of overspill.
Further Action required	<ul style="list-style-type: none"> • Political Interface – Leader talking to national politicians. • Keep outcomes of appeals under review. • Locally assessed need figure due September. • Ensuring we are doing enough to take all members with us.

Risk to manage	Information Governance, breach of data protection.	7
Key challenges	<ul style="list-style-type: none"> • Making sure staff understand how to reduce risk of data protection breaches • Technology as move to the cloud, need to ensure new technology will help with data security e.g. Office 365 stops mass mailings. • Despite all the training and awareness mistakes can still be made where there is potential for human error • Restructures have resulted in changes to managers and some may not be fully aware the risks in their areas • Increase in non-technical issues i.e. paper documents being sent to the wrong person. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	2 Very Important	2 Possible

Sources of Assurance	<ul style="list-style-type: none"> • IGG looks at ways to reduce likelihood of risks occurring, has its own action plan. • Mandatory training. • Business Assurance has undertaken RAG assessment of risk. • Investigations into data breaches.
Gaps in Assurance	<ul style="list-style-type: none"> • Don't know how effective some mitigation is being. E.g. data breaches by people who have completed the training.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Data breaches recorded by IT • Number and type of incidents – indicate underlying problems that still need to be addressed.
Further Action required	<ul style="list-style-type: none"> • See IGG action plan.

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Risk to manage	Infrastructure funding shortage	8
Key challenges	<ul style="list-style-type: none"> • Two LEPs • Lack of funding available for LEPs • Uncertainty of having to bid for funding • Lack of Local Plan • Competing with others with different demands • Financial pressures on developers mean they are less likely to contribute. • Dependent on County Council • Tri-county Alliance • Lack of Infrastructure plan. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	3 Critical	3 Likely

Sources of Assurance	<ul style="list-style-type: none"> • Leader is a member of one Board; deputy leader is a member of the other board. • As housing growth is high up on Government agenda and we are a key area for housing growth, we should get funding. • £3.7m funding received from SEMLEP for public realm
Gaps in Assurance	<ul style="list-style-type: none"> • Lack of shared infrastructure planning. • Government position on tri-county alliance, devolution etc.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Look to see if we get speculative planning applications. • Announcement of spending review and allocation of funding to LEPs.
Further Action required	<ul style="list-style-type: none"> • Development of CIL (linked to VALP) – If not CIL we could potentially be losing money once S106 agreements expire in 2016. • Have developed infrastructure plan to be discussed at Bucks LEP in December 2015.

Risk to manage	Safeguarding Duties <ul style="list-style-type: none"> • An individual /community suffers as a result of our action/inaction • Poor review as part of Section 11 Audit. 	9
Key challenges	<ul style="list-style-type: none"> • Not enough resources • Recent inspection of county, putting pressure on partners to do more. • Ensuring staff are aware of and understand safeguarding responsibilities • Responsibilities in meeting audit requirement • Delivery of training • Leadership, Transition Board taking lead and recognising it's everyone's responsibility • New Prevent Duty from July 1st 2015 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	3 Critical	1 Unlikely

Sources of Assurance	<ul style="list-style-type: none"> • Internal AVDC safeguarding board • Use Ofsted self reporting template/ RAG framework (S11) • Meeting with Chair of Bucks safeguarding board – questions asked about current safeguarding arrangement and recommendations made. • Community Safety Partnership (Prevent)
Gaps in Assurance	<ul style="list-style-type: none"> • Lack of Prevent Training • Lack of training Audit • Lack of Prevent risk assessment and action plan.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Issues raised at safeguarding board – concerns over compliance
Further Action required	<ul style="list-style-type: none"> • Identify short-term resource to develop training audit & develop S11 response • Prevent risk assessment and action plan to be developed

Risk to manage	New homes bonus <ul style="list-style-type: none"> Government ending scheme 	10
Key challenges	<ul style="list-style-type: none"> Government Policy so no control over this. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	1 No Confidence	2 Very Important	3 Likely

Sources of Assurance	<ul style="list-style-type: none"> Processes in place to minimise empty properties and maximise use of new properties. Not committing expenditure of NHB until money is in the bank.
Gaps in Assurance	
Early Warning Signs (Measures)	<ul style="list-style-type: none"> Monitoring Government policy changes. Looking for information from Minister speeches and in the media.
Further Action required	

Risk to manage	Major capital projects do not deliver the expected benefits and result in budget overspends placing pressure on revenue and medium term financial plans	11
Key challenges	<ul style="list-style-type: none"> • In-house skills to manage complex projects (e.g. Waterside North) • Level of uncertainty in some projects makes it more difficult to predict benefits • Managing tenants expectations 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	3 Critical	1 Unlikely

Sources of Assurance	<ul style="list-style-type: none"> • Major Capital Projects Group and member/officer group – Highlight reports, challenge from legal, finance and risk • Business Assurance Reviews • Project Officer Group – improving process and ensuring consistency (early days) • Use of external project managers.
Gaps in Assurance	<ul style="list-style-type: none"> • Business Case approach not consistently implemented • Third Party confidence/experience to deliver projects in partnership
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Tender for work higher than budget • Highlight changes • Financial monitoring
Further Action required	<ul style="list-style-type: none"> • Better Business Case training for senior management – interpretation and delivery

Risk to manage	Cloud based technology solutions reduce risk of major disruption but increase dependency on third party for minor business interruptions which increases impact on service provision	12
Key challenges	<ul style="list-style-type: none"> Ensuring the network is reliable Ensuring the network is scalable to future AVDC needs. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	2 Very Important	2 Possible

Sources of Assurance	<ul style="list-style-type: none"> AVDC Network services are provided by Udata who are a subsidiary of Capita one of the largest providers of IT services in the UK. The AVDC external network is fully resilient with duplication of all key components far in excess of anything that AVDC could reasonably provide. There is a guaranteed contractual Service Level Agreement backed by penalties and performance is reviewed by AVDC and Udata at regular Account Management meetings. An escalation process is in place for escalation of issue management to the highest levels of the Udata/Capita organisation and this process is used by AVDC where necessary. The supplier can, and does, field large teams of experts to deal with any serious issues. AVDC has in place a completely independent Internet link through its Public Wireless network provided by an alternative supplier using completely independent links to the Internet from those provided by Udata.
Gaps in Assurance	<ul style="list-style-type: none"> The network provider Udata has failed to meet the SLA in late 2014/early 2015 – now on target In the unlikely event of supplier complete failure AVDC may lose network connectivity.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> Network performance monitoring shows failure of supplier to meet SLA
Further Action required	<ul style="list-style-type: none"> Ongoing monitoring of the supplier performance

Risk to manage	Resilience - Ability of the business to survive and respond during an internal external emergency and manage its risks due to a significant loss of key buildings staff, finance or customers.	13
Key challenges	<ul style="list-style-type: none"> • Ensuring that a plan is in place and that the plan is regularly exercised • Raised expectations in the community due to political pressure following flooding of 2014 • Servicing maintaining plans and plans being critically reviewed • Fewer trained staff • Positive continued engagement with Thames Valley Local Resilience Forum and sub groups • More single points of failure • Unitary • Resilience to changes in financial supplies • Problems with loss of key suppliers • Engagement and relations with other organisations 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	3 Confident	4 Fundamental	1 Unlikely

Sources of Assurance	<ul style="list-style-type: none"> • Support within Bucks Resilience forum • Silverstone working group • Increased use of cloud technology, less paper documents – but creates risks if major internet problem. • Service continuity plans • Testing and exercising of corporate plans covering Emergency Planning and Business Continuity
Gaps in Assurance	<ul style="list-style-type: none"> • Staff on plan have not received training • Significance of large amount of single points of failure • Fewer staff = less strength to manage response and recovery.
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Lack of training and exercising • Lack of time to critically review service continuity plan • Staff leaving • Insufficient time to work with LRF
Further Action required	<ul style="list-style-type: none"> • Further exercising of staff on the plan covering a wider range of events • Development of training scenarios through external partners. • Use and development of cloud technology into resilience issues • Review of contractors and suppliers BC arrangements.

Risk to manage	Occupational Health, Safety and Wellbeing Failure to have a robust management system in place which results in a fatality, serious injury or ill health.	14
Key challenges	<ul style="list-style-type: none"> • Inspection and management of property portfolio and contracted out services/activities • Better use of Occupational Health and other techniques to manage effects of work related ill health and public expectation following tragedy in Glasgow during 2014 • Enforcement action from the HSE & increased sentencing powers, increased use of jail sentences for individuals. • Ensuring continued H, S & W leadership. • CDM & Major Projects ensure buildings are built to enable them to be safely maintained & managed in the future. 	

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	3 Critical	3 Likely

Page 75	Sources of Assurance	<ul style="list-style-type: none"> • Development & review of H&S arrangements • Review of Waste & Recycling risk assessment process & safe systems of work. Action plan following JCB accident. • Use of an holistic plan-do-check-act process • Management Standards survey • Waste & Recycling body mapping to prevent MSD ill health • Engagement with Health, Safety and Wellbeing Committee and Strategic Occupational Health and Safety Forum
	Gaps in Assurance	<ul style="list-style-type: none"> • Limited policing and monitoring of targets • Policies • No external audit / gap analysis
	Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Performance targets – Accident & ill health statistics • HSE audit of waste expected 2015/16 • Outcomes from accident investigation reports
	Further Action required	<ul style="list-style-type: none"> • Management system to be re-developed (consideration of incorporating Quality and Environment so that staff have one integrated thought out process) • Resource to develop the above • Identification & management of presenteeism / conflict with absence management. • Audit of new system of H&S arrangements • Further H&S training of staff • Development of H, S & W Strategy

Risk to manage	No consensus on growth at a political level in Bucks	15
Key challenges		

Criteria	Confidence in Ability to manage	Importance	Likelihood of Risk Increasing in next 12 months
Score	2 Limited	4 Fundamental	2 Possible

Sources of Assurance	<ul style="list-style-type: none"> • Government Direction • LEP pushing for consensus • Local Housing Needs • Local plan gives confidence to members
Gaps in Assurance	<ul style="list-style-type: none"> • No mechanism for leaders to meet, where no trust not willing to experiment • Lack of time to resolve • Emotional competency
Early Warning Signs (Measures)	<ul style="list-style-type: none"> • Failure to agree fundamental plans • Missing Government deadlines • Lack of Strategy • Parties not submitting on time
Further Action required	<ul style="list-style-type: none"> • Rapid Agreement

STATEMENT OF ACCOUNTS 2014-15

1 Purpose

- 1.1 Following on from the report to the July meeting of the Audit Committee on the draft statement of accounts, this report updates the members on the audit process and advises the committee of the changes that have been made to the accounts in accordance with the auditor's recommendations.
- 1.2 If the committee is satisfied with the revised accounts and that the auditor's comments have been correctly responded to, they are required to authorise the Chairman to sign on them on the Committee's behalf, together with the Director with Responsibility for Finance, in order to comply with the 30th September's statutory deadline.

2 Recommendations/for decision

- | |
|--|
| <ol style="list-style-type: none">2.1 Members of the committee are requested to consider the final Statement of Accounts for 2014-15 (Appendix A) and2.2 If satisfied with the position they present, after considering the auditor's comments, they are recommended to authorise the Chairman to sign them on the Committee's behalf.2.3 Delegate the authority to the Director with Responsibility for Finance, in consultation with the Chair or Vice Chair of the Committee, to make such changes as considered necessary to achieve sign off by the statutory 30th September deadline. |
|--|

3 The Accounts Approval Process

- 3.1 The Accounts and Audit Regulations state that the members should only approve the accounts when they have been made aware of the findings of the audit and hence make a better informed decision.
- 3.2 The auditor's comments and findings arising from their audit work over the last three months are reported in the Audit Results Report, which appears prior to this report on the agenda.
- 3.3 If the auditors have still not completed their work by the date of the meeting it is requested that the Committee delegate to the Head of Finance, in consultation with the Chair or Vice Chair, the ability to make such changes to the accounts that are considered necessary in order to achieve the statutory 30th September deadline.
- 3.4 A couple of amendments have been made to the accounts to revise misstatements and to better explain the nature of certain financial transactions to the reader.
- 3.5 The changes made to the accounts between the draft submitted for audit and this version are reported in the next section.

4 Changes / Revisions to the Accounts

- 4.1 During the course of the audit it was identified that the information produced by the fixed asset register package to reflect the movements during the year was producing an incorrect treatment of the figures. The figures relating to the revaluation of the Community Centres and Hampden House car park have

been amended to show the correct position within the income and expenditure account and the revaluation reserve.

- 4.2 The net book value of the fixed assets remains unchanged to that presented to the July meeting. The effect of the adjustments is shown in the Income and Expenditure account, the MIRs and the revaluation reserve. This results in a reduction of £823,000 to the revaluation reserve. The overall year end position remains the same with the contribution to balances being £135,703.
- 4.3 The supplier of the fixed asset register software is currently working on correcting the reporting error and at the time of writing no fix had been supplied.
- 4.4 The other change that has been to the accounts was a re-classification of an external loan of £5.017 million from long term borrowing to short term borrowing as it is due for repayment in December 2015.
- 4.5 Under the financial instruments note 17.1, the ALUTS (Aylesbury Land Use and Transport Strategy) amount did not meet the definition of a financial instrument and so has been removed from the note.
- 4.6 In the Related Party Transactions note of draft statement of accounts submitted to the committee in July there were a number of members listed as having not returned their disclosure return. Since that meeting all but two of the current members have completed their disclosures. Completion of these disclosures is an audit requirement and as a result of the delays experienced this year this area has been highlighted by the auditors in their audit report.
- 4.7 While the Council can choose whether it wishes to make amendments to its draft accounts for non-material errors or misstatements, the view this year has been that it will reflect all errors or misstatements in the accounts that are raised by external audit.
- 4.8 There is a requirement to report significant events that occur after the balance sheet date and before the sign off date. Since the committee in July, there have been no significant events that require reporting in the accounts.

5 Reasons for Recommendation

- 5.1 The Accounts and Audit Regulations require that the Statement of Accounts are formally signed off by the Chair of the Audit Committee and the Director responsible for Finance by the 30th September each year.

6 Resource implications

- 6.1 These are covered within the body of the report.

7 Response to Key Aims and Objectives

- 7.1 None directly, although proper financial reporting and management will help with the delivery of the Authority's Key Aims and Outcomes.

Contact Officer
Background Documents

Tony Skeggs 01296-585273
N/A

Aylesbury Vale District Council

Statement of Accounts for the Year Ended 31 March 2015

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1. Introduction

I am pleased to be able to present to you the statement of accounts for the year 2014/15.

The statement of accounts is published to present a true and fair view of the financial position and transactions of the Council. Wherever possible it has been written in plain language but inevitably it contains technical terms and a glossary to help explain some of these terms can be found at the back of this publication.

2. Statement of accounts explanations

The statement of accounts comprises:

- ❖ Statement of responsibilities
- ❖ Core financial statements
- ❖ Notes to the core financial statements
- ❖ Supplementary financial statements
- ❖ Notes to the supplementary financial statements
- ❖ Appendices

The objective of each of the accounting statements is:

❖ Statement of responsibilities

Identifies the officer who is responsible for the proper administration of the Council's financial affairs. The purpose is for the chief finance officer to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

❖ Core financial statements

Movement in reserves statement - shows the movement in the year on the different reserves held by the Council, analysed into (a) *usable reserves* - those that can be applied to fund expenditure or reduce local taxation and (b) *unusable reserves* - those that cannot be applied to fund expenditure or reduce local taxation. The *(surplus)/deficit on the provision of services* line shows the true economic cost of providing the Council's services, more details of which are shown in the comprehensive income and expenditure statement. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting purposes. The *net (increase)/decrease before transfers to earmarked reserves* line shows the statutory general fund balance before any discretionary transfers to/ (from) earmarked reserves undertaken by the Council.

Comprehensive income and expenditure statement - shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Balance sheet - shows the values as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is unusable reserves, i.e. those reserves that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line *adjustments between accounting basis and funding basis under regulations*.

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

❖ **Notes to the core financial statements**

Provides support to the core financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

❖ **Supplementary financial statements**

Collection fund – this account reflects the statutory requirement for billing authorities to maintain a separate collection fund, which shows the transactions of the Council in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed.

❖ **Notes to the supplementary financial statements**

Provides support to the supplementary financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

❖ **Appendices**

- Appendix 1 – annual governance statement

The annual governance statement is not part of the statement of accounts, but is required to be included alongside it in the same publication, and as such is not covered by (a) the chief finance officer's certification or (b) the external auditor's report.

The objective of this statement is to fulfill the statutory requirement for the Council to conduct an annual review of the effectiveness of its system of internal control.

3. General fund service revenue spending compared with budget

In 2014/15 the district general fund net underspend was £125,000. A summary of the financial position is shown below:

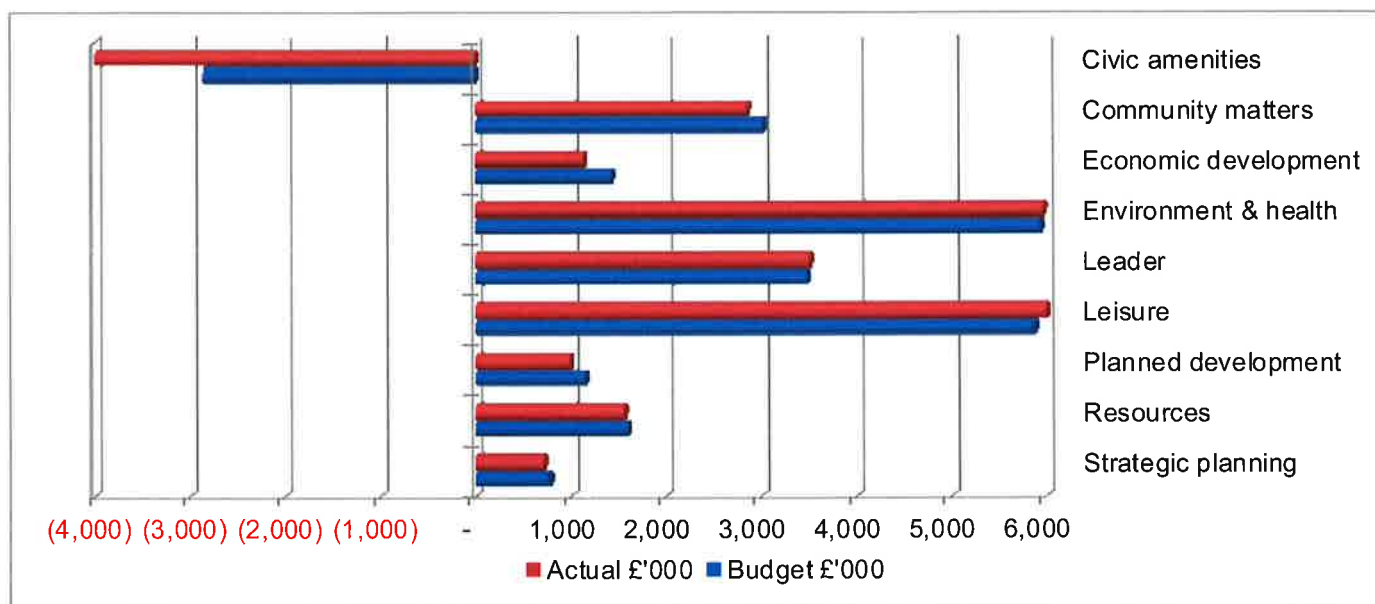
General Fund Revenue	2014/15	2014/15	General Fund Balances	2014/15	2014/15
	Budget	Actual		Budget	Actual
	£000	£000		£000	£000
Expenditure	89,810	93,785	Balance 1st April	(3,184)	(3,640)
Income	(68,859)	(70,429)	Transfer to General Fund	(101)	(101)
Net Cost of Services	20,951	23,356		(3,285)	(3,741)
Cost of Borrowing	1,470	829	Net Balance from Fund	-	(24)
Other Costs	(6,797)	(3,573)	Balance 31st March	(3,285)	(3,765)
Investment Interest	(2,679)	(2,601)			
Income from Grants	(4,067)	(9,157)			
Net Expenditure	8,878	8,854			
Local Taxpayers	(8,979)	(8,979)			
Net Balance	(101)	(125)			

The actual figures presented in the table above significantly vary from the budget for the year due to the year end accounting entries that are required covering IAS19, depreciation, impairment (see 5. Brief note of significant items in the core financial statements), revenue expenditure funded from capital under statute and contributions to and (from) reserves. These entries are not budgeted for as their exact values are not normally known until after the year end and also because they do not impact on the council tax requirement.

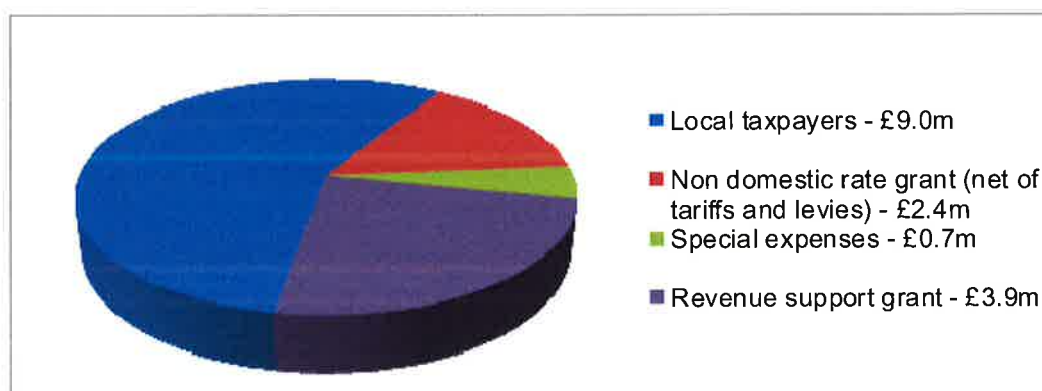
The main areas where variances from budget have been reported through the year in the Quarterly Financial Digest can be summarised as follows:

	Actual Outturn £	Forecast Outturn £	
Top 5 Under Budget			
Housing Benefits Administration	(226,374)	(163,600)	Increased administration grant and costs income
Office Accommodation	(191,856)	(159,000)	Increased income from letting of office space and conference facilities, plus savings in cleaning and business rates
Development Control	(159,944)	(700)	Higher planning fee income
Waterside Theatre	(98,419)	(72,300)	Savings on business rates and other running costs
Domestic Refuse	(79,759)	4,000	Savings on salaries and vehicle running costs
Top 5 Over Budget			
Environment & Health Administration	198,804	53,800	Redundancy costs
Core Costs	114,547	78,000	IESE partnership costs
Business Transformation	97,684	-	Additional project and salary costs
Planning Business Support	90,427	1,500	Redundancy costs
Information Technology	50,365	-	Lower income offset by reduced costs

The graph below shows the net spend by portfolio.



The pie chart below shows how the £16.0 million the Council receives from the local taxpayer and from Government is apportioned.



In 2014/15 the Council used £2,733,000 of earmarked reserves in support of revenue spend and transferred £6,304,000 into reserves, £3,450,000 of which was committed but unspent new homes bonus.

4. Capital spending

In 2014/15 the Council spent £8,893,000 on capital projects. The bulk of the expenditure during the year was spent on the works on the University Campus Aylesbury Vale which amounted to £7,762,000 (87%), whilst the refurbishment of Swan Pool accounted for £471,000 (5%). The remaining expenditure, £660,000, covered works on the Canal Society Clubhouse and the purchase of vehicles.

In 2014/15 the Council received non-asset backed capital receipts of £6,436,000, £2,793,000 of which was from house sales as part of the stock transfer agreement. In addition, the Council received £3,643,000 from the sale of Circus Fields and land at Barlow Road. The Council's capital expenditure in 2014/15 was partly financed from two sources, capital reserves and capital receipts. The remainder of the expenditure was funded from long term borrowing. The ability to generate new external resources remains limited.

5. Brief note of significant items in the core financial statements

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 sets out comprehensive requirements for group accounts. These require Councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures. A review has been undertaken of the Council's relationship with other bodies and it is clear that we should account for interests in Aylesbury Vale Estates LLP (AVE) - where the Council owns a 50% equity share - as a jointly controlled entity and prepare group accounts.

During 2012/13 Hale Leys LLP, a newly created, wholly owned subsidiary of AVE LLP purchased the Hale Leys shopping centre in Aylesbury. AVE LLP's accounts therefore now include their interest in Hale Leys LLP.

The statements are intended to present financial information about the parent (the Council) and the jointly controlled entity (AVE) by bringing together their results in a unified set of accounts. The accounts have been brought together on an equity basis.

During 2014/15, the Council has recognised an impairment loss of £1,362,000 in relation to Waterside public realm, which has been charged to the planning services line in the comprehensive income and expenditure statement.

6. Brief note explaining significance of any pension liability or asset

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Bucks County Council has been assessed by the scheme's actuary as at 31 March 2015. The current valuation shows a deficit on the fund of £90,307,000 (£73,064,000 at 31 March 2014) based upon the nationally set criteria. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31st March 2013, with the next formal revaluation due as at 31st March 2016. The two valuations are carried out using different bases.

7. Brief note on the current borrowing facilities and capital borrowing

The Council is allowed to borrow providing they can demonstrate that the revenue costs are supportable and that it sets yearly borrowing limits, which have to be agreed by full Council. Aylesbury Vale District Council has, at any point in time, a number of cash requirements. Some services, such as the collection fund, have spare cash to invest whilst others, such as the capital programme, need cash to pay contractors. These cash flows, both positive and negative, are combined and managed in accordance with the approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending.

8. Summary of sources of funds available to meet capital expenditure plans

The Council meets its capital expenditure plans through the use of capital receipts and contributions externally generated, and some internal revenue contributions. During 2014/15 there was a need to borrow long term as the ability to generate external receipts diminished.

9. An explanation of the impact of the current economic climate on the Council and the services it provides

The Council has carried forward healthy reserves (well above its minimum levels) into 2015/16 and despite continuing to receive a much lower level of formula grant, the Council, supported through a separate additional grant, froze its element of the council tax for 2015/16. This reflected a government policy objective.

As the Council enters into periods of much tighter local government funding, we have put in place a robust medium term financial strategy that sets out our planned savings to enable the budget to be balanced and to deliver affordable council tax levels covering a five year period. This is to ensure that resources will continue to be directed to ensure good quality services are provided to our residents in future.

Andrew Small
Director (with responsibility for finance)
The Gateway
Gatehouse Road
Aylesbury
Bucks HP19 8FF

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 Director (with responsibility for finance)(the Director);
- manage its affairs: to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Council approval

The statement of accounts for the year to 31 March 2015 has been prepared and I confirm that these accounts were approved by the audit committee at its meeting on 28 September 2015.

Councillor Timothy Mills
Chairman of Audit Committee
28 September 2015

The Director's responsibilities

The Director is legally and professionally responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* - the Code.

In preparing this statement of accounts, I have:

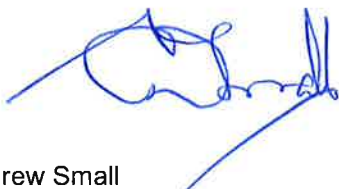
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director has also:

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

Director's certification

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2015.



Andrew Small
Director (with responsibility for finance)
30 June 2015

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(surplus)/deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the comprehensive income and expenditure statement. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting purposes. The 'net (increase)/decrease before transfers to earmarked reserves' line shows the statutory general fund balance before any discretionary transfers to/(from) earmarked reserves undertaken by the Council.

Council only	General fund balance	Earmarked GF reserves	Capital receipts reserves	Capital grants unapplied	Total usable reserves	Unusable reserves	Total Council reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	(3,292)	(22,660)	(3,816)	(481)	(30,249)	(67,792)	(98,041)
Movement in reserves during 2013/14							
Deficit on provision of services (accounting basis)	8,099	-	-	-	8,099	-	8,099
Other comprehensive income and expenditure	-	-	-	-	-	1,512	1,512
Total comprehensive income and expenditure	8,099	-	-	-	8,099	1,512	9,611
Adjustments between accounting basis & funding basis under regulations (Note 6.2)	(9,982)	-	-	(111)	(10,093)	10,093	-
Net (increase)/decrease before transfers to earmarked reserves	(1,883)	-	-	(111)	(1,994)	11,605	9,611
Transfers to/(from) earmarked reserves (Note 7)	1,535	(1,535)	-	-	-	-	-
(Increase)/decrease in year	(348)	(1,535)	-	(111)	(1,994)	11,605	9,611
Balance at 31 March 2014 carried forward	(3,640)	(24,195)	(3,816)	(592)	(32,243)	(56,187)	(88,430)
Movement in reserves during 2014/15							
Deficit on provision of services (accounting basis)	1,295	-	-	-	1,295	-	1,295
Other comprehensive income and expenditure	-	-	-	-	-	11,611	11,611
Total comprehensive income and expenditure	1,295	-	-	-	1,295	11,611	12,906
Adjustments between accounting basis & funding basis under regulations (Note 6.2)	(4,991)	-	(5,793)	(675)	(11,459)	11,459	-
Net (increase)/decrease before transfers to earmarked reserves	(3,696)	-	(5,793)	(675)	(10,164)	23,070	12,906
Transfers to/(from) earmarked reserves (Note 7)	3,571	(3,571)	-	-	-	-	-
(Increase)/decrease in year	(125)	(3,571)	(5,793)	(675)	(10,164)	23,070	12,906
Balance at 31 March 2015	(3,765)	(27,766)	(9,609)	(1,267)	(42,407)	(33,117)	(75,524)

Group	General fund balance	Earmarked GF reserves	Capital receipts reserves	Capital grants unapplied	Total usable reserves	Unusable reserves	Total Council reserves	Council's share of reserves of joint venture	Total reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	(2,022)	(22,660)	(3,816)	(481)	(28,979)	(67,792)	(96,771)	(854)	(97,625)
Movement in reserves during 2013/14									
Deficit on provision of services (accounting basis)	9,201	-	-	-	9,201	-	9,201	-	9,201
Other comprehensive income and expenditure	-	-	-	-	-	435	435	(1,077)	(642)
Total comprehensive income and expenditure	9,201	-	-	-	9,201	435	9,636	(1,077)	8,559
Adjustments between group accounts and authority accounts (Note 6.1)	(663)	-	-	-	(663)	-	(663)	663	-
Adjustments between accounting basis & funding basis under regulations (Note 6.2)	(9,982)	-	-	(111)	(10,093)	11,170	1,077	-	1,077
Net (increase)/decrease before transfers to earmarked reserves	(1,444)	-	-	(111)	(1,555)	11,605	10,050	(414)	9,636
Transfers to/(from) earmarked reserves (Note 7)	1,535	(1,535)	-	-	-	-	-	-	-
(Increase)/decrease in year	91	(1,535)	-	(111)	(1,555)	11,605	10,050	(414)	9,636
Balance at 31 March 2014 carried forward	(1,931)	(24,195)	(3,816)	(592)	(30,534)	(56,187)	(86,721)	(1,268)	(87,989)
Movement in reserves during 2014/15									
Deficit on provision of services (accounting basis)	893	-	-	-	893	-	893	-	893
Other comprehensive income and expenditure	-	-	-	-	-	11,611	11,611	(1,500)	10,111
Total comprehensive income and expenditure	893	-	-	-	893	11,611	12,504	(1,500)	11,004
Adjustments between group accounts and authority accounts (Note 6.1)	506	-	-	-	506	-	506	(506)	-
Adjustments between accounting basis & funding basis under regulations (Note 6.2)	(4,991)	-	(5,793)	(675)	(11,459)	11,459	-	-	-
Net (increase)/decrease before transfers to earmarked reserves	(3,592)	-	(5,793)	(675)	(10,060)	23,070	13,010	(2,006)	11,004
Transfers to/(from) earmarked reserves (Note 7)	3,571	(3,571)	-	-	-	-	-	-	-
(Increase)/decrease in year	(21)	(3,571)	(5,793)	(675)	(10,060)	23,070	13,010	(2,006)	11,004
Balance at 31 March 2015	(1,952)	(27,766)	(9,609)	(1,267)	(40,594)	(33,117)	(73,711)	(3,274)	(76,985)

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

2013/14						2014/15					
Council only			Group			Council only			Group		
Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2,044	(1,222)	822	2,044	(1,222)	822	2,166	(1,353)	813	2,166	(1,353)	813
7,924	(2,376)	5,548	7,924	(2,376)	5,548	7,380	(2,652)	4,728	7,380	(2,652)	4,728
10,729	(4,088)	6,641	10,729	(4,088)	6,641	11,627	(4,707)	6,920	11,627	(4,707)	6,920
11,328	(3,925)	7,403	11,328	(3,925)	7,403	7,305	(4,737)	2,568	7,305	(4,737)	2,568
2,692	(2,755)	(63)	2,692	(2,755)	(63)	2,932	(7,424)	(4,492)	2,932	(7,424)	(4,492)
54,882	(48,153)	6,729	54,882	(48,153)	6,729	57,234	(49,553)	7,681	57,234	(49,553)	7,681
3,303	(1)	3,302	3,303	(1)	3,302	3,231	(3)	3,228	3,231	(3)	3,228
1,999	-	1,999	1,999	-	1,999	1,910	-	1,910	1,910	-	1,910
94,901	(62,520)	32,381	94,901	(62,520)	32,381	93,785	(70,429)	23,356	93,785	(70,429)	23,356
		1,862			1,862			4,943			4,943
		(334)			768			1,338			936
		(25,810)			(25,810)			(28,342)			(28,342)
		8,099			9,201			1,295			893
		(591)			(1,668)			(2,593)			(4,093)
		(46)			(46)			51			51
		2,149			2,149			14,153			14,153
		1,512			435			11,611			10,111
		9,611			9,636			12,906			11,004

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services.

31 March 2014				31 March 2015	
Council only	Group		note	Council only	Group
£000	£000			£000	£000
		Property, plant & equipment			
104,035	104,035	Other land and buildings	11.7	108,554	108,554
2,262	2,262	Vehicles, plant and equipment	11.7	1,887	1,887
19	19	Community assets	11.7	19	19
9,729	9,729	Surplus assets not held for sale	11.7	9,729	9,729
220	220	Heritage assets	11.7	220	220
8,941	8,941	Assets under construction	11.7	10,131	10,131
125,206	125,206	Total property, plant & equipment		130,540	130,540
415	415	Investment property	12	415	415
1,340	56	Long term investments	13	1,285	1
-	843	Investment in joint venture	14	-	2,745
28,727	28,727	Long term debtors	15	28,315	28,315
155,688	155,247	Long term assets		160,555	162,016
1,800	1,800	Assets held for resale	16	451	451
21,076	21,076	Short term investments	17	34,132	34,132
23	23	Inventories		3	3
14,934	14,934	Short term debtors	17,18	12,584	12,584
7,736	7,736	Short term loans	17,19	4,286	4,286
5,115	5,115	Cash and cash equivalents	17,20	7,965	7,965
50,684	50,684	Current assets		59,421	59,421
-	-	Bank overdraft	17,20	-	-
(5,009)	(5,009)	Short term borrowing	17	(5,017)	(5,017)
(13,416)	(13,416)	Short term creditors	17,21	(13,552)	(13,552)
(1,629)	(1,629)	Provisions	22	(1,629)	(1,629)
(20,054)	(20,054)	Current liabilities		(20,198)	(20,198)
(183)	(183)	Provisions	22	(187)	(187)
(82,566)	(82,566)	Other long term liabilities	23	(100,306)	(100,306)
(15,139)	(15,139)	Long term borrowing	17	(23,761)	(23,761)
(97,888)	(97,888)	Long term liabilities		(124,254)	(124,254)
88,430	87,989	Net assets		75,524	76,985
(3,640)	(1,931)	General fund balance	24	(3,765)	(1,952)
(3,816)	(3,816)	Capital receipts reserve	24	(9,609)	(9,609)
(592)	(592)	Capital grants unapplied	24	(1,267)	(1,267)
(24,195)	(24,195)	Earmarked reserves	7,24	(27,766)	(27,766)
-	1,129	Share of joint venture profit and loss reserves	24	-	623
(32,243)	(29,405)	Usable reserves		(42,407)	(39,971)
(10,961)	(13,358)	Revaluation reserve	25.1	(13,554)	(17,451)
(51)	(51)	Available for sale financial instruments reserve	25.2	-	-
(86,824)	(86,824)	Capital adjustment account	25.3	(81,772)	(81,772)
(32,708)	(32,708)	Deferred capital receipts	25.4	(28,769)	(28,769)
73,064	73,064	Pensions reserve	25.5	90,307	90,307
1,204	1,204	Collection fund adjustment account	25.6	597	597
89	89	Accumulated absences account	25.7	74	74
(56,187)	(58,584)	Unusable reserves		(33,117)	(37,014)
(88,430)	(87,989)	Total reserves		(75,524)	(76,985)

Balance sheet supplement

Director's re-certification

These financial statements replace the unaudited financial statements presented at the meeting of the audit committee on 27 July 2015.

Members' approval

The statement of accounts for the year to 31 March 2015 has now been audited and I confirm that these accounts were approved by the audit committee at its meeting on 28 September 2015.

Andrew Small
Director (with responsibility for finance)
28 September 2015

Cash Flow Statement

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

2013/14			note	2014/15	
Council only	Group			Council only	Group
£000	£000			£000	£000
(8,099)	(9,201)	Net deficit on the provision of services		(1,295)	(893)
		Adjustment to deficit on the provision of services for non cash movements	26.1	9,958	9,556
		Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	26.2	(8,364)	(8,364)
(7,929)	(7,929)				
2,955	2,955	Net cash flows from operating activities		299	299
(17,662)	(17,662)	Net cash flows from investing activities	27	(10,035)	(10,035)
(781)	(781)	Net cash flows from financing activities	28	12,586	12,586
(15,488)	(15,488)	Net (decrease)/increase in cash and cash equivalents		2,850	2,850
20,603	20,603	Cash and cash equivalents at the beginning of the reporting period		5,115	5,115
5,115	5,115	Cash and cash equivalents at the end of the reporting period		7,965	7,965

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2014/15 financial year and its position at 31 March 2015. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2011 (SI 2011 no.817), 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 2014/15 and Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- Supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes 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.

1.4 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 fixed assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision in the statement of movement on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

1.5 Employee benefits

1.5.1 Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits 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 not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but is then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.5.2 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 in exchange for those benefits, and are charged on an accruals basis to the relevant service costs line in 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 for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

1.5.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Buckinghamshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- The liabilities of Buckinghamshire County Council's superannuation 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 of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the annualised yield at the 21 year point on the Merrill Lynch AA rated corporate bond curve, which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the employer's liabilities. This approach has been updated from previous disclosures when the yield on the iBoxx Sterling Corporate Index was used as a standard assumption for most employers in the fund.
- The assets of Buckinghamshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pensions liability is analysed into the following components:
 - service cost comprising:
 - current service cost – the increase in liabilities as 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 to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
 - net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

- re-measurement comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (charged to the pensions reserve as other comprehensive income and expenditure).
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
- contributions paid to Buckinghamshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is 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, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.5.4 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.

1.6 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the balance sheet date – the statement of accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.7 Financial instruments

1.7.1 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 measured at fair value. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

This means that for the borrowings the Council has, the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount payable for the year.

1.7.2 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.

1.7.2.1 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 measured at fair value. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument.

This means that for the loans the Council has made, the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the 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.

1.7.2.2 Available for sale assets

Available for sale assets are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are measured at fair value. Where the asset has fixed or determinable payments, annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the comprehensive income and expenditure statement when it becomes receivable by the Council.

1.8 Government grants and other 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 specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income in the comprehensive income and expenditure statement.

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

1.8.1 Revenue support grant

Revenue support grant (RSG) is a general grant allocated by central government directly to local authorities as additional revenue funding. RSG is non-ring-fenced and is credited to taxation and non-specific grant income in the comprehensive income and expenditure statement

1.9 Interests in companies and other entities

The Council has a material interest in Aylesbury Vale Estates LLP (AVE), which requires it to prepare group accounts. In the Council's own single-entity accounts this interest is recorded as a financial asset at cost less any provision for losses.

1.10 Inventories and long-term contracts

Inventories (stocks) are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of the comprehensive income and expenditure statement being charged in the year during which the cost of goods or services were received or provided.

1.11 Investment property

Investment properties are those (land or a building, or part of a building, or both) that are held solely to earn rentals or for capital appreciation or both. 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 annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals and costs relating to investment properties are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement and result in a gain or loss 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 any sale proceeds credited to the capital receipts reserve.

1.12 Leases

1.12.1 Finance leases

The Council accounts for leases as finance leases when substantially all (determined for Aylesbury Vale District Council as being equal to or greater than 95%) the risks and rewards relating to the leased property transfer to the Council. Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset – the liability is written down as the rent becomes payable); and
- a finance charge is made to net operating expenditure in the comprehensive income and expenditure statement as the rent becomes payable.

Fixed assets recognised under finance leases are accounted for using the policies applied generally to tangible fixed assets, subject to depreciation being charged over the lease term, if this is shorter than the asset's estimated useful life.

1.12.2 Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service account on a straight-line basis over the term of the lease, which generally means that rentals are charged when they become payable.

1.13 Overheads and support services

The cost of support services are recharged to services based on use and in accordance with CIPFA's *Service Reporting Code of Practice 2014/15 – SeRCOP*.

The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- corporate and democratic core – costs relating to the Council's status as a multifunctional, democratic organisation; and
- non-distributed costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two categories are defined in SeRCOP and accounted for as separate headings in the comprehensive income and expenditure statement.

1.14 Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

1.15 Property, plant and equipment

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

1.15.1 Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

1.15.2 Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- assets surplus to requirements - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- other land and buildings - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- vehicles, plant and equipment – existing use value (EUV)
- infrastructure assets - historic cost
- community assets – historic cost or revalued basis
- assets under construction – historic cost

Assets included in the balance sheet at current value are revalued on a rolling basis within a five year time-frame. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

1.15.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

Where an impairment loss is charged to the comprehensive income and expenditure statement but there were accumulated revaluation gains in the revaluation reserve for that asset, an amount up to the value of the loss is transferred from the revaluation reserve to the capital adjustment account.

1.15.4 Disposals and non current assets held for resale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for resale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non current assets held for resale.

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

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts (75%) relating to housing mortgage receipts is payable to the government. The balance of receipts is required to be credited to the capital receipts reserve, and can then only be used for 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 movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the movement in reserves statement.

1.15.5 Depreciation

Depreciation is provided in respect of all the relevant property, plant and equipment, other than investment properties, where a finite useful life has been determined. This is with the intention of writing off their balance sheet values in equal annual instalments over their remaining expected useful lives. This is commonly referred to as the 'straight line' method. An exception is made for assets without a determinable finite life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge 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.

1.15.6 Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that property, plant and equipment is accurately and fairly included in the Council's balance sheet, and that the comprehensive income and expenditure statement properly reflects the consumption of economic benefits of those assets over their useful lives through depreciation charges.

In order to do this, the Council must first determine which of its assets have a material value. For Aylesbury Vale District Council materiality in this instance has been set as any asset with a carrying value equal to or greater than 20% of the total carrying value for any asset group.

Where an asset is deemed material then the Council must ensure that the overall value of an asset is fairly apportioned over significant components that need to be accounted for separately and that their useful lives and the method of depreciation are determined on a reasonable and consistent basis. For Aylesbury Vale District Council significance has been set at equal to or greater than 20% of the asset's cost.

1.16 Provisions, contingent liabilities and contingent assets**1.16.1 Provisions**

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

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

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

1.16.2 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.

1.16.3 Contingent assets

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

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

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

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

1.18 Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute (REFCUS) is expenditure which may be capitalised but which does not result in the creation of tangible assets controlled by the Council. REFCUS incurred during the year is written off as expenditure to the relevant service revenue account in the year. Examples include grants to third parties for capital purposes and expenditure on private sector housing renewal.

1.19 VAT

VAT is only included within the revenue and capital income and expenditure accounts to the extent that it is irrecoverable.

2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2015/16 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- IFRS 13 Fair Value Measurement – This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment are outside the scope of IFRS13. Overall this standard is not expected to have a material impact on the statement of accounts due to the low value of surplus assets held by the Council
- Annual Improvements to IFRSs (2011 – 2013 Cycle) – These improvements are minor, principally providing clarification, and will not have a material impact on the statement of accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 statement of accounts

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has a number of members who are trustees of the Aylesbury Vale Community Trust, an independent not-for-profit organisation that operated the leisure centres previously operated by the Council. It has been determined that the Council does not have control of the trust and it is not a subsidiary of the Council.

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2012/13 and earlier years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2015.
- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Aylesbury Vale District Council, Buckinghamshire County Council, Thames Valley Police Authority and Buckinghamshire and Milton Keynes Fire & Rescue Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.
- Debt impairment - At 31 March 2015, the Council had a balance of sundry debtors for £9,735,000. A review of significant balances suggested that an impairment for doubtful debts of 21% (£2,013,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2014/15, the Council would require additional funds to set aside as an allowance.

- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.
- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.
- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £132,042 for every year that useful lives had to be reduced.

- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as sections have to meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.

5. Events after the balance sheet date

The statement of accounts was authorised for issue by the Director on 28 September 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Adjustments

6.1 Adjustments between group accounts and Council accounts

2013/14 Group £000		2014/15 Group £000
663	Share of AVE LLP loss for the year	(506)
663		(506)

6.2 Adjustments between accounting basis and funding basis under regulations

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

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

- General fund balance
The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.

- **Capital receipts reserve**
The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
- **Capital grants unapplied**
The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Council and group	2014/15			
	Usable reserves			Movement in unusable reserves
	General fund balance	Capital receipts reserve	Capital grants unapplied	
	£000	£000	£000	£000
Adjustments primarily involving the capital adjustment account				
Reversal of items debited or credited to the comprehensive income and expenditure statement				
Charges for depreciation and impairment of non-current assets	(4,130)	-	-	4,130
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	4,363			(4,363)
Revenue expenditure funded from capital under statute	(4,588)	-	-	4,588
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	(7,434)	-	-	7,434
Insertion of items not debited or credited to the comprehensive income and expenditure statement				
Statutory provision for the financing of capital investment	1,320	-	-	(1,320)
Adjustments primarily involving the capital grants unapplied account				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	1,928	-	(1,928)	-
Application of grants to capital financing transferred to the capital adjustment account	-	-	1,253	(1,253)
Adjustments primarily involving the capital receipts reserve				
Use of the capital receipts reserve to finance new capital expenditure	-	4,164	-	(4,164)
In-year capital receipts	6,018	(6,018)	-	-
Transfer from deferred capital receipts reserve upon receipt of cash	-	(3,939)	-	3,939
Adjustments primarily involving the pensions reserve				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(6,832)	-	-	6,832
Employer's contributions and direct payments to pensioners payable in year	3,742	-	-	(3,742)
Adjustments primarily involving the collection fund adjustment account				
Amount by which council tax income and non domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	607	-	-	(607)
Adjustments primarily involving the accumulated absences account				
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	15	-	-	(15)
Total adjustments	(4,991)	(5,793)	(675)	11,459

Council and group	2013/14			
	Usable reserves			Movement in unusable reserves
	General fund balance	Capital receipts reserve	Capital grants unapplied	
	£000	£000	£000	£000
Adjustments primarily involving the capital adjustment account				
Reversal of items debited or credited to the comprehensive income and expenditure statement				
Charges for depreciation and impairment of non-current assets	(7,628)	-	-	7,628
Capital grants and contributions applied	6	-	-	(6)
Revenue expenditure funded from capital under statute	(4,063)	-	-	4,063
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the comprehensive income and expenditure statement	(2,574)	-	-	2,574
Insertion of items not debited or credited to the comprehensive income and expenditure statement				
Statutory provision for the financing of capital investment	1,219	-	-	(1,219)
Adjustments primarily involving the capital grants unapplied account				
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	3,196	-	(3,196)	-
Application of grants to capital financing transferred to the capital adjustment account	-	-	3,085	(3,085)
Adjustments primarily involving the capital receipts reserve				
Transfer of cash sale proceeds credited as part of the loss on disposal to the comprehensive income and expenditure statement	2,193	(2,193)	-	-
Use of the capital receipts reserve to finance new capital expenditure	-	4,666	-	(4,666)
In-year capital receipts	2,131	(2,131)	-	-
Transfer from deferred capital receipts reserve upon receipt of cash	-	(342)	-	342
Adjustments primarily involving the deferred capital receipts reserve				
Transfer of deferred sale proceeds credited as part of the loss on disposal to the comprehensive income and expenditure statement	114	-	-	(114)
Adjustments primarily involving the pensions reserve				
Reversal of items relating to retirement benefits debited or credited to the comprehensive income and expenditure statement	(6,741)	-	-	6,741
Employer's contributions and direct payments to pensioners payable in year	3,547	-	-	(3,547)
Adjustments primarily involving the collection fund adjustment account				
Amount by which council tax income and non domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(1,382)	-	-	1,382
Total adjustments	(9,982)	-	(111)	10,093

7. Transfers (to)/from earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2013/14 and 2014/15

Council and group	Balance 1 April 2013	Transfers out 2013/14	Transfers in 2013/14	Balance 31 March 2014	Transfers out 2014/15	Transfers in 2014/15	Balance 31 March 2015
	£000	£000	£000	£000	£000	£000	£000
Capital purposes							
Amenity areas	(2,214)	-	(210)	(2,424)	-	(82)	(2,506)
Property sinking	(2,812)	-	-	(2,812)	500	-	(2,312)
Information technology	(924)	-	(290)	(1,214)	282	(297)	(1,229)
Property strategy	(151)	151	(436)	(436)	-	(104)	(540)
Future vehicle costs	(4)	-	(15)	(19)	15	-	(4)
	(6,105)	151	(951)	(6,905)	797	(483)	(6,591)
Revenue purposes							
New homes bonus	(987)	-	(2,564)	(3,551)	-	(3,450)	(7,001)
Interest equalisation	(4,859)	1,407	-	(3,452)	657	-	(2,795)
Business rates	-	-	(1,680)	(1,680)	-	(321)	(2,001)
Superannuation	(1,963)	126	-	(1,837)	277	-	(1,560)
Benefit subsidy	(1,534)	-	-	(1,534)	-	-	(1,534)
Planning fees	(865)	363	(251)	(753)	405	(842)	(1,190)
Repairs & renewals	(851)	91	(295)	(1,055)	401	(254)	(908)
LABGI	(1,260)	388	(35)	(907)	100	(50)	(857)
Fairford Leys riverine	(393)	-	(19)	(412)	-	(438)	(850)
Self insurance	(594)	55	-	(539)	-	(38)	(577)
Aylesbury special expenses	(381)	-	(90)	(471)	-	(48)	(519)
Recycling & composting	(141)	-	(10)	(151)	-	(48)	(199)
Car parking	(170)	-	(22)	(192)	-	-	(192)
District elections	(73)	-	(68)	(141)	35	(54)	(160)
Leisure Activities	-	-	-	-	-	(156)	(156)
Historic buildings	(136)	-	-	(136)	-	(5)	(141)
Housing needs & s106	(116)	9	-	(107)	-	-	(107)
Business support fund	-	-	-	-	-	(102)	(102)
Business transformation	(211)	61	-	(150)	61	-	(89)
Rent guarantee scheme	(71)	-	-	(71)	-	-	(71)
Health licensing income	(53)	12	(10)	(51)	-	-	(51)
Market research	(31)	-	(1)	(32)	-	(15)	(47)
Playgrounds	(30)	-	(10)	(40)	-	-	(40)
Land registry fees	(33)	30	(8)	(11)	-	-	(11)
Other	(9)	-	-	(9)	-	-	(9)
Corporate improvement	(7)	-	(1)	(8)	-	-	(8)
Electricity supply	(1,787)	1,787	-	-	-	-	-
	(16,555)	4,329	(5,064)	(17,290)	1,936	(5,821)	(21,175)
	(22,660)	4,480	(6,015)	(24,195)	2,733	(6,304)	(27,766)

The following paragraphs provide an explanation of those reserves whose balance is in excess of £1 million or where it was felt reporting would be beneficial.

(a) Amenity areas

The Council has established a reserve to hold commuted sums and sums received by way of section 106 agreements. The sums are invested and the interest transferred to the general fund to meet on-going revenue costs.

(b) Property sinking reserve

The Council has established a property sinking fund for the purpose of meeting large maintenance and refurbishment costs associated with operational buildings, particularly the offices and the new theatre.

(c) Information technology

The Council has established a reserve for the purpose of meeting the cost of investment in new technology.

(d) New homes bonus

The Council has established a reserve from payments received from the Government. The new homes bonus payments are an incentive scheme aimed at encouraging authorities to increase housing supply through new build and returning empty properties to use. At its meeting of the 17 July 2013, the Council agreed to a £5.4 million contribution to the East/West rail link, which would be met from this reserve.

(e) Interest equalisation reserve

The Council has established a reserve for the purpose of maintaining the level of interest transferred to the general fund annually. The reserve helps to counteract any fluctuations in interest rates.

(f) Business rates reserve

The Council has established a reserve to smooth out the fluctuations in the retained proportion of business rates arising from new government financing arrangements.

(g) Superannuation reserve

This reserve has been established for the purpose of meeting back funding contributions and pension strain costs in respect of deleted posts.

(h) Benefit subsidy reserve

The Council has established a reserve for the purpose of meeting fluctuations in respect of housing benefit subsidy. Additional year end subsidy received during the following year will be available to meet future fluctuations once the final benefit subsidy position is known.

(i) Planning reserves

The Council has established a number of reserves for the purpose of meeting fees and costs associated with major planning enquiries.

(j) Repairs and maintenance (corporate property) reserve

The Council maintains a reserve for the purpose of providing for the future refurbishment of general fund property assets. This reserve receives an annual contribution from the comprehensive income and expenditure account.

(k) LABGI (local authority business growth incentive) reserve

The Council has created a reserve from the grant income received from the DCLG pending the allocation to specific areas that have been identified within the district.

8. Other operating income and expenditure

2013/14		2014/15
Council and Group		Council and Group
£000		£000
4,193	Parish precepts	4,272
2	Payments to the government housing capital receipts pool	1
(2,131)	Post stock transfer capital receipts	(2,793)
(210)	Commutated sum income	(82)
(253)	Other operating costs/(income)	(246)
261	Loss on disposal of non-current assets	3,791
1,862		4,943

9. Financing and investment income and expenditure

2013/14			2014/15	
Council only	Group		Council only	Group
£000	£000		£000	£000
212	212	Interest payable and similar charges	829	829
2,968	2,968	Net interest on the net defined liability	3,138	3,138
(3,181)	(3,181)	Interest receivable and similar income	(2,601)	(2,601)
-	663	Share of losses attributable to joint venture	-	(506)
(439)	-	Distribution attributable to joint venture (note 29)	(104)	-
106	106	Other investment costs (note 12)	76	76
<u>(334)</u>	<u>768</u>		<u>1,338</u>	<u>936</u>

10. Taxation and non-specific grant income

2013/14		2014/15
Council and Group		Council and Group
£000		£000
(13,672)	Council tax income	(14,060)
(2,652)	Non domestic rates	(3,697)
(8,547)	Non-ringfenced government grants (note 30)	(9,157)
(939)	Capital grants and contributions	(1,428)
<u>(25,810)</u>		<u>(28,342)</u>

11. Property, plant and equipment**11.1 Measurement bases used**

The gross carrying amount of assets has been determined on the following bases:

- other land and buildings are included in the balance sheet at the lower of net current replacement cost and net realisable value.
- vehicles, plant and equipment are included in the balance sheet at historical cost.
- community assets are included in the balance sheet at historical cost.
- assets under construction are included in the balance sheet at historical cost.

11.2 Depreciation methods used

Depreciation is calculated on a straight line basis over the useful life of an asset

11.3 Useful lives or depreciation rates used

The useful life of an asset is the period over which it is expected to deliver productive benefit to the Council. The useful lives used for depreciating the various assets are:

<u>Class type</u>	<u>Useful life</u>
Surface car parks	20 - 34 years
Multi-storey car parks	26 - 50 years
Sports pavilions	10 - 28 years
Other public buildings	8 - 43 years
Equipment	5 years
Vehicles	3 years

11.4 Capital commitments

In May 2014 the Council entered into an agreement to construct an educational facility for the value of £16.550 million. The outstanding commitment at 31 March 2015 was £6.419 million.

The Council is undertaking refurbishment work at Swan Pool, Buckingham at a cost of £2.700 million. The outstanding commitment at 31 March 2015 was £2.229 million.

The Council had no construction contracts in effect at 31 March 2015.

11.5 Effects of changes in estimates

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £85,700 for every year that useful lives had to be reduced.

11.6 Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of all the community centres and Hampden House multi storey carpark were carried out by Mark Aldis BSc(Hons) M.R.I.C.S. of Wilks, Head and Eve as at 31 March 2015.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;
- specialised assets – where no market-based evidence exists to arrive at fair value, the depreciated replacement cost (DRC) approach has been used;
- land assets – these have been assessed to fair value having regard to the cost of purchasing notional replacement sites in the same locality;
- assets held for sale – these have been assessed to fair value on the basis of market value.

11.7 Movement on property, plant and equipment

Council and group	2014/15						
	Other land & buildings £000	Vehicles, plant & equipment £000	Community assets £000	Surplus assets £000	Heritage assets £000	PP&E under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2014	106,296	6,048	19	9,729	220	8,941	131,253
Additions	-	60	-	-	-	8,533	8,593
Revaluation increases/(decreases) recognised in the revaluation reserve	2,337	-	-	-	-	-	2,337
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	4,363	-	-	-	-	-	4,363
Impairment losses/reversals recognised in the (surplus)/deficit on the provision of services	-	-	(1,362)	-	-	-	(1,362)
Derecognition - disposals	(5,634)	-	-	-	-	-	(5,634)
Reclassification to assets held for resale	(451)	-	-	-	-	-	(451)
Other movements in cost or valuation	5,981	-	1,362	-	-	(7,343)	-
At 31 March 2015	112,892	6,108	19	9,729	220	10,131	139,099
Accumulated depreciation							
At 1 April 2014	(2,261)	(3,786)	-	-	-	-	(6,047)
Depreciation charge	(2,333)	(435)	-	-	-	-	(2,768)
Depreciation written out to the revaluation reserve	256	-	-	-	-	-	256
At 31 March 2015	(4,338)	(4,221)	-	-	-	-	(8,559)
Net book value							
At 31 March 2015	108,554	1,887	19	9,729	220	10,131	130,540
At 1 April 2014	104,035	2,262	19	9,729	220	8,941	125,206

Council and group	2013/14						
	Other land & buildings £000	Vehicles, plant & equipment £000	Community assets £000	Surplus assets £000	Heritage assets £000	PP&E under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2013	85,937	5,865	19	9,729	220	23,775	125,545
Additions	361	181	-	-	-	9,639	10,181
Revaluation increases/(decreases) recognised in the revaluation reserve	590	-	-	-	-	-	590
Impairment written out to the (surplus)/deficit on the provision of services	127	-	-	-	-	-	127
Impairment losses/reversals recognised in the (surplus)/deficit on the provision of services	-	-	(4,880)	-	-	-	(4,880)
Derecognition - disposals	(310)	-	-	-	-	-	(310)
Other movements in cost or valuation	19,591	2	4,880	-	-	(24,473)	-
At 31 March 2014	106,296	6,048	19	9,729	220	8,941	131,253
Accumulated depreciation							
At 1 April 2013	(18)	(3,162)	-	-	-	-	(3,180)
Depreciation charge	(2,251)	(624)	-	-	-	-	(2,875)
Derecognition - disposals	8	-	-	-	-	-	8
At 31 March 2014	(2,261)	(3,786)	-	-	-	-	(6,047)
Net book value							
At 31 March 2014	104,035	2,262	19	9,729	220	8,941	125,206
At 1 April 2013	85,919	2,703	19	9,729	220	23,775	122,365

12. Investment properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

2013/14		2014/15	
Council and group		Council and group	
£000		£000	
	(2) Rental income from investment property		(2)
108	Direct operating expenses arising from investment property	78	
106		76	

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

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

31 March 2014		31 March 2015	
Council and group		Council and group	
£000		£000	
540	Balance at 1 April	415	
(125)	Disposals	-	
415	Balance at 31 March	415	

13. Long term investments

31 March 2014			31 March 2015		
Council only	Group		Council only	Group	
£000	£000		£000	£000	
1,284	-	Aylesbury Vale Estates LLP	1,284	-	
55	55	Green deal shares	-	-	
1	1	Other	1	1	
1,340	56		1,285	1	

14. Investment in joint venture

31 March 2014		31 March 2015	
Group		Group	
£000		£000	
1,308	Investment at cost	1,308	
(24)	Capital repayments and distributions	(24)	
(1,709)	Distributions	(1,813)	
(1,129)	AVDC share of accumulated losses	(623)	
2,397	AVDC share of accumulated revaluation gains	3,897	
843		2,745	

15. Long term debtors

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
28,648	Aylesbury Vale Estates LLP	28,264
79	Car purchase loans	51
28,727		28,315

16. Assets held for resale

At the end of the year, the Council had entered into negotiations to sell Elmhurst Community Centre, with a total value of £451,000.

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
-	Elmhurst Community Centre	451
1,800	Circus Fields	-
1,800		451

17. Financial Instruments

17.1 Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

31 March 2014			31 March 2015	
Council and group			Council and group	
Long term	Current		Long term	Current
£000	£000		£000	£000
Investments				
-	21,076	Loans and receivables	-	34,132
-	21,076	Total investments	-	34,132
Debtors				
28,727	7,736	Loans and receivables	28,315	4,286
-	8,833	Financial assets carried at contract amounts	-	8,651
28,727	16,569	Total debtors	28,315	12,937
Cash and cash equivalents				
-	5,115	Financial assets carried at contract amount	-	7,965
-	5,115	Total cash and cash equivalents	-	7,965
Borrowings				
(15,139)	(5,009)	Financial liabilities at amortised cost	(23,761)	(5,017)
(15,139)	(5,009)	Total borrowings	(23,761)	(5,017)
Creditors				
-	(6,037)	Financial liabilities carried at contract amount	-	(5,169)
-	(6,037)	Total creditors	-	(5,169)

17.2 Income, expense, gains and losses

2013/14			2014/15		
Council and group			Council and group		
Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total	Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total
£000	£000	£000	£000	£000	£000
-	212	212	-	829	829
-	212	212	-	829	829
(3,181)	-	(3,181)	(2,601)	-	(2,601)
(3,181)	-	(3,181)	(2,601)	-	(2,601)
(46)	-	(46)	-	-	-
			51		51
(46)	-	(46)	51	-	51
(3,227)	212	(3,015)	(2,550)	829	(1,721)

17.3 Fair values of assets and liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

31 March 2014		31 March 2015	
Council and group		Council and group	
Carrying amount	Fair value	Carrying amount	Fair value
£000	£000	£000	£000
Financial assets			
28,727	28,727	28,315	28,315
21,076	21,101	34,132	34,097
5,115	5,115	7,965	7,965
54,918	54,943	70,412	70,377
Financial liabilities			
(9,502)	(9,502)	(9,999)	(9,999)
(5,009)	(5,056)	(5,017)	(5,017)
(15,139)	(14,859)	(23,761)	(26,823)
(29,650)	(29,417)	(38,777)	(41,839)

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. Short term debtors

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
7,108	Central government bodies	3,721
1,268	Other local authorities	748
47	NHS bodies	200
193	Amounts owed by group undertakings	193
7,742	Other entities and individuals	9,735
<u>16,358</u>		<u>14,597</u>
(1,424)	Provision for impairment of bad debts	(2,013)
<u>14,934</u>		<u>12,584</u>

19. Short term loans

During 2012/13, the Council granted a loan to Hale Leys LLP (a newly created, wholly owned subsidiary of AVE LLP) to facilitate the purchase of the Hale Leys shopping centre in Aylesbury. By supporting the acquisition the Council became joint owners of the shopping centre.

The dividend receivable from AVE LLP in respect of 2011/12, plus an additional repayment of capital during 2012/13 was converted into a short term loan during 2012/13. An amount payable by AVE LLP for the purchase of 28 High Street, Winslow of £120,000 was converted into a short term loan during 2013/14 as was the dividend receivable of £439,000. Similarly, the dividend receivable in respect of 2014/15 of £104,000 was also converted into a short term loan.

The balances outstanding at the end of the year are as follows:

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
2,900	Hale Leys LLP	2,900
4,836	Aylesbury Vale Estates LLP	1,386
<u>7,736</u>		<u>4,286</u>

20. Cash and cash equivalents

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
1	Cash	1
592	Bank current accounts	424
4,522	Short term deposits	7,540
<u>5,115</u>		<u>7,965</u>

21. Short term creditors

31 March 2014		31 March 2015	
Council and group		Council and group	
£000		£000	
(2,581)	Central government bodies	(2,347)	
(4,947)	Other local authorities	(4,258)	
(5,888)	Other entities and individuals	(6,947)	
(13,416)		(13,552)	

22. Provisions

	Council and group	
	Short term	Long term
	NDR appeals	Refundable bonds
	£000	£000
Balance at 1 April 2013	-	(164)
Additional provisions made in 2013/14	(1,629)	(19)
Balance at 31 March 2014	(1,629)	(183)
Additional provisions made in 2014/15	-	(4)
Balance at 31 March 2015	(1,629)	(187)

23. Other long term liabilities

31 March 2014		31 March 2015	
Council and group		Council and group	
£000		£000	
(73,064)	Pension liability	(90,307)	
(9,502)	ALUTS contributions	(9,999)	
(82,566)		(100,306)	

24. Usable reserves

Movement in usable reserves are summarised below:

Council only	Balance 1 April 2013	Movements		Balance 31 March 2014	Movements		Balance 31 March 2015
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
General fund balance	(3,292)	135,987	(136,335)	(3,640)	127,456	(127,581)	(3,765)
Capital receipts reserve	(3,816)	4,666	(4,666)	(3,816)	4,164	(9,957)	(9,609)
Capital grants unapplied	(481)	3,085	(3,196)	(592)	1,253	(1,928)	(1,267)
Earmarked reserves	(22,660)	4,480	(6,015)	(24,195)	2,733	(6,304)	(27,766)
	(30,249)	148,218	(150,212)	(32,243)	135,606	(145,770)	(42,407)

Group	Balance 1 April 2013	Movements		Balance 31 March 2014	Movements		Balance 31 March 2015
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
General fund balance	(2,022)	135,987	(135,896)	(1,931)	127,456	(127,477)	(1,952)
Capital receipts reserve	(3,816)	4,666	(4,666)	(3,816)	4,164	(9,957)	(9,609)
Capital grants unapplied	(481)	3,085	(3,196)	(592)	1,253	(1,928)	(1,267)
Earmarked reserves	(22,660)	4,480	(6,015)	(24,195)	2,733	(6,304)	(27,766)
Joint venture profit and loss reserves	466	663	-	1,129	-	(506)	623
	(28,513)	148,881	(149,773)	(29,405)	135,606	(146,172)	(39,971)

25. Unusable reserves

Movement in unusable reserves are summarised below:

Council only	Balance 1 April 2013	Movements		Balance 31 March 2014	Movements		Balance 31 March 2015
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(11,007)	637	(591)	(10,961)	-	(2,593)	(13,554)
Available for sale financial instruments reserve	(5)	-	(46)	(51)	51	-	-
Capital adjustment account	(91,476)	14,265	(9,613)	(86,824)	16,152	(11,100)	(81,772)
Deferred capital receipts	(32,936)	342	(114)	(32,708)	3,939	-	(28,769)
Pensions reserve	67,721	22,492	(17,149)	73,064	28,423	(11,180)	90,307
Collection fund adjustment account	(178)	-	1,382	1,204	-	(607)	597
Accumulated absences account	89	89	(89)	89	74	(89)	74
	(67,792)	37,825	(26,220)	(56,187)	48,639	(25,569)	(33,117)

Group	Balance 1 April 2013	Movements		Balance 31 March 2014	Movements		Balance 31 March 2015
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(12,327)	720	(1,751)	(13,358)	141	(4,234)	(17,451)
Available for sale financial instruments reserve	(5)	-	(46)	(51)	51	-	-
Capital adjustment account	(91,476)	14,265	(9,613)	(86,824)	16,152	(11,100)	(81,772)
Deferred capital receipts	(32,936)	342	(114)	(32,708)	3,939	-	(28,769)
Pensions reserve	67,721	22,492	(17,149)	73,064	28,423	(11,180)	90,307
Collection fund adjustment account	(178)	-	1,382	1,204	-	(607)	597
Accumulated absences account	89	89	(89)	89	74	(89)	74
	(69,112)	37,908	(27,380)	(58,584)	48,780	(27,210)	(37,014)

25.1 Revaluation reserve

The revaluation reserve contains the gains arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

2013/14			2014/15	
Council only	Group		Council only	Group
£000	£000		£000	£000
(11,007)	(12,327)	Balance at 1 April	(10,961)	(13,358)
(591)	(1,751)	Upward revaluation of assets	(2,337)	(3,978)
-	-	- Depreciation written back to revaluation reserve	(256)	(256)
-	83	Downward revaluation of assets and impairment losses not charged to the deficit on the provision of services	-	141
(591)	(1,668)	Surplus on revaluation of non-current assets not posted to the deficit on the provision of services	(2,593)	(4,093)
637	637	Amount written off to the capital adjustment account	-	-
(10,961)	(13,358)	Balance at 31 March	(13,554)	(17,451)

25.2 Available for sale financial instruments reserve

The available for sale financial instruments reserve contains the gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

2013/14		2014/15
Council and group		Council and group
£000		£000
(5)	Balance at 1 April	(51)
(46)	Upward revaluation of investments	-
-	Downward revaluation of investments	51
(51)	Balance at 31 March	-

25.3 Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2013/14			2014/15	
Council and group			Council and group	
£000	£000		£000	£000
	(91,476)	Balance at 1 April		(86,824)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
7,628		• Charges for depreciation and impairment of non-current assets	4,130	
-		• Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	(4,363)	
4,063		• Revenue expenditure funded from capital under statute	4,588	
		• Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the comprehensive income and expenditure statement		
2,574			7,434	
14,265			11,789	
(637)		Adjusting amounts written out of the revaluation reserve	-	
		Net written out amount of the non-current assets consumed		
13,628		in the year		11,789
		Capital financing applied in the year		
(4,666)		• Use of the capital receipts reserve to finance new capital expenditure		(4,164)
		• Capital grants and contributions credited to the comprehensive income and expenditure statement that have		
(6)		been applied to capital financing		-
(3,085)		• Application of grants to capital financing from the capital grants unapplied account and earmarked reserves		(1,253)
		• Statutory provision for the financing of capital investment		
(1,219)		charged against the general fund		(1,320)
	(86,824)	Balance at 31 March		(81,772)

25.4 Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing 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.

2013/14			2014/15	
Council and group			Council and group	
£000	£000		£000	£000
	(32,936)	Balance at 1 April		(32,708)
		Transfer of deferred sales proceeds credited as part of the loss on disposal to the comprehensive income and		
(114)		expenditure statement		-
342		Transfer to the capital receipts reserve upon receipt of cash	3,939	
	(32,708)	Balance at 31 March		(28,769)

25.5 Pensions reserve

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

2013/14			2014/15	
Council and group			Council and group	
£000	£000		£000	£000
	67,721	Balance at 1 April		73,064
(2,105)		Return on plan assets in excess of interest	(7,406)	
3,826		Other actuarial losses on assets	-	
5,943		Change in financial assumptions	21,591	
5,982		Change in demographic assumptions	-	
(11,497)		Experience gain on defined benefit obligation	(32)	
	2,149	Remeasurement of net defined benefit		14,153
		Reversal of items relating to retirement benefits debited or credited to the (surplus)/deficit on the provision of services in the comprehensive income and expenditure statement		6,832
	6,741	Employer's pensions contributions and direct payments to pensioners payable in the year		(3,742)
	(3,547)			
	73,064	Balance at 31 March		90,307

25.6 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 across amounts to the general fund from the collection fund.

2013/14			2014/15	
Council and group			Council and group	
£000	£000		£000	£000
	(178)	Balance at 1 April		1,204
		Amount by which council tax income and non domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements		(607)
	1,382			
	1,204	Balance at 31 March		597

25.7 Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers (to)/from the account.

2013/14			2014/15	
Council and group			Council and group	
£000	£000		£000	£000
	89	Balance at 1 April		89
(89)		Settlement or cancellation of accrual made at the end of the preceding year	(89)	
89		Amount accrued at the end of the current year	74	
		Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(15)
	89	Balance at 31 March		74

26. Cash flow statement

26.1 Adjustments to net deficit on the provision of services for non-cash movements

2013/14			2014/15	
Council only	Group		Council only	Group
£000	£000		£000	£000
7,628	7,628	Depreciation and impairment losses	7,092	7,092
-	-	Upward revaluations	(7,325)	(7,325)
5,435	5,435	Increase in creditors	(563)	(563)
(1,492)	(1,053)	Increase in debtors	155	259
(4)	(4)	(Increase)/Decrease in inventories	20	20
3,194	3,194	Pension liability	3,090	3,090
-	-	(Increase)/Decrease in impairment for bad debts	-	-
2,574	2,574	Carrying amount of non-current assets sold	7,434	7,434
-	663	Share of losses attributable to joint venture	-	(506)
		Other non-cash items charged to the net surplus or deficit		
1,648	1,648	on the provision of services	55	55
18,983	20,085		9,958	9,556

26.2 Adjustments for items included in the net deficit on the provision of services that are investing and financing activities

2013/14		2014/15
Council and group		Council and group
£000		£000
	Proceeds from the sale of property plant and equipment, investment property and intangible assets	
(4,444)		(6,436)
	Any other items for which the cash effects are investing or financing cash flows	
(3,485)		(1,928)
(7,929)		(8,364)

26.3 Operating activities

Operating activities within the cash flow statement include the following cash flows relating to interest:

2013/14		2014/15
Council and group		Council and group
£000		£000
3,222	Interest received	2,600
(64)	Interest paid	(566)

27. Cash flow statement - investing activities

2013/14		2014/15
Council and group		Council and group
£000		£000
	Purchase of property, plant and equipment, investment property and intangible assets	
(10,181)		(8,593)
(44,009)	Purchase of short term and long term investments	(66,000)
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	
2,535		10,375
	Proceeds from the sale of short term and long term investments	
30,546		53,000
3,447	Other receipts from investing activities	1,183
(17,662)		(10,035)

28. Cash flow statement - financing activities

2013/14		2014/15
Council and group		Council and group
£000		£000
44,994	Cash receipts of short and long term borrowing	13,500
-	- Other receipts from financing activities	4,168
(775)	Other payments for financing activities	-
(45,000)	Repayment of short and long term borrowing	(5,082)
(781)		12,586

29. Distribution attributable to joint venture

2013/14		2014/15
Council only		Council only
£000		£000
(439)	Distribution attributable to joint venture for the year	(104)
(439)		(104)

30. Grant income

The Council credited the following revenue grants and contributions to the comprehensive income and expenditure statement:

2013/14		2014/15
Council and group		Council and group
£000		£000
Credited to taxation and non specific grant income		
(5,176)	Revenue support grant	(3,917)
(3,283)	New homes bonus	(4,370)
(88)	Other grants	(870)
(8,547)		(9,157)
Credited to services		
(499)	Growth area fund 3	-
(15)	Planning delivery	(35)
(329)	Renovation grants	(340)
(224)	Council tax/NNDR collection grant	(224)
(54)	Homelessness	(53)
(165)	Other	(135)
(1,286)		(787)

31. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the comprehensive income and expenditure statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Council's cabinet on the basis of budget reports analysed across portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statement. In particular:

- no charges are made in relation to costs incurred in relation to the Paralympics Heritage Flame Festival or the Council's contribution to the HS2 fighting funds as these are to be funded from reserves.
- no charges are made for enabling grants paid.
- income and expenditure relating to town centre properties and industrial estates are included within portfolio spend, but are shown within other operating income and expenditure in the comprehensive income and expenditure statement.
- no charge is made for the year end accumulated absences accrual.

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year is as follows:

	2014/15									
	Council and group									
	Civic Amenities £000	Community Matters £000	Economic Development £000	Environment & Health £000	Leader £000	Leisure £000	Planned Development £000	Resources £000	Strategic Planning £000	Total £000
Fees, charges & other service income	(3,017)	(585)	(1,839)	(4,583)	(992)	(2,525)	(2,853)	(48,442)	(444)	(65,280)
Government grants	-	(69)	-	(340)	-	-	(26)	(317)	(35)	(787)
Total income	(3,017)	(654)	(1,839)	(4,923)	(992)	(2,525)	(2,879)	(48,759)	(479)	(66,067)
Employee expenses	1,008	2,190	208	5,538	2,676	2,456	2,678	3,920	534	21,208
Other service expenses	2,310	1,466	1,660	4,270	1,227	3,921	600	47,674	572	63,700
Support service recharges	(400)	(150)	(676)	762	589	605	594	(1,353)	98	69
Depreciation & impairment	(4,055)	-	1,863	318	-	1,641	-	-	-	(233)
Total expenditure	(1,137)	3,506	3,055	10,888	4,492	8,623	3,872	50,241	1,204	84,744
Net expenditure	(4,154)	2,852	1,216	5,965	3,500	6,098	993	1,482	725	18,677
	2013/14									
	Council and group									
	Civic Amenities £000	Community Matters £000	Corporate Issues £000	Economic Development £000	Environment & Health £000	Leader £000	Leisure £000	Planned Development £000	Resources £000	Total £000
Fees, charges & other service income	(2,783)	(580)	(1,060)	(3,932)	(931)	(1,831)	(2,253)	(47,149)	(313)	(60,832)
Government grants	-	(107)	-	(329)	-	-	(28)	(278)	(15)	(757)
Total income	(2,783)	(687)	(1,060)	(4,261)	(931)	(1,831)	(2,281)	(47,427)	(328)	(61,589)
Employee expenses	1,086	2,284	115	5,295	2,879	2,576	2,853	3,787	588	21,463
Other service expenses	1,786	1,607	1,918	3,877	1,020	3,685	424	45,942	1,093	61,352
Support service recharges	(376)	(282)	(821)	768	647	552	633	(1,358)	101	(136)
Depreciation & impairment	384	-	5,068	318	13	2,026	-	53	-	7,862
Total expenditure	2,880	3,609	6,280	10,258	4,559	8,839	3,910	48,424	1,782	90,541
Net expenditure	97	2,922	5,220	5,997	3,628	7,008	1,629	997	1,454	28,952

Reconciliation of portfolio income and expenditure to cost of services in the comprehensive income and expenditure statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the comprehensive income and expenditure statement.

2013/14 Council and group £000		2014/15 Council and group £000
28,952	Net expenditure in the quarterly digest for the end of March	18,677
	Amounts in the comprehensive income and expenditure statement not reported to	
3,474	management in the analysis	4,694
	Amounts included in the analysis not included in the comprehensive income and	
(45)	expenditure statement	(15)
32,381	Cost of services in the comprehensive income and expenditure statement	23,356

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the deficit on the provision of services included in the comprehensive income and expenditure statement.

	Council and group						Group	
	Portfolio analysis £000	Amounts not reported to management for decision making £000	Amounts not included in I & E £000	Cost of services £000	Corporate amounts £000	Total £000	Group adjustments £000	Total £000
2014/15								
Fees, charges & other service income	(65,280)	(3)	2	(65,281)	-	(65,281)	-	(65,281)
Interest and investment income	-	-	-	-	(2,525)	(2,525)	-	(2,525)
Income from council tax	-	-	-	-	(14,060)	(14,060)	-	(14,060)
Income from non domestic rates	-	-	-	-	(3,697)	(3,697)	-	(3,697)
Post stock transfer capital receipts	-	-	-	-	(2,793)	(2,793)	-	(2,793)
Government grants and contributions	(787)	-	-	(787)	(10,585)	(11,372)	-	(11,372)
Dividends receivable	-	-	-	-	(104)	(104)	104	-
Other operating income	-	(4,361)	-	(4,361)	(82)	(4,443)	-	(4,443)
Total income	(66,067)	(4,364)	2	(70,429)	(33,846)	(104,275)	104	(104,171)
Employee expenses	21,208	-	-	21,208	-	21,208	-	21,208
Other service expenses	63,700	225	(32)	63,893	-	63,893	-	63,893
Support service recharges	69	(86)	15	(2)	-	(2)	-	(2)
Depreciation & impairment	(233)	-	-	(233)	-	(233)	-	(233)
Interest payments	-	-	-	-	3,967	3,967	-	3,967
Precepts & levies	-	-	-	-	4,272	4,272	-	4,272
Payments to housing capital receipts pool	-	-	-	-	1	1	-	1
Gain or loss on disposal of fixed assets	-	-	-	-	3,791	3,791	-	3,791
Share of losses attributable to joint venture	-	-	-	-	-	-	(506)	(506)
Other operating costs	-	8,919	-	8,919	(246)	8,673	-	8,673
Total expenditure	84,744	9,058	(17)	93,785	11,785	105,570	(506)	105,064
(Surplus)/deficit on the provision of services	18,677	4,694	(15)	23,356	(22,061)	1,295	(402)	893

	Council and group					Group		
	Portfolio analysis	Amounts not reported to management for decision making	Amounts not included in I & E	Cost of services	Corporate amounts	Total	Group adjustments	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2013/14								
Fees, charges & other service income	(60,832)	(402)	-	(61,234)	-	(61,234)	-	(61,234)
Interest and investment income	-	-	-	-	(3,075)	(3,075)	-	(3,075)
Income from council tax	-	-	-	-	(13,672)	(13,672)	-	(13,672)
Income from non domestic rates	-	-	-	-	(2,652)	(2,652)	-	(2,652)
Post stock transfer capital receipts	-	-	-	-	(2,131)	(2,131)	-	(2,131)
Government grants and contributions	(757)	(529)	-	(1,286)	(9,486)	(10,772)	-	(10,772)
Dividends receivable	-	-	-	-	(439)	(439)	439	-
Other operating income	-	-	-	-	(210)	(210)	-	(210)
Total income	(61,589)	(931)	-	(62,520)	(31,665)	(94,185)	439	(93,746)
Employee expenses	21,463	70	-	21,533	-	21,533	-	21,533
Other service expenses	61,352	621	(59)	61,914	-	61,914	-	61,914
Support service recharges	(136)	(65)	14	(187)	-	(187)	-	(187)
Depreciation & impairment	7,862	(233)	-	7,629	-	7,629	-	7,629
Interest payments	-	-	-	-	3,180	3,180	-	3,180
Precepts & levies	-	-	-	-	4,193	4,193	-	4,193
Payments to housing capital receipts pool	-	-	-	-	2	2	-	2
Gain or loss on disposal of fixed assets	-	-	-	-	261	261	-	261
Share of losses attributable to joint venture	-	-	-	-	-	-	663	663
Other operating costs	-	4,012	-	4,012	(253)	3,759	-	3,759
Total expenditure	90,541	4,405	(45)	94,901	7,383	102,284	663	102,947
(Surplus)/deficit on the provision of services	28,952	3,474	(45)	32,381	(24,282)	8,099	1,102	9,201

32. Trading operations

The table below shows those operating units of the Council where service managers are required to operate within a commercial environment and balance their budget by generating income from other parts of the Council, other organisations and the general public.

2013/14		2014/15	
Council and group		Council and group	
Turnover	(Surplus)/deficit	Turnover	(Surplus)/deficit
£000	£000	£000	£000
(906)	(125)	(978)	(136)
(551)	(70)	(629)	(31)
(2,631)	(295)	(2,833)	(277)
(455)	34	(483)	7
(84)	19	(91)	30
(346)	(63)	(367)	(90)
(4,973)	(500)	(5,381)	(497)

33. Members' allowances

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

2013/14		2014/15	
Council and group		Council and group	
£000		£000	
312	Salaries	316	
129	Allowances	130	
11	Travel and other allowances	11	
452		457	

34. Officers' remuneration**34.1 Senior officers' remuneration**

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or where employed during the financial year, for those earning more than £150,000 then they must be named. The remuneration paid to the Council's senior employees is as follows:

2014/15					
Council and group					
Identifier	Salary (including fees & allowances)	Bonuses	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£000	£000	£000	£000	£000
Chief Executive - A Grant	148	-	148	34	182
Deputy Chief Executive	99	-	99	23	122
Corporate Director	76	-	76	17	93
Head of Service - Legal - Interim - Resigned	68	-	68	16	84
Head of Service - IT	67	-	67	15	82
Head of Service - Communications	66	-	66	15	81
Corporate Director	63	-	63	14	77
Head of Service - Facilities - Resigned	17	-	17	4	21
Head of Service - Planning - Resigned	9	-	9	2	11
	613	-	613	140	753

		2013/14				
		Council and group				
Identifier		Salary (including fees & allowances)	Bonuses	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£000	£000	£000	£000	£000
Chief Executive - A Grant	1	139	-	139	34	173
Deputy Chief Executive	2	98	-	98	22	120
Corporate Director	3	74	-	74	17	91
Head of Service - Legal - Interim	4	79	-	79	18	97
Head of Service - IT	5	67	-	67	15	82
Head of Service - Communications	6	64	-	64	15	79
Corporate Director	7	61	-	61	14	75
Head of Service - Facilities	8	59	-	59	13	72
Head of Service - Planning	9	77	-	77	18	95
Corporate Director - Resigned		38	-	38	9	47
Head of Service - People & Payroll - Resigned		14	-	14	3	17
		770	-	770	178	948

34.2 Officers' remuneration

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

2013/14		2014/15	
Council and group		Council and group	
Number of employees		Number of employees	
19	£50,000 - £54,999	16	
7	£55,000 - £59,999	8	
1	£60,000 - £64,999	-	
-	£65,000 - £69,999	2	
27		26	

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:

	Number of compulsory redundancies		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	Council and group		Council and group		Council and group	
				£000	£000	
£0 - £20,000	8	17	8	17	100	217
£20,001 - £40,000	6	8	6	8	145	233
£40,001 - £60,000	-	6	-	6	-	295
£60,001 - £80,000	1	1	1	1	60	75
£80,001 - £100,000	-	2	-	2	-	169
	15	34	15	34	305	989

35. External audit costs

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

2013/14 Council and group £000		2014/15 Council and group £000
75	Fees payable to the appointed auditor with regard to external audit services	76
(8)	Fees payable to the Audit Commission in respect of statutory inspection	(1)
18	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	17
85		92

36. Leases**Council as lessee****36.1 Finance leases**

The Council has acquired a number of buildings under finance leases, the majority of which are at a peppercorn rent. The assets acquired under these leases are carried as property, plant and equipment in the balance sheet at the following net amounts:

31 March 2014 Council and group £000		31 March 2015 Council and group £000
7,309	Other land and buildings	11,942
7,309		11,942

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

2013/14 Council and group £000		2014/15 Council and group £000
9	Not later than one year	8
27	Later than one year and not later than five years	26
14	Later than five years	8
50		42

The expenditure charged in the comprehensive income and expenditure statement during the year in relation to these leases was:

2013/14 Council and group £000		2014/15 Council and group £000
8	Minimum lease payments	6
8		6

36.2 Operating leases

The Council has acquired its fleet of refuse collection vehicles by entering into operating leases with typical lives of seven years.

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

2013/14		2014/15
Council and group		Council and group
£000		£000
854	Not later than one year	842
2,556	Later than one year and not later than five years	1,677
3,410		2,519

The expenditure charged to the environmental and regulatory services line in the comprehensive income and expenditure statement during the year in relation to these leases was:

2013/14		2013/14
Council and group		Council and group
£000		£000
853	Minimum lease payments	865
853		865

Council as lessor**36.3 Operating leases**

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2013/14		2014/15
Council and group		Council and group
£000		£000
(148)	Not later than one year	(1,000)
(264)	Later than one year and not later than five years	(4,836)
(26)	Later than five years	(7,199)
(438)		(13,035)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

37. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2013/14 Council and group £000		2014/15 Council and group £000
25,654	Opening capital financing requirement	30,976
	Capital investment	
542	Property, plant and equipment	60
9,639	Assets under construction	8,533
55	Long term investments	-
4,063	Revenue expenditure funded from capital under statute	4,588
	Sources of finance	
(4,666)	Capital receipts	(4,164)
(3,085)	Government grants and other contributions	(1,253)
(7)	Other	(55)
	Sums set aside from revenue:	
(1,219)	Minimum revenue provision	(1,320)
30,976	Closing capital financing requirement	37,365
	Explanation of movements in year	
5,322	Increase in underlying need to borrow (unsupported by government financial assistance)	6,389
5,322	Increase in capital financing requirement	6,389

38. Defined benefit pension schemes**38.1 Participation in pensions schemes**

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

38.2 Transactions relating to post-employment benefits

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 we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year:

	Local government pension scheme		Discretionary benefits arrangements	
	2013/14	2014/15	2013/14	2014/15
	Council and group		Council and group	
	£000	£000	£000	£000
Cost of services:				
• service cost	3,663	3,616	-	-
Financing and investment income and expenditure				
• net interest on the defined liability	2,968	3,138	-	-
Administration expenses	110	78	-	-
Total post employment benefit charged to the comprehensive income and expenditure statement	6,741	6,832	-	-
Movement in reserves statement				
• reversal of net charges made to surplus or deficit for the provision of services for post employment benefits in accordance with the code	(6,741)	(6,832)	-	-
Actual amount charged against the general fund balance for pensions in the year:				
• employers' contributions payable to scheme	3,273	3,379	-	-
• retirement benefits payable to pensioners	-	-	274	363

The cumulative amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2014/15 is a loss of £34,893,000 (a loss of £20,740,000 during 2013/14).

38.3 Assets and liabilities in relation to post-employment benefits

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

	Funded liabilities		Unfunded liabilities: discretionary benefits arrangements	
	2013/14	2014/15	2013/14	2014/15
	Council and group		Council and group	
	£000	£000	£000	£000
Opening balance at 1 April	162,752	171,170	(924)	(3,992)
Adjustment	2,949	-	(2,949)	-
Revised opening balance at 1 April	165,701	171,170	(3,873)	(3,992)
Current service cost	3,599	3,423	-	-
Interest cost	7,149	7,229	-	-
Change in financial assumptions	5,808	21,511	135	80
Change in demographic assumptions	5,982	-	-	-
Experience loss/(gain) on defined benefit obligation	(11,497)	(32)	-	-
Liabilities extinguished on settlements	(134)	-	-	-
Estimated benefits paid net of transfers in	(6,484)	(6,814)	-	-
Past service costs including curtailments	112	193	-	-
Contributions by scheme participants	934	1,038	-	-
Unfunded pension payments	-	-	(254)	(250)
Closing balance at 31 March	171,170	197,718	(3,992)	(4,162)

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2013/14	2014/15
	Council and group	
	£000	£000
Opening balance at 1 April	(94,107)	(94,114)
Interest on assets	(4,181)	(4,091)
Return on assets less interest	(2,105)	(7,406)
Other actuarial gains and losses	3,826	-
Administration expenses	110	78
Contributions by employer including unfunded	(3,547)	(3,742)
Contributions by scheme participants	(934)	(1,038)
Estimated benefits paid plus unfunded net of transfers in	6,738	7,064
Settlement prices paid	86	-
Closing balance at 31 March	(94,114)	(103,249)

Pension scheme assets comprised:

	31 March 2014				31 March 2015			
	Council and group				Council and group			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
£000	£000	£000	%	£000	£000	£000	%	
Gilts	-	4,706	4,706	5%	12,870	-	12,870	12%
UK equities	17,882	-	17,882	19%	11,564	-	11,564	11%
Overseas equities	38,586	-	38,586	41%	38,099	-	38,099	37%
Private equity	-	7,529	7,529	8%	-	6,722	6,722	7%
Other bonds	-	9,411	9,411	10%	13,371	-	13,371	13%
Property	-	7,529	7,529	8%	8,029	823	8,852	9%
Cash	-	941	941	1%	2,009	-	2,009	2%
Hedge funds	-	3,765	3,765	4%	-	3,888	3,888	4%
Absolute return portfolio	-	3,765	3,765	4%	-	4,352	4,352	4%
Alternative Assets	n/a	n/a	n/a	n/a	-	1,522	1,522	1%
	56,468	37,646	94,114		85,942	17,307	103,249	

38.4 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 liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

2013/14 Council and group		2014/15 Council and group
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
23.6	Men	23.7
26.0	Women	26.1
	Longevity at 65 for future pensioners:	
25.8	Men	26.0
28.3	Women	28.4
2.8%	Rate of Inflation	2.4%
4.6%	Rate of increase in salaries	4.2%
2.8%	Rate of increase in pensions	2.4%
4.4%	Rate for discounting scheme liabilities	3.3%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in assumption	Decrease in assumption
	Council and group	
	£000	£000
Rate for discounting scheme liabilities (increase or decrease by 1%)	(3,419)	3,484
Rate of increase in salaries (increase or decrease by 1%)	417	(414)
Rate of increase in pensions (increase or decrease by 1%)	3,095	(3,037)
Longevity (increase or decrease by 1 year)	(6,624)	6,681

38.5 Impact on the Council's cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £90,307,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

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

The total contributions expected to be made to the local government pension scheme by the Council in the year to 31 March 2016 is £3,448,000.

38.6 Scheme history

	2010/11	2011/12	2012/13	2013/14	2014/15
	Council and group				
	£000	£000	£000	£000	£000
Present value of liabilities					
Local government pension scheme	123,830	148,598	162,752	171,170	197,718
Discretionary benefits	(451)	(673)	(924)	(3,992)	(4,162)
Fair value of assets in the local government pension scheme	(82,077)	(79,498)	(94,107)	(94,114)	(103,249)
(Surplus)/deficit in the scheme:					
• local government pension scheme	41,753	69,100	68,645	77,056	94,469
• discretionary benefits	(451)	(673)	(924)	(3,992)	(4,162)
Total	41,302	68,427	67,721	73,064	90,307

38.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2014/15 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2015:

	2010/11	2011/12	2012/13	2013/14	2014/15
	Council and group				
	%	%	%	%	%
Differences between the expected and actual return on assets	0.58	(10.72)	11.75	2.61	11.14
Experience gains and losses on liabilities	11.41	-	(0.81)	6.88	0.02

39. Nature and extent of risks arising from financial instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

39.1 Credit risk

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

This risk is minimised through the annual investment strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's Ratings Services. The annual investment strategy also imposes a maximum sum to be invested with a financial institution located within each category.

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

The objective of the Council's treasury management policy is that it matches or betters the "average 7 day rate" for interest earned on investments whilst at all times protecting the Council's capital balances.

Investments are limited to the top 25 building societies together with UK banks and are only made to those institutions with high credit ratings and never for more than one year. A high credit rating is defined for this purpose as those banks or building societies with a short term rating of (A) or better according to the Fitch and Moody's Rating Services. Those building societies without Fitch ratings but ranked within the top 25 by size are also classed as prudent counterparties for investments purposes. Under the Local Government Act 2003 these are classed as non-specified institutions and should only be included on the Authorised Lending List after additional assurance has been obtained. Aylesbury Vale District Council imposes the additional condition that no investment should exceed 182 days with a non-specified institution and that the maximum amount lent to any single institution should not exceed £3 million if the assets of the organisation are more than £1 billion and £1 million if its assets are more than £½ billion.

No more than 70% of the Council's total investments should be invested with building societies without credit ratings.

Where possible, Aylesbury Vale District Council will further seek to reduce counterparty risk by placing investments with other local authorities and nationalised institutions. As these are ultimately backed by either the government or through taxation these are deemed to offer higher security than that offered at present by the financial sector. This strategy is limited by the need for these organisations to be seeking funding which coincides with our need to lend.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £34,077,000 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2015 that this was likely to crystallise.

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

Council and group					
	Amount at 31 March 2015	Historial experience of default	Historial experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability at 31 March 2015	Estimated maximum exposure at 31 March 2014
	£000	%	%	£000	£000
Counterparty Rating	A	B	C	(A*C)	
A	11,029	0.023	0.023	2.5	2.4
A-	9,019	0.015	0.015	1.4	-
BBB	1,002	0.065	0.065	0.7	-
BBB-	5,012	0.046	0.046	2.3	-
BB+	1,002	0.580	0.580	5.8	20.2
B	3,008	0.292	0.292	8.8	50.2
Other rated	4,005	0.311	0.311	12.5	18.8
Customers	2,880	5.000	5.000	144.0	139.3
	36,957			178.0	230.9

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and customers.

The Council does not generally allow credit for customers, such that £2,001,000 of the £2,880,000 balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31 March 2014		31 March 2015
Council and group		Council and group
£000		£000
491	Less than three months	495
242	Three to six months	223
422	Six months to one year	206
783	More than one year	1,077
1,938		2,001

39.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the Code of Practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

39.3 Market risk

39.3.1 Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate investments will be posted to the (surplus)/deficit on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

The Council has strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, fixed rate investments may be taken for longer periods to secure better long term returns.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. According to this assessment strategy, at 31 March 2014, if interest rates had been 0.25% higher with all other variables held constant, the financial effect would be:

	Council and group
	£000
Increase in interest receivable on variable rate loans	1,352
Increase in interest receivable on variable rate investments	11
Increase in government grant receivable for financing costs	-
Impact on surplus or deficit on the provision of services	1,363
Decrease in fair value of fixed rate investment assets	-
Impact on other comprehensive income and expenditure	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	14

The impact of a 0.25% fall in interest rates would mean that no interest would have been received.

39.3.2 Price risk

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

39.3.3 Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

39.4 Environmental risk

The Council has taken out a rolling 10 year environmental warranty to safeguard against the risk of contaminated land that was transferred to the Vale of Aylesbury Housing Trust as part of the stock transfer. The risk of having to make use of the warranty is minimal.

40. Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2015.

- NNDR appeals – The Council has made a provision for NNDR appeals based upon its best estimates of the actual liability as at the year end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.
- Refund of fees paid - A group of property search companies which were seeking to claim refunds of fees paid to the Council to access land charges data have been successful. The Council has paid £159,000 to settle the claim. This amount includes interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present.

41. Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2015, the Council had no material contingent assets.

42. Related party 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 allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 31 on reporting resources allocation decisions. Grant receipts outstanding at 31 March 2015 are shown in Note 30.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 33. A review has been made of the Register of Members' Interests and of declarations of interests made by members during the year. In addition, members have been requested to sign a form declaring whether there were any related party transactions during the year. Councillors Tuffail Hussain and Mike Hawkett have failed to make a return. Councillors David Thompson, Derrick Isham, Alan Ward, Brian Tyndall, Pam Pearce and David Vick either did not stand or were unsuccessful at the elections in May and have not returned a declaration. No works and services were commissioned from companies in which members had an interest. Details of any declarations are recorded in the Register of Members' Interests, which is open to public inspection at The Gateway Offices, Gatehouse Road during office hours.

Joint venture

The Council has a 50% interest in Aylesbury Vale Estates LLP. Relevant transactions are disclosed within note 14 (investments) and note 15 (long term debtors) to the balance sheet. The accounts of the joint venture have been consolidated with the overall Council accounts in the group financial statements.

Local enterprise partnerships

The Council is a member of both the South East Midlands LEP (SEMLEP) and the Buckinghamshire Thames Valley LEP (BTVLEP). This puts the Council in a strong position to influence economic growth and ensures there is LEP impact in the vale, benefiting the Council's communities. During the year, the Council made a contribution to SEMPLEP of £7,000.

Shared procurement partnership

The Council is in partnership with Improvement and Efficiency South East (IESE), a special purpose vehicle established to deliver savings through improved procurement. Each year the Council makes a contribution to IESE of £75,000.

Bucks Advantage

Bucks Advantage is the local delivery vehicle for the Vale, jointly owned by the Council and Buckinghamshire County Council, and covers the BTVLEP area. No contribution was made during the year, although the Council processes payments on their behalf for which it is reimbursed on a quarterly basis.

Aylesbury Vale Local Strategic Partnership

Aylesbury Vale Local Strategic Partnership focuses on those community engagement activities not actioned by other bodies. No contribution was made during the year.

Collection fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2013/14	2013/14	2013/14		2014/15	2014/15	2014/15	
Council tax	NNDR	Total		Council tax	NNDR	Total	
£000	£000	£000		£000	£000	£000	
Income							
(99,164)	-	(99,164)	Income from council tax	C2	(102,577)	-	(102,577)
-	(48,134)	(48,134)	Income collectable from business ratepayers	C3	-	(49,613)	(49,613)
(99,164)	(48,134)	(147,298)			(102,577)	(49,613)	(152,190)
Expenditure							
Precepts and demands							
67,473	-	67,473	• Buckinghamshire County Council		72,037	-	72,037
9,853	-	9,853	• Thames Valley Police Authority		10,570	-	10,570
3,702	-	3,702	• Bucks & Milton Keynes Fire Authority		3,894	-	3,894
12,974	-	12,974	• Aylesbury Vale District Council		13,815	-	13,815
Business rates:							
-	24,245	24,245	• Payment to government	C3	-	23,381	23,381
-	4,849	4,849	• Payment to preceptors	C3	-	4,676	4,676
-	-	-	• Retained by Aylesbury Vale District Council	C3	-	-	-
-	19,396	19,396			-	18,678	18,678
-	224	224	• Cost of Collection		-	224	224
-	-	-	• Transitional Protection Payment		-	257	257
-	-	-	• Write offs		-	-	-
-	4	4	• Interest payable		-	12	12
Bad and doubtful debts							
(161)	114	(47)	• Write offs		(201)	82	(119)
267	-	267	• Increase in provision		670	-	670
-	4,072	4,072	• Provision for appeals		-	-	-
Contributions							
1,269	-	1,269	• Towards previous year's surplus	C4	4,048	-	4,048
95,377	52,904	148,281			104,833	47,310	152,143
(3,787)	4,770	983	(Surplus)/deficit for the year		2,256	(2,303)	(47)
(1,313)	-	(1,313)	Accumulated (surplus)/deficit b/fwd		(5,100)	4,770	(330)
(3,787)	4,770	983	(Surplus)/deficit for the Year		2,256	(2,303)	(47)
(5,100)	4,770	(330)	Accumulated (surplus)/deficit c/fwd		(2,844)	2,467	(377)

Notes to the collection fund

C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements shows the transactions of the billing authority in relation to the collection form taxpayers of council tax and national non-domestic rates (NNDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Aylesbury, the council tax precepting bodies are Buckinghamshire County Council (BCC), Thames Valley Police Authority (TVPA) and Buckinghamshire and Milton Keynes Fire and Rescue Authority (BMKFRA).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. Aylesbury Vale District Council's share is 40% with the remainder paid to our precepting bodies, central government 50%, BCC 9% and BMKFRA 1%.

NNDR surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e. the equivalent number of band D dwellings).

The council tax base for 2014/15 was 65,853 (2013/14: 69,178). The tax base was approved under delegated authority by the Cabinet Member for Resources and was calculated as follows:

2013/14				2014/15		
Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents	Band	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
5	5/9	3	A*	6	5/9	3
2,429	6/9	1,619	A	2,456	6/9	1,637
10,206	7/9	7,938	B	10,428	7/9	8,111
18,980	8/9	16,871	C	19,541	8/9	17,370
11,436	9/9	11,436	D	11,807	9/9	11,807
9,773	11/9	11,945	E	9,945	11/9	12,155
7,012	13/9	10,128	F	7,106	13/9	10,264
5,517	15/9	9,195	G	5,626	15/9	9,377
331	18/9	662	H	363	18/9	726
<u>65,689</u>		<u>69,797</u>		<u>67,278</u>		<u>71,450</u>
		(619)	Allowance for non-collection			(717)
		<u>(6,572)</u>	Council tax support scheme			<u>(4,880)</u>
		<u>69,178</u>	Council tax base			<u>65,853</u>
		99.1%	Collection rate assumed			98.9%

C3. Non-domestic rates

The Council collects national non-domestic rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by central government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectible rates due. Aylesbury Vale District Council's share is 40% with the remainder paid to our precepting bodies, central government 50%, BCC 9% and BMKFRA 1%.

The business rates shares payable for 2014/15 were estimated before the start of the financial year as £23,381,000 to central government, £4,209,000 to BCC, £468,000 to BMKFRA and £18,705,000 to Aylesbury Vale District Council. These sums have been paid in 2014/15 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Aylesbury Vale District Council paid a tariff of £15,722,000 from the general fund in 2014/15.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2015. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2014/15 has been calculated as £0 (2013/14: £4,072,000).

The total non-domestic rateable value at 31 March 2015 was £130,470,959 (31 March 2014: £130,037,211). The national non-domestic rate multiplier for the year was 47.1p for small businesses (2013/14: 46.2p) and 48.2p for all other businesses (2013/14: 47.1p).

C4. Contribution to collection fund surpluses and deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2014 it was estimated that the collection fund would have a surplus of £4,048,000, which was payable during 2014/15.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYLESBURY VALE DISTRICT COUNCIL**Opinion on the Authority's financial statement**

We have audited the financial statements of Aylesbury Vale District Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The Authority's financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and the related notes 1 to 42 and the Collection Fund and related notes C1 to C4. 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 2014/15.

This report is made solely to the members of Aylesbury Vale District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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.

Respective responsibilities of the Director and auditor

As explained more fully in the Statement of the Director's Responsibilities set out on page 6, the Director 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Aylesbury Vale District Council as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 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 2014/15.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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.

We are required under Section 5 of the Audit Commission Act 1998 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 Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Aylesbury Vale District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of Aylesbury Vale District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
for and on behalf of Ernst & Young LLP, Appointed Auditor
Apex Plaza
Forbury Road
Reading, RG1 1YE

28 September 2015

Accrual

Income and expenditure are shown in the accounts as sums due to and from the Council during the year when they are earned or incurred and not when the money is received or paid.

Budget

A budget is a financial statement that expresses the Council's service delivery plans and capital programme in monetary terms.

Capital expenditure

Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing asset.

Capital programme

This is a financial summary of the capital projects that Aylesbury Vale District Council intends to carry out over a specified period of time.

Capital receipt

The proceeds from the sale of land or property. Capital receipts can be used to finance new capital expenditure but cannot be used to fund revenue expenditure.

CIPFA

This is the Chartered Institute of Public Finance and Accountancy.

Collection fund

A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

Community assets

This is land and property that Aylesbury Vale District Council intends to hold forever. It generally has no determinable useful life and there is often a restriction regarding its sale.

Contingent liability

A sum due to be paid which may arise in the future but which cannot be determined in advance.

Council tax

This is one of the main sources of income to the Council. Council tax is levied on households within its area by the billing authority and the proceeds are paid into the collection fund for distribution to precepting authorities and for use by the billing authority's own general fund.

Creditor

This applies to money the Council owes to third parties for goods and services it has received but not paid for at the end of the accounting period.

Debtor

This applies to money that is owed to the Council from third parties for goods and services it has provided but not yet been paid for at the end of the accounting period.

Depreciation

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets used to deliver services.

Exceptional items

Material items which derive from events or transactions that fall within the normal activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Extraordinary items

Material items possessing a high degree of abnormality which derive from events or transactions that fall outside the normal activities of the Council and which are not expected to recur.

Finance lease

This is a lease, usually of buildings, which is treated as capital borrowing.

Fixed assets

Tangible assets that yield benefits to the Council and its services for a period of more than one year.

Government grants

Grants made by the central government towards either revenue or capital expenditure to help with the costs of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

Gross expenditure

The total cost of providing the Council's services before taking into account income from fees, charges and government grants.

Housing benefits

This is the national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

Impairment

This is a reduction in the value of a fixed asset as shown in the balance sheet to reflect its true value.

Income

This is the money that the Council receives or expects to receive from any source; fees, charges, sales, grants and interest.

Infrastructure assets

Inalienable fixed assets, expenditure on which is recoverable only by continued use of the asset created e.g. pedestrianisation.

Intangible assets

These are non-financial fixed assets that do not have any physical substance but are identifiable and are controlled by the Council through custom or legal rights e.g. computer software.

Inventories

These are items of stores that the Council has bought to use on a continuing basis but has not yet used.

Liability

A liability arises when the Council owes money to others and it must be included in the financial statements. There are two types of liability:

- a current liability is a sum of money that will or might be payable during the next accounting period e.g. creditors or cash overdrawn.
- a deferred liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

Local services support grant

A general grant paid by central government to local authorities as a contribution towards the cost of their services.

Long term investments

Long term investments are investments intended to be held for use on a continuing basis in the activities of the Council. They should be classified as long term only where an intention to hold the asset for longer than one year can be clearly demonstrated.

National non-domestic rate (NNDR)

A levy on businesses, based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by Aylesbury Vale District Council on behalf of central government and paid into a national 'pool'. The 'pool' is then redistributed among all local authorities and police authorities on the basis of population.

Operating lease

This is a lease where ownership of the fixed asset remains with the lessor.

Property, plant and equipment assets

These are fixed assets owned by the Council and used or consumed in the direct delivery of services.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf. Precepts are paid from the collection fund.

Provision

This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or timing of the payment is not known with any certainty.

Rateable value

The annual assumed rental value of a property that is used for business purposes.

Reserves

A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

Revenue expenditure

The day to day expenses associated with the provision of services.

Revenue expenditure funded from capital under statue

This is capital expenditure that does not create an asset that belongs to the Council. The value is written off to revenue in the year. An example of this type of expenditure is an improvement grant to another organisation.

Useful life

This is the period over which an organisation will derive benefits from the use of a fixed asset.



ANNUAL GOVERNANCE STATEMENT

APRIL 2014 – MARCH 2015

AYLESBURY VALE DISTRICT COUNCIL**ANNUAL GOVERNANCE STATEMENT 2014/15****Contents**

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Annual Governance Statement

1. Scope of Responsibility

- 1.1. Aylesbury Vale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Aylesbury Vale 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.
- 1.2. In discharging this overall responsibility, Aylesbury Vale District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. Aylesbury Vale District Council's arrangements for ensuring good Corporate Governance are embedded in its constitution, policies and procedures. It has not approved and adopted a separate single code of corporate governance. However the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. Copies of the Council's principal policies and codes of practice can be consulted on its website (www.aylesburyvaledc.gov.uk). A list of the more significant documents is attached at Appendix A.
- 1.4. This statement explains how Aylesbury Vale District Council has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations 2011, which requires all relevant bodies to prepare an annual governance statement prepared in accordance with proper practices in relation to internal control.

2. The Purpose of the Governance Framework

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and 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.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk 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 risk to the achievement of Aylesbury Vale District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

- 3.1. The governance framework has been in place at Aylesbury Vale District Council for the year ended 31 March 2015 and up to the date of approval of the Annual Governance Report and Statement of Accounts.

3.2. Identifying, communicating and reviewing the Council's vision

- 3.2.1. Aylesbury Vale District Council's statement of its long-term vision for the Vale:

"Making Aylesbury Vale the best possible place to live, work and visit."

The council has an ambitious agenda to meet the financial pressures facing the Council and is committed to supporting the local economy and transforming the district through the various major projects and schemes. Key Plans include:

Medium Term Financial Plan 2014/15-2018/19
 Capital Programme
 Economic Development Strategy Action Plan 2011-2014
 Housing and Homeless Strategy 2014-2017
 Vale of Aylesbury Local Plan (under development)

3.3. Ensuring effective management of change and transformation

- 3.3.1. The approach adopted to achieve this organisational change is through the 'New Business Model' and in turn this will see each service fundamentally reviewed in terms of what is delivered, to whom, by who, at what cost and what the recipient should be expected to pay for it.
- 3.3.2. The work being undertaken within the New Business Model is being overseen and directed by the Cabinet member for Resources and is being subjected to scrutiny by Finance and Services Scrutiny Committee. The Resources portfolio has been broadened to encompass the majority of service improvement or change initiatives across the council to enable benefits to be tracked, remove duplication and increase collaboration.
- 3.3.3. To ensure greater accountability, Corporate Board have been appointed as the Programme Board, and appropriate members nominated as leads with direct responsibility for realising the savings for key projects.
- 3.3.4. Ideas/proposals for projects are discussed at the programme board and approved as appropriate.

3.4. Measuring the quality of services for users and value for money

- 3.4.1. AVDC recognises that it is essential to have accurate monitoring and forecasting information in order to understand costs. This is provided to all budget holders and managers via regular financial reports and summary reports are prepared for Corporate Board and Members. These show current expenditure, forecast predicted outturn for the year and highlight any areas where unexpected variances are apparent.
- 3.4.2. The Council has a sound understanding of its costs and performance and the factors influencing these. Cost and performance information is used in financial and service planning to make policy and service provision decisions and to identify efficiency savings. The Council regularly reviews costs to assess whether they are commensurate with the range, level and quality of services provided. It actively seeks and evaluates new ways of delivering services to achieve efficiencies and works with partners and other service providers to compare and evaluate processes, costs and outcomes.
- 3.4.3. Projected budgetary pressure resulting from the Government's public sector efficiency agenda have made reduction of the Council's cost base through either efficiency, cuts or increasing its income the top strategic priority. The extent of the reduction in available funding are predicted to be such that this will fundamentally reshape the size and structure of the organisation.
- 3.4.4. The Council has a Procurement Strategy and a set of Contract Procedure Rules which were updated in 2013. The strategy sets out the framework for how goods, works and services are procured. The strategy is in line with the Council's aims and objectives and principles of best value.
- 3.4.5. To promote best practice in procurement the Council has entered into a joint arrangement with Improvement and Efficiency South East (IESE). IESE are a sector wide organisation with considerable cross cutting experience and knowledge of various procurement approaches. The performance of this arrangement is being kept under review by the Finance and Services Scrutiny Committee.
- 3.4.6. The need to understand relative cost and performance is important for Members and staff at all levels of AVDC. Information on costs and performance are used by Scrutiny committees in understanding relative efficiency and direct scrutiny and challenge to particular areas.
- 3.4.7. A corporate scorecard which includes key performance and financial measures is reported to Corporate Board monthly.
- 3.4.8. The use of benchmarking is now in decline as largely these have only served to confirm that the services covered are generally of low cost and offer good value. Increasingly joint working opportunities are being explored as an alternative way of saving cost, and this exercise allows for the detailed comparison of cost base between similar organisations. Where this does identify areas of higher than average cost this information is used to target cost reduction.

3.5. Roles and Responsibilities of Members and Officers

- 3.5.1. The Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet and Scrutiny and other Committees in the policy and decision making process and sets out their legal requirements. It also sets out a record of what responsibility each Council body or individual has for particular types of decisions or for decisions relating to particular areas or functions. The Constitution requires that all decisions taken by or on behalf of the Council will be made in accordance with the principles set out in the Constitution. The Leader is now responsible for determining the scheme of delegation for executive functions which is included in the Constitution.
- 3.5.2. The Constitution also sets out how the public can access the decision making process. Cabinet publishes a plan 28 days before each meeting publicising key decisions to be taken at the meeting. Other issues which are due to be considered by Cabinet or the Major Projects Committee at the time of publication of this document are included for information. Notice is also given of the intention to hold a meeting or part of a meeting in private to enable confidential or exempt information to be discussed.
- 3.5.3. The Constitution is subject to review as and when it is considered necessary. The Scheme of Officer Delegation was reviewed in March 2015 to ensure that it reflected changes to officer structures and responsibilities.

3.6. The Standards of Behaviour for Members and Staff

- 3.6.1 Member behaviours are governed by a code of conduct which is set out in the Constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies' charities and pressure groups. The Code of Conduct was adopted by full Council in July 2012.
- 3.6.2 All members of the Council have completed a register of their pecuniary and personal interests. Copies of guidance produced by the Department for Communities and Local Government on the revised code have been provided to every member and they have also received information from the monitoring officer highlighting the key aspects.
- 3.6.3 The Constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members planning code of good practice.
- 3.6.4 There is a three stage procedure for dealing with complaints that councillors have broken the code of conduct. Hearings sub-committee considers complaints at stage 3 following an investigation report and a hearing procedure has been agreed.
- 3.6.5 A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues to any conflicts of interest or dealing with matters such as accepting gifts and hospitality.

3.7 Standing Orders, Financial Regulations and Schemes of Delegation

- 3.7.1 The constitution sets out the scheme of delegation and the Contract Procedure Rules and guidance. Revised Contract Procedure Rules were approved by the Council on 4 December 2013.
- 3.7.2 Compliance with financial procedure notes and manuals are checked as part of key financial audits.
- 3.7.3 Financial regulations and procedures are incorporated into the constitution of the Council.

3.8 Role of the Chief Financial Officer

- 3.8.1 The Council largely mirrors the recommendations made by CIPFA with regards to the role of the Chief Financial Officer and his or her position and status within the organisation.
- 3.8.2 For this purpose the Chief Financial Officer is the Director with responsibility for Finance.
- 3.8.3 The Director with responsibility for Finance has a key position within the organisation and sits as a member of the Corporate Board, this being the main Officer Decision making body of the organisation responsible for developing, implementing and delivering the strategic objectives of the organisation.

- 3.8.4 All material financial decisions must be approved by the Director with responsibility for Finance or his deputy and the decision making structure of the organisation is designed to ensure that this happens through the report approval framework.
- 3.8.5 Processes, systems, internal controls and risks are maintained and frequently reviewed in order to ensure that good financial management exists within the organisation and that value for money is achieved.
- 3.8.6 The Director with responsibility for Finance is professionally qualified and skilled and is provided with the necessary resources to provide a finance function that is fit for purpose and suitably equipped to meet organisational and stakeholder needs.

3.9 Role of the Audit Committee

- 3.9.1 The Audit Committee was created as a full committee of the Council after the local government elections held in May 2007, arrangements. Its terms of reference, structure, composition and work programme have been developed with reference to the guidance issued by CIPFA in 2013, "Audit Committees: Practical Guidance for Local Authorities". A revised set of terms of reference were presented to the Audit Committee in March 2015. The constitution will be updated in due course when the Terms of Reference have been through a General Purposes Committee.
- 3.9.2 This committee aims to provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment, independent scrutiny of the financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3.10 Compliance with Relevant Laws and Regulations, Internal Policies and Procedures

- 3.10.1 Ensuring compliance with established policies, procedures, laws and regulations involves a range of measures which include:
- Notification of changes in the law, regulations and practice to Directorates;
 - Awareness, understanding and training carried out by internal officers and external experts;
 - The drawing up and circulation of guidance and advice on key procedures, policies and practices;
 - Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer (Head of Legal Services).
- 3.10.2 Compliance with new or revised policies is monitored by the relevant key officers and is incorporated in the Service Risk Assurance Process.
- 3.10.3 External audit reviews are reported to the Audit Committee. Their recommendations are also included in the monitoring arrangements described below for internal audit recommendations.
- 3.10.4 Business Assurance Services reviews compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Regular reports on internal and external audit reviews and the progress made in implementing audit recommendations are provided to the Audit Committee. This helps to ensure that appropriate resources are made available for implementation within agreed timescales.
- 3.10.5 The Probity Group (Head of Paid Service, S151 Officer, Monitoring Officer, Business Assurance Manager and People and Payroll Manager) looks at emerging issues and non-compliance from any source.
- 3.10.6 Under Section 5 of the Local Government and Housing Act 1989 the Monitoring Officer is required to report to the Council where, in his/her opinion, a proposal, decision or omission by the Council, its Members or Officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has not been necessary for the Monitoring Officer to issue a formal report for the year 2014/15.
- 3.10.7 The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the Council. No such formal reports have been issued during the 2014/15 financial year.

3.11 Risk Management Arrangements

- 3.11.1 The Council has a Risk Management Strategy in place which sets out the process for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of the Council's objectives and service priorities.
- 3.11.2 A Service Risk Assurance process in place for all services and risk registers are in place for major projects.
- 3.11.3 Strategic risks for the Council have been identified and monitoring arrangements in place through six monthly updates to Corporate Board.

3.12 Whistle-blowing and Complaints Procedures

- 3.12.1 The Confidential Reporting Policy has been updated and replaced with a Whistleblowing Policy and reporting procedures are now available on the Council's website. This forms part of the Anti Fraud and Corruption Policy Strategy which was reviewed and update in 2013.
- 3.12.2 There have been no whistle-blowing reports through to the Business Assurance Service in 2014/15.
- 3.12.3 There has been no use of the Regulation of Investigatory Powers Act during 2014/15.
- 3.12.4 The Contract Regulations require officers preparing contracts to consider including references to AVDC's Confidential Reporting Policy.
- 3.12.5 There is a Customer Comment, Compliments and Complaints Policy which includes a publication for the public which explains the process. There are also detailed procedures for staff who are dealing with a complaint. All staff are required to complete the Customer Comment, Compliments and Complaints e-learning module.
- 3.12.6 In 2014/15 the Council has maintained the British Standards Institute Complaints Standard.
- 3.12.7 The Standards Committee considers any complaints made against councillors relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on the Council's website and hard copies of a complaints leaflet have been distributed to information points throughout the District.
- 3.12.8 There were no complaints against councillors in AVDC which lead to a full investigation in 2014/15.

3.13 Member and Officer Development Needs

- 3.13.1 An all-party Member Development Steering Group (MDSG) is in place to oversee, monitor and help progress delivery of learning and development for elected Members to meet individual and corporate needs, and to achieve value for money. Agreement has been reached on the Member Induction Programme to be delivered following the 2015 elections. This will include training on the Code of Conduct and ethical standards.
- 3.13.2 The MDSG undertook surveys of all Members in June 2013 asking them to identify their future development and support needs. There was an excellent response to the surveys, with over 40 Councillors being interviewed. The survey results were used to put together successive Member Development Programmes (MDP). The current MDP 2013/14 will run up until the 2015 District Council elections MDP events have covered a range of issues including scrutiny skills, casework/advocacy, the local Member role in planning applications and enforcement, public speaking, effectively communicating with the media, Council procedure rules, speed reading and safeguarding.
- 3.13.3 Following over two years of work by the MDSG and Officers, the Council was successful in October 2012, following an external inspection, in achieving accreditation under the South East Employers Charter for Elected Member Development. The charter status, which lasts for 3 years, recognises the robust and structured approach that AVDC has put in place for Councillor development. South East Employers conducted a 'light touch' 18 months review in April 2014 which confirmed that AVDC is continuing to meet the standard.
- 3.13.4 All staff, including Directors and Heads of Service, take part in the Annual Talent Review process. This is used to identify their development needs and assess performance and career potential. All staff are assessed against a set of behavioural competencies. As part of the process quarterly Personal Performance Plans (PPP or one to ones) continue to take place for all staff.

- 3.13.5 AVDC has a comprehensive training and development programme. Details of the programme are available to all staff and Members on the Intranet. This takes into account both the organisation development needs as well as individual needs. The e-learning hub is now well established with a wide range of learning and development opportunities, alongside more traditional classroom programmes. We continue to work collaboratively with other public sector organisations across Buckinghamshire to deliver management and leadership training. This has the benefits of staff being able to receive training in a timely manner and also learn from other organisations.
- 3.13.6 The Council operates a joint coaching scheme with Buckinghamshire County Council. Staff can self nominate or be referred to the scheme by their managers; they are then able to choose a coach from BCC or AVDC. This has been well used over the last 12 months.
- 3.13.7 The council has further developed its apprenticeship programme offering training opportunities to young people. Six departments have employed apprentices during 2014/15.
- 3.13.8 The HR and Payroll system (iTrent) has been further developed during 2014/15 with the introduction of self service facilities. This had led to further efficiencies with among other things, staff submitting time and expense claims on-line, booking on learning events and inputting sickness directly onto the system.

3.14 Communication and Consultation with the Public and Other Stakeholders

- 3.14.1 The Council recognises and welcomes the importance of consulting effectively with local people and other stakeholders who have an interest in life in the district.
- 3.14.2 The Council uses a wide range of channels to both consult and communicate with the community and other stakeholders. Consultation methods range from quantitative self-completion questionnaires to focus groups depending on the target audience and the objectives of each consultation project. Regular communication channels include the residents' magazine delivered to all households, a proactive media relations programme (radio, TV, newspapers), parish and community noticeboards, poster sites and targeted literature. The Council's website is continually expanding both in its content and its functionality. Social media including text messaging, Twitter, Facebook and web casting are being used proactively by the council.
- 3.14.3 A new customer insight programme has been developed to support the new business model approach. The programme makes greater use of Acorn customer segmentation data to help the council understand the profile, likes and dislikes of residents living in the Vale.

3.15 Information Governance Arrangements

- 3.15.1 Information governance is managed by the Information Governance Group (IGG) which is chaired by the Deputy Chief Executive who fulfils the role of Senior Information Risk Owner (SIRO). This group comprises of managers from key departments who are empowered to take decisions on information management. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and kept it up to date.

3.16 Governance Arrangements for Partnerships

- 3.16.1 Article 1 of the constitution commits the Council to providing community leadership in partnership with local people and businesses and effective and transparent decision-making, and to improving the delivery of services in consultation with the community. The Council has identified its significant partnerships and there are appropriate governance arrangements in place.
- 3.16.2 In January 2013 the list of significant partnerships was circulated to Corporate Board for review, and a number of changes were made. Reviews were completed for all of the partnerships on that list between March and July 2013. A further review is planned in 2015/16.
- 3.16.3 The significant partnerships are:
- Aylesbury Vale Estates (AVE). AVE is a limited liability partnership between AVDC and Akeman LLP, a private sector organisation with considerable experience of estates management and property development. The main aims are to improve AVDC's ageing commercial estate and support the local economy, whilst maintaining a future income for the Council.

- Local Enterprise Partnerships - South East Midlands LEP (SEMLEP) and Buckinghamshire Thames Valley LEP (BTVLEP). AVDC is in overlapping LEP arrangement as they both have a natural geographical fit with the Vale and reflect the common "travel to work areas" and shared workforce, housing, skills and infrastructure issues. AVDC has had a seat on both of the LEP Boards, which is helpful in being in a strong position to influence and ensure there is LEP impact in the Vale and its economic growth, benefitting AVDC's communities.
- Buckinghamshire Advantage acts as the operational arm of Buckinghamshire Thames Valley Enterprise Partnership (BTVLEP) on the delivery of any BTVLEP funded capital schemes, ensuring local growth funds are invested to maximum effect. Its mission is to add value to planned development by promoting growth, identifying opportunities and removing barriers to sustainable development.
- Aylesbury Vale Local Strategic Partnership (AVLSP) - . Following a review and revision to its terms of reference in 2012, the AVLSP continues to meet and is seeking to focus its attentions upon a select range of activities which are important to those who live and work in the Vale and are not being actioned by other bodies in the area.
- Shared Procurement Partnership with Improvement and Efficiency South East (IESE). A special purpose vehicle established to deliver savings through improved procurement.

4. Review of Effectiveness

4.1 Aylesbury Vale District Council has responsibility for conducting, at least annually, a review of 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, the Business Assurance Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The review of effectiveness has to consider the following areas:

- the authority
- the executive
- the audit committee / overview and scrutiny committees / risk management committee
- the standards committee
- Internal audit
- Chief Financial Officer
- other explicit review/assurance mechanisms

4.3 The Authority

4.3.1 The Council has a governance model for executive arrangements commonly referred to as the 'strong leader model'. The Constitution sets out the functions which are the responsibility of full Council such as the significant plans and strategies and the budget. Committees deal with certain matters notably in respect of development management control and licensing. The Cabinet deals with all other functions which are not the responsibility of another part of the Council whether by law or under the Constitution. The Leader has responsibility for appointing members of the Cabinet and determining the scheme of delegation for executive functions. The membership of committees will be reviewed after the 2015 elections having regard to the political balance rules.

4.3.2 Minutes and papers for Council, Cabinet and Committee meetings which are open to the public are freely available on the Council's web site. The only papers not available will be those that are exempt under the Council's procedures rules as set out in the Constitution.

4.3.3 To encourage participation and accountability one hour is set aside for questions from members at every ordinary meeting of the full Council. There is also provision for public participation at meetings of the development management control committees and a facility for the public to make statements relevant to a matter on the agenda at Council, Cabinet and other committees. Full Council meetings are now webcast and a review of other meetings that might be webcast will be undertaken during 2015.

4.4 The Executive

4.4.1 Operational management of the Council is a partnership between the Cabinet and the Corporate Team, which consists of the Chief Executive, the Deputy Chief Executive and Directors.

- 4.4.2 Formal Cabinet meetings are held monthly and the papers and minutes are made available to the public on the AVDC web site. Time is set aside for questions from members at the start of every Cabinet meeting. The scheme of delegation sets out the areas for which each Cabinet post holder is responsible.
- 4.4.3 Regular informal Cabinet briefing sessions are held approximately once a fortnight at which the Corporate Team briefs the Cabinet on Council business. Close working relationships are maintained as the Leader's, Cabinet Members' and Corporate Teams offices are all located close to each other.
- 4.4.4 The Corporate Board which comprises the Corporate Team and remaining Heads of Service ensures that the senior officers work as a team to enable the Council to best serve the people who live and work in the Vale.
- 4.4.5 Officers reporting to Heads of Service or Directors are involved in Managers Group meetings which receive information on corporate issues and projects.
- 4.4.6 The series of "Let's Get Talking" sessions continued in 2014/15 where Directors and Cabinet members meet with staff across the Council to discuss current issues and give staff the opportunity to ask questions. Feedback from these sessions continues to be positive.

4.5 The Audit Committee

- 4.5.1 The Audit Committee's Annual Report was discussed and agreed at their meeting on 18 March 2015. It has been circulated to all members, who will have the opportunity to raise questions at full Council. It will also be published on the Council's website.
- 4.5.2 The effectiveness of the Audit Committee forms part of the overall assessment of the effectiveness of Internal Audit and in 2013 CIPFA produced a publication 'Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)' This included a self assessment against which Audit Committees could identify if they are meeting recommended good practice. An update on the self assessment was undertaken in March 2015 and fed into the Audit Committees Annual Report.
- 4.5.3 Audit Committee meetings have included regular training and information sessions to ensure that Members are able to fulfil their responsibilities effectively. During 2014/15 this included sessions on the role of the audit committee, fraud and the governance of major projects.
- 4.5.4 The Audit Committees Terms of Reference has been updated to reflect the CIPFA best practice model and will be formally approved by General Purposes Committee in 2015.

4.6 Overview & Scrutiny Committees

- 4.6.1 Following a review of the scrutiny structure and the effectiveness of the scrutiny process, AVDC moved to a structure of three Scrutiny Committees from four Scrutiny Committees from August 2012. Committee responsibilities have been divided between Economy and Business Development, Environment and Living, and Finance and Services. Their role includes policy development, service reviews, holding the Cabinet to account, representing community interests and external scrutiny. They look at how and why decisions are made, how services are functioning and whether there is scope for improvement and also consider wider community issues, particularly improving services to people living in the area. During 2014 it was decided to establish another scrutiny committee tasked with steering the development of the new Local Plan.
- 4.6.2 A Task and Finish Group was established in during 2014 to review the operation of Overview and Scrutiny and the general view was that the current arrangements were working reasonably well. However a few minor requirements were suggested and these will be considered after the 2015 elections. An annual report on the work of the Scrutiny Committees is presented to Council each year. The report for 2014/15 will be presented to the full Council meeting on 15 April 2015. It shows the number of meetings held, how many meetings each Member attended, some key issues considered and also the number of decisions "called in" for further consideration by each Scrutiny Committee. In addition it includes a form to encourage members of the public to suggest items which they would like to see raised by the Scrutiny Committees.

4.7 Standards Committee

- 4.7.1 The Annual Report of the Standards Committee for 2014/15 will be submitted to the full Council on 15 April 2015. This set out the work of the Committee over the year, including information on the Committee's Role and Terms of Reference, an overview of its activities during the year and a report on the monitoring of complaints and compliance with the Code of Conduct. The Annual Report is published on the Council's website.

4.7.2 The Standards Committee comprises seven district councillors plus two councillors from town or parish councils and three independent persons who are not entitled to vote. The two parish/town council representatives have been nominated by the Aylesbury Vale Association of Local Councils and the three independent persons have been appointed following public advertisement and interview.

4.7.3 The work of the Standards Committee is appreciated within the Council and promoted within the community. The Chairman of the Standards Committee, who is also a Cabinet member, has the opportunity to speak at Council when the annual report is submitted. Members and staff have a good understanding of the importance of the ethical agenda.

4.8 Business Assurance Service

4.8.1 The Business Assurance Service operates under regulation 6 of the Accounts and Audit Regulations 2003 (amended 2006 & 2011) and in accordance with the CIPFA Public Sector Internal Audit Standards.

4.8.2 A review of effectiveness against the standards is completed annually as part of the Business Assurance Manager's Annual Report.

4.8.3 The Council's Financial Regulations and Internal Audit Charter grant Business Assurance Services an unrestricted right of access to all Council records and property. They also confirm the organisational independence which allows Business Assurance Services to form an objective opinion on the adequacy and effectiveness of the whole system of internal control.

4.8.4 The Business Assurance Services Manager reports to the Director with responsibility for Finance, who is also the Council's Section 151 officer, and may also report direct to the Chief Executive, other Directors and Members of the Council if required.

4.8.5 The plan of work undertaken by Business Assurance Services is prepared with regard to the risks faced by the Council and following discussions with Directors and Heads of Service. It is presented to and approved by the Audit Committee in March.

4.8.6 The scope of work included in the annual assurance plan extends beyond financial governance to include corporate governance, risk management, probity, value for money, effectiveness and compliance with laws and standards.

4.8.7 The outcome of all assurance reviews are reported to the responsible Director as well as to the Director with responsibility for Finance (Section 151 officer) and the Deputy Chief Executive. A summary of the report will also be presented to the Audit Committee.

4.8.8 Where recommendations for the improvement of controls or systems are made at the end of an assurance review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress report.

4.8.9 Where action to address issues is not undertaken within the pre-determined timescales the Audit Committee can and has required the responsible manager to attend a formal meeting and be personally accountable.

4.8.10 The Audit Committee receives a progress report at each meeting which covers the assurance reviews and advisory work undertaken since the last report and any amendments needed to the Assurance plan.

Annual Assurance Opinion

Based on the results of the work undertaken during the year my opinion overall is that **satisfactory** assurance can be provided on the adequacy and effectiveness of the control environment.

There are no specific governance, risk management and internal control issues of which I have been made aware of during the year which cause any qualification of the above opinion.

4.9 Other Assurance Work Undertaken

4.9.1 A number of advisory pieces of work were completed as part of the Assurance Plan including a health check on project management, advising on the new Data Transparency Requirements and ongoing assurance on major projects through the attendance at project board meetings.

4.9.2 Three data breaches and one IT security breach were investigated by Business Assurance Services.

4.10 Anti Fraud and Corruption

- 4.10.1 Business Assurance Service and the Audit Committee are responsible for developing and maintaining the Council's anti-fraud and corruption strategies and culture. Anti fraud safeguards are the cornerstone of good governance and control across all areas of the Council.
- 4.10.2 Business Assurance Services drew up an 'Anti-Fraud and Corruption Improvement Plan' which was endorsed by the Audit Committee in September 2013, together with an updated Anti-Fraud Strategy. The main focus of the Improvement Plan was to strengthen the reporting mechanisms for how our employees, suppliers, contractors and partners are able to raise their concerns if they have suspicions over the Council's conduct or if they consider that the Council itself is a target for illegal activity. In addition the Confidential Reporting Policy was updated and renamed the Whistle-Blowing Response Procedure. Anti-Fraud will be prominent on Business Assurance Services work-plans in future as a result of the transfer of the fraud investigation staff to the Department of Works and Pensions on 2 February 2015.

4.11 Assurance Model

- 4.11.1 In preparation for the Annual Governance Statement a high level review of all the key areas of assurance has been carried out which takes into account three sources of assurance (as set out in the model on page 13):

- Management (through the Service Risk Assurance Process)
- Executive Management (through corporate board, corporate groups)
- Independent (i.e. internal/external audit)

- 4.11.2 Any areas of weakness identified through the service risk assurance process are listed in the action plan in Section 6.

4.12 Other Assurance and Review Mechanisms

- 4.12.1 Aylesbury Vale District Council is subject to external review by its officially appointed External Auditors, Ernst & Young. Their work is focused on the audit of the Council's Statement of Accounts and on reviewing the effectiveness of material core financial systems controls. They also produce regular progress reports on their work for this Committee and are able to raise any items of concern with them.
- 4.12.2 There were no significant deficiencies in the design or operation of internal control identified by the external auditors in their work for 2014/15. However, they did identify one area for improvement relating to the collation of related party returns. This was reported in the Audit Results Report – ISA (UK and Ireland) 260 to Audit Committee on 28 September 2015.

5 AVDC Assurance Model

5.1 Assurance can come from many sources within the Council and part of the role of Business Assurance Service is to map out where those assurances come from in order to identify any gaps and this will help determine the scope of some of assurance reviews that need to be planned. There are broadly three main categories of assurance modelled below and by working towards defining these across areas of risk it will help the council understand how each contributes to the overall level of assurance and how best they can be integrated and mutually supportive.



6. SIGNIFICANT GOVERNANCE ISSUES

Update on actions identified in 2013/14

Year Identified	Area of Weakness	Source	Further improvements required in 14/15	Responsible Officer	Timeframe	Progress @31/3/15
13/14	Financial Procedures Financial Procedures do not reflect changes that have been implemented since 2010	Policy compliance review	Financial Procedures need to be reviewed and updated to reflect changes and communicated to staff	Tony Skeggs Finance Manager	September 2014	Outstanding. New finance system delayed revision. New target date Sept 2015
13/14	Policy Compliance Monitoring Where policies require staff to confirm they have read and understood the policy or procedure e.g. Information Security, the e-learning hub has been used but it has limitations in terms of monitoring compliance and is resource intensive tracking and chasing staff that have not completed the modules.	Policy compliance review	Complete review of policy compliance software and produce business case to Probity Group.	Business Assurance Services Manager	September 2014	Preferred solution identified and project implementation commenced in June 15 with go-live target date September 15

New Areas of weakness identified in 2014/15

Area of Weakness	Source	Action Required	Responsible Officer	Timeframe
Data Transparency – Not compliance with all areas of the Data Transparency Code	Business Assurance Review	Service areas to ensure that data is published on the website	Andrew Small	30 June 2015
Information Security Management – 7 out of 18 services had identified their assurance level as “amber” which means there are some areas of weakness that still need to be addressed	Service Risk Assurance Process	Services to complete the actions in the service risk assurance plan	Service Managers	30 September 2015
Service Resilience – 4 out of 10 services assessed their service continuity plans as “amber” and 1 identified as “red” (Waste & Recycling)	Service Risk Assurance Process	Services to update their service assurance plans	Service Managers	30 September 2015

6. Assurance Statement

6 Assurance Statement

- 6.1.1 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the system in place.
- 6.1.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that we identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:.....

Leader

Signed:.....

Chief Executive

On behalf of Aylesbury Vale District Council

Appendix A
Council Policies, Codes of Practice

Public documents

District Link

Council tax Information leaflet distributed with council tax bills in March 2015

Constitution:

Part 2 – Articles of the Constitution

Part 3 – Responsibility for Functions

Part 4 – Rules of Procedure

Part 5 - Codes and Protocols

Part 6 – Members Allowance Scheme

Part 7 – Management Structure

Member details

Membership of Cabinet and Committees

Calendar of meetings

Public participation opportunities

Member information on the intranet

Membership of informal groups

Receipt of gifts and hospitality

Political balance

Comments, compliments and complaints guidance

Representatives on outside bodies

Question time arrangements at Council

Members' services

Committee reports

Standards Committee Work Programme

See Audit Committee papers for Statement of Accounts

Annual scrutiny report

Other Documents/Policies

Medium term financial strategy

Partnership protocol

Equalities strategy

Quarterly financial digest

Aylesbury Vale Times

Risk management strategy

Annual talent book scheme

Whistleblowing Policy

Anti fraud & corruption strategy

Compliments and complaints procedure

IT security policies

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AUDIT COMMITTEE WORK PROGRAMME

1 Purpose

- 1.1 To discuss, amend and approve the future work programme for the Audit Committee.

2 Recommendations/for decision

- | | |
|-----|---|
| 2.1 | The Committee is asked to review, amend and approve the proposed work programme. Appendix 1 |
|-----|---|

3 Supporting information

- 3.1 The proposed programme has been prepared taking into account the comments and requests made at previous Audit Committee meetings and the requirements of the Internal and External Audit process.
- 3.2 The Committee is asked to consider whether they wish to add or remove any items and whether the timing of items is appropriate to their needs.
- 3.3 The Committee is also asked to consider whether there are any additional areas or topics not included in the current work programme which they would like to add.

4 Reasons for Recommendation

- 4.1 To allow members of the Audit Committee to amend and agree their work programme.

5 Resource implications

- 5.1 An allowance is always included in the Annual Assurance Plan to support the work of the Audit Committee. There are no additional direct resource requirements arising from this report.

Contact Officer

Evelyn Kaluza Business Assurance Services Manager
Tel: 01296 585549

Background Documents

None

AUDIT COMMITTEE WORK PROGRAMME 2015-16

Item	Contact Officer	28 Sep 2015	9 Nov 2015	25 Jan 2016	21 Mar 2016	25 July 2016
Audit Committee Work Programme	Evelyn Kaluza	X	X	X	X	X
Member Training / Briefing Sessions	Evelyn Kaluza	X		X		X
Audit Committee Annual Report	Evelyn Kaluza				X	
External Audit Plan & fee letter	David Guest				X	
External Audit - Audit Results Report (ISA 260)	David Guest	X				
External Audit Annual Letter	David Guest		X			
External Audit AGR for Grant Claims	David Guest			X		
External Audit Update / Progress Report	David Guest		X	X		X
Assurance Strategy and Plan	Evelyn Kaluza				X	
Assurance Progress Report	Evelyn Kaluza	X	X	X	X	X
Audit Committee Review of Effectiveness	Evelyn Kaluza				X	
Risk Management Progress Report	Evelyn Kaluza	X				
Fraud Progress	Evelyn Kaluza		X			
Business Assurance Services Manager's Annual Report	Evelyn Kaluza					X
Annual Governance Statement	Evelyn Kaluza				X	X
Statement of Accounts	Tony Skeggs					X
Post Audit Statement of Accounts	Tony Skeggs	X				
Working Balances	Tony Skeggs				X	