

Aylesbury Vale District Council

Statement of Accounts for the Year Ended
31 March 2018

SUBJECT TO AUDIT

	Page
Narrative report	1 – 10
Explanatory foreword	11 – 12
Statement of responsibilities for the statement of accounts	13
Core financial statements	
• Expenditure and funding analysis	14
• Comprehensive income and expenditure statement	15
• Movement in reserves statement	16 – 18
• Balance sheet	19
• Cash flow statement	20
Notes to the core financial statements	21 – 70
Supplementary financial statements	
• Collection fund	71
Notes to the supplementary financial statements	
• Notes to the collection fund	72 – 73
Glossary	74 – 76



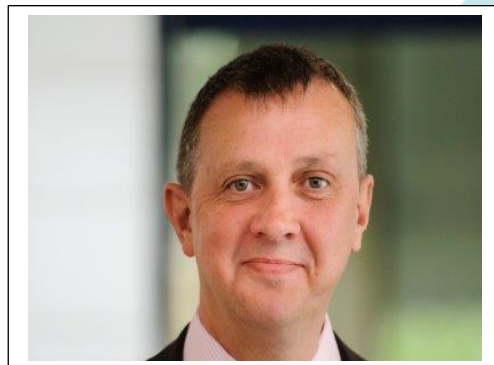
SUBJECT TO AUDIT

This narrative report provides information about Aylesbury Vale District Council (the Council), including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2018.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to be robust.

The finance service operates in an environment of continuous change which involves organisational redesign, partnership working and advances in technology. This document provides:

- an introduction to the Council;
- key facts about Aylesbury and the Council;
- key information about the Council's management structure;
- 2017/18 revenue budget process and the medium term financial plan (MTFP);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2017/18;
- capital outturn 2017/18;
- corporate and budgetary risks;
- summary overview;
- receipt of further information; and
- acknowledgements.



The statement of accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Aylesbury Vale District Council, council members, partners, stakeholders and other interested parties are able to have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2017/18;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

An introduction to Aylesbury Vale District Council

Aylesbury Vale is a local government district of northern Buckinghamshire. The district offices are based in Aylesbury. It is a large district (350 square miles) which is mainly rural in character and has a high quality environment. The main settlements in the district are Aylesbury and Buckingham. Aylesbury is by far the largest town in the district and is the county town of Buckinghamshire. It is a focal point for housing, employment, retail, and community services and facilities. There are 59 councillors elected from 36 wards.

Councils are responsible for providing local services and facilities. These include:

- environmental health & licensing;
- planning and building control;
- housing;
- leisure;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste;
- community safety;
- finance;
- information technology;
- legal; and
- people and payroll.

Key facts about Aylesbury and the Council

In considering Aylesbury and the Council it is important to have regard to the following information:

- Population**
The total population of Aylesbury Vale was 174,100 at the 2011 census. This is an increase of 5% compared to the 2001 census. Using the latest Office for National Statistics (ONS) data it is predicted that in 2018 the population will reach 200,000. The population is becoming increasingly elderly: 21% of the population were aged over 60 in 2011, compared to 17% in 2001. There was a corresponding decrease in the young working population (aged 25 to 39) from 23% of the population in 2001, to 19% in 2011. The latest census shows that 14.8% of the population are in ethnic groups other than white British. The quality of life in Aylesbury Vale is generally high, as demonstrated by the government's indices of deprivation (2015) which show that the district falls within the 14% least deprived areas in England. However, there are pockets within Aylesbury town which rank among the 26% most deprived in the south east region.
- Economy and employment**
The latest government figures indicate that there are 73,000 employee jobs in Aylesbury Vale (Source: ONS Business Register and Employment Survey, 2015). Unemployment (2016) amongst residents, at 3.4%, is significantly lower than the level for Great Britain as a whole (4.8%). Average earnings of residents are higher than across the south east region or Great Britain.
- Homes**
The total stock of homes was around 78,591 in March 2016. Around 86% of these homes are privately owned, and the remainder are housing association or other public-sector homes. Affordability of housing is an issue, with the average house price being over 10 times the average income in 2016. Rates of house building over recent years have remained high with an average of 1,127 dwellings built each year over the past five years. On average 349 of these were affordable dwellings.
- A vision for Aylesbury Vale to 2033**
The Vale of Aylesbury Local Plan (VALP) is the cornerstone of planning for the whole district and is critical to delivering national, community and corporate objectives and aspirations. It sets the ambition and direction for the district as a whole, which all relevant strategies and delivery plans of the Council and its delivery partners should support. It reflects the Council's overall vision which is '*to secure the economic, social and environmental wellbeing of the people and businesses in the area*'. The vision for Aylesbury Vale is also based on the characteristics of the area and the key issues and challenges it faces. The vision is informed by the evidence base for the plan, sustainability considerations and the views of the community, and encompasses the approaches set out in the National Planning Policy Framework (NPPF). The vision for the VALP, together with the ensuing objectives, will guide and drive the delivery of all elements of the plan.
- Aylesbury – delivery of a garden town**
In January 2017 Aylesbury was given 'garden town' status. The initiative and funding will provide and support the delivery of new communities in Aylesbury and ensure that growth comes forward in the best possible way, ensuring high quality and design are embedded, and to enable a cohesive and comprehensive approach to planning for growth. Work is now underway to create a masterplan for Aylesbury which will enable an overarching plan for future growth of the town.
- Aylesbury Vale and the commercial agenda**
Like all local authorities, the Council faces cuts in its funding from central government. The Commercial AVDC programme was initiated in late 2015 to manage the process of balancing the budget in the run up to the predicted total loss of government grant in 2020. The programme adopts a many-pronged approach of achieving savings by consolidation of services, use of digital and reducing or eliminating duplication, while at the same time generating income through commercial activities. The Council's approach to balancing its finances over the medium term financial plan is contained within the Commercial AVDC programme.

The Council recognised a number of years ago that local government funding was set to change for good. Since then it has been on a journey to implement new business models with an authority-wide rethink about how services are delivered and this is supported by a leadership programme and staff model assessment to change the culture of the whole organisation.

The Council has been presenting across the United Kingdom, hosting visits and sharing experiences through a series of conferences with other councils since 2015, and more recently working directly with councils helping to implement lotteries and delivering workshops. The Council's experience of engaging stakeholders across the Council to gain buy-in and move projects forward has delivered time and cost savings.

The Culture Change programme was put at the heart of the Council's transformational journey and the Council assessed the effectiveness of different programmes, ultimately developing its own. This has proved to be a highly successful formula for leadership and staff model assessment and with close to 1,000 assessments already completed, the Council can now provide a wealth of experience and learning to any organisation starting on a similar journey.

While activities are underway to continue to explore and develop our commercial service offerings, this is recognised as a long term undertaking. So, in parallel, the Council has also focused on major internal change programmes to deliver the savings which will ensure it can deliver a balanced MTFP. Ultimately, however, the Council will need new forms of external income to balance its budgets and to protect and enhance core services and so will need to maintain its focus on developing commercial income streams.

In the digital arena we are recognised as leading the way on local government digital transformation. Aylesbury Vale District Council are proud to be the first council to move 100% to the cloud, with over 45,000 active users of MyAccount and the first council to launch an Alexa skill for council services. The Council is currently working on artificial intelligences to improve customer service and back office efficiency and adding new functionality to our Alexa skill. Underpinning the digital change and our transformational journey is a culture change programme. This has proved to be a highly successful formula for leadership and staff model assessment.

The Business Model, which is a more commercial approach than we've used in the past, has been introduced. The Council is currently focussing on the following areas:

- improving how we deliver our services; this might be by making them quicker, automating a process, or removing duplication;
- making sure the services we deliver are based on our customers' needs, both now and in the future;
- looking for and following up opportunities to increase our income; and
- ensuring we encourage all our staff to be flexible and innovative.

The Council's ultimate aim in being commercial is to be more cost effective and profitable in all the services it delivers. It is also the commitment to the customer, to make Aylesbury Vale great. The Council wants to ensure it:

- provides customers with effective communication;
- delivers effective and commercially-aware services;
- takes ownership of situations;
- is knowledgeable about what it delivers; and
- treats customers as individuals.

The delivery of the Council's objectives and ambitions are underpinned by council strategy and behaviours. The connected vision strategy aims to clarify the framework from which the Council vision can be delivered. This will ensure the Council is aligned in its organisational objectives as well as being clear to its customers why it is developing the way it is.

- Council employees
The Council is currently developing its People and Culture Strategy which recognises the value and importance of staff in every aspect of the Council's work, sets out processes and procedures for staff engagement and development, and ensures that human resources are well managed.

Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Aylesbury Vale. Councillors are advised by the senior management of the Council. The chief executive is Andrew Grant. Andrew has been the chief executive since 2009. He is supported by 2 directors, Tracey Aldworth and Andrew Small. Managerial leadership is provided by assistant directors, who have accountability across 6 sectors:

- **Connected knowledge**
The Council continues to progress its digital agenda, promoting innovation in the way services and information technology solutions are delivered for customers and staff. The connected knowledge programme will underpin many of the components of future service delivery set out within Commercial AVDC strategy and is therefore crucial to the Council in meeting the financial agenda over the coming years.
- **Commercial property and regeneration**
The commercial property and regeneration sector provides a number of key functions to support the Council including:
 - facilities management;
 - estates and property services;
 - land charges;
 - property portfolio;
 - conference centre;
 - major capital projects (including town centre regeneration);
 - contracts performance and funding;
 - town centre management; and
 - community centres.
- **Commercial and business strategy**
This sector was formed in 2017 to provide a greater focus on internal strategy development and ensuring the Council achieves its commercial ambitions. This links to the community fulfilment sector which deals with the external equivalents.
- **Customer fulfilment**
Customer fulfilment includes many of the services with which residents interact on a regular basis. Services provided include:
 - revenues and benefits;
 - environmental health;
 - enforcement;
 - development management;
 - building control;
 - operational housing;
 - business development; and
 - licensing.

Around 170 staff work within customer fulfilment to continue to provide the services that residents value.
- **Community fulfilment**
The community fulfilment team work closely with the community, pro-actively communicating what we are doing as an authority, whilst responding to community needs such as making sure there is adequate planning for the level of growth we are expecting in the Vale. Key services provided include:
 - democratic and electoral services;
 - communications and marketing;
 - strategic planning;
 - economic development and delivery;
 - communities;
 - community safety; and
 - partnerships and strategy.
- **Business support and enablement**
The business support and enablement sector can be considered as the 'back office', but this over-simplifies the vital role the teams have in delivering the Commercial AVDC vision. The role of the sector is to primarily act as business enablers for internal customers and to meet the needs of the increasing numbers of external customers. The sector consists of the following functions:

- general office;
- contracts and procurement;
- information technology;
- health and safety;
- ratings and recoveries;
- transactional finance and payroll; and
- business continuity.

The 2017/18 revenue budget process and medium term financial plan

When preparing its medium term financial plan (MTFP), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFP is a 4 year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. Following recommendation by Cabinet, the Council approved the budget for 2017/18 and the MTFP at its meeting on 1 February 2017.

In setting the MTFP and developing budget proposals for the future, the Council faces a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus, Brexit and general economic conditions. The budget proposal and MTFP set for 2017/18 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy are:

- commercially minded;
- financially fit;
- customer and innovation; and
- commercially focused.

This is consistent with the 'connected vision' of the organisation.

The main issue faced during budget development was the ongoing uncertainty surrounding the government's proposed reforms to the local government finance system and the implications for the Council arising from them. Despite the government announcing a 4 year settlement, ongoing proposed changes, such as those to business rates and new homes bonus, reduce the Council's ability to plan with certainty in these areas.

The budget development process recognises the uncertainties, and provisions are made, as appropriate, in the proposals for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot.

The main factors underlying the budget process were:

- **Government grant**
Like all local authorities, Aylesbury Vale District Council face cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.
- **New homes bonus (NHB)**
A major concern, in terms of potential changes to the 4 year settlement, was associated with NHB. The Council received £7.9 million of NHB in 2017/18. This makes its award the largest for any district in England and reflects the fact that it has witnessed more housing growth than other districts over the past 6 years.

- Retained business rates**

The revaluation of all properties for business rates took effect from 1 April 2017. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2010. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the Vale. By way of mitigation, the Council holds a business rates revaluation reserve. This mitigating action was created alongside the introduction of business rates retention to meet any significant year on year fluctuations caused by the volatility inherent in the business rates system. The Council took these actions to ensure they were in a position to achieve the budgeted gains from business rates retention system in 2016/17 and 2017/18.
- Business rates pooling**

In 2016/17, the Council entered into a business rates pooling arrangement with Buckinghamshire County Council, Buckinghamshire and Milton Keynes Fire and Rescue, Chiltern District Council and South Bucks District Council. This arrangement allows these councils to retain a greater proportion of business rates growth by reducing the amount the government would ordinarily capture. The pooling arrangements continued for 2017/18. In its first year of operation, the gains from the pool across the whole pooling area amounted to approximately £1.25 million, of which circa £300,000 related to Aylesbury Vale District Council. The pool created will continue to operate until any of the organisations that are party to it notify the government that they wish to exit the arrangement.
- Pension fund**

Budgetary provision was made in the accounts for 2017/18 of £280,000. This was based upon indicative numbers provided by the pension fund actuary. It was believed that AVDC would be required to pay an additional 2% of employer's pension contributions following the pension scheme's last revaluation.
- Reserves and balances**

Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against. As part of the development process for 2017/18 the cabinet member for Resources, Governance and Compliance undertook the annual review of the Council's reserves and provisions.

The Council holds general working balances as insurance against unexpected financial events. This includes failure to generate expected income as well as financial claims against the Council. It is expected that the total balance held in reserves will dip significantly over the next 2 years as the pressures against which they are held materialise and the infrastructure schemes, for which the new homes bonus is held, are delivered. Balances were utilised in 2017/18 to fund the Commercial AVDC change programme. It is expected that this change programme will continue to deliver considerable efficiencies in the organisation. These efficiencies, some of which are already included within this report, will contribute towards balancing the budgets in future years.
- Investments and net borrowing**

The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. For 2017/18 and future years, income from investment interest has been included in the MTFP. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.
- Aylesbury Vale Estates LLP (AVE)**

The AVE business plan for 2017/18 was developed and presented to both Economy Scrutiny and cabinet meetings in December 2016. Dividend payments were forecast within the AVE business plan for 2017/18 and were reflected within the budget proposal presented. The AVE business plan also included a downside business case as part of their scenario planning, which does not include a dividend payment. This was recognised as a budgetary risk and account is taken of this in determining the appropriate level of working balances.

- Aylesbury Vale Broadband Ltd**
 Aylesbury Vale Broadband Ltd was set up in 2015, as part of the commercial agenda. The sale of the company assets took place in December 2017. The sale receipt, net of residual costs, will be returned to the NHB pot ring-fenced for the delivery of high speed broadband and can potentially be reused for further broadband schemes within the Vale. As such, the sale had no direct impact on the revenue budget.
- Vale Commerce Ltd**
 During 2016 and 2017 the business developed products and services that were taken to market and refined accordingly with customer feedback. Unfortunately, it has been unable to scale the activity in accordance with initial targets. At the cabinet meeting on 9 January 2018, it was recommended that the company be moved into a state of dormancy and transfer assets and appropriate intellectual property such as brands, website etc. back to the Council as the shareholder.
- Implications for council tax strategy 2017/18**
 For 2017/18, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 1.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.59% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Aylesbury Vale District Council to £144.06.

Capital strategy and capital programme 2017/18

The capital programme for 2017/18 onwards was presented to Council for consideration and approval on 22 February 2017. The Council maintains an integrated strategic capital programme which is divided into three sections:

- Major projects**
 These are the largest and highest profile projects. For 2017/18 these included Waterside North and the public realm north of Exchange Street, the depot at Pembroke Road, Silverstone racing circuit provision and the loan facility for a commercial property in Aylesbury.
- Housing schemes**
 These are the housing enabling and housing grant based schemes. The main element of funding for 2017/18 within this category relates to the Council's housing enabling function. The Council continued to be successful in its delivery of affordable housing projects over the early period of the recession. However, housing associations have had to review their business plans in light of a change in the level of rents that they can charge, so potential new schemes have been delayed. Housing will continue to work with the housing associations to deliver as many houses as possible within their resources.
- Other projects**
 This relates to all the other schemes included within the capital programme. Provision for these schemes remains unchanged, other than carrying forward unspent sums on schemes, which have been delayed for reasons outside of the Council's control, examples being the Wendover car park extension.

The revenue financing implications arising from the capital programme were factored into the budget for 2017/18 and beyond.

Treasury management

An annual treasury management strategy is agreed by Council and this informs the governance framework. The key messages are:

- Investments**
 The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- Borrowing**
 Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance**
 Strategies are reviewed by the Audit Committee with continuous monitoring which includes mid-year and year end reporting.

Revenue outturn for 2017/18

The Council reported a deficit of £0.453m for the financial year when comparing actual expenditure against that budgeted (before the transfer from general fund balances). This is a slight reduction on the deficit assumed in Budget Plans for 2018/19 agreed by Council in January 2018. This leaves general fund working balances at a marginally higher level than predicted.

The Council's 2017/18 revenue outturn position is shown in the table below.

General fund revenue	2017/18	2017/18	General fund balances	2017/18	2017/18
	Budget	Actual		Budget	Actual
	£000	£000		£000	£000
Expenditure	88,772	105,266	Balance 1 April	(3,646)	(2,873)
Income	(71,247)	(66,652)	Net balance from fund	-	453
Net cost of services	17,525	38,614	Special application of balances	-	443
Cost of borrowing	2,656	817	Balance 31 March	(3,646)	(1,977)
Other costs	5,254	(17,688)			
Investment interest	(2,101)	(2,222)			
Retained business rates	(4,458)	(4,831)			
Income from grants	(8,528)	(8,825)			
Net expenditure	10,348	5,865			
Local taxpayers	(10,243)	(10,243)			
Net balance	-	453			

The view, as presented above, reflects the general fund revenue account and balances. This presents the organisational structure and view used for the management reporting of the accounts during the financial year. The main detail of the Council's finances is reported throughout the year in the quarterly financial digest.

The presentation of the information in the statement of accounts includes information on revenue fund balances and also earmarked reserves.

The year end financial position is largely being driven by exceptional staff costs associated with the fundamental council-wide reorganisation which concluded during 2017/18. Over the past 12 months, the Council has undergone a series of business reviews in order to position itself as a more customer centric, innovative and commercial organisation. The financial benefit of the reorganisation has been to realise significant savings and has been central to the Council setting a balanced budget for the next 4 years.

In the year to 31 March 2018, salary savings were recognised as a result of business reviews and vacancies. However, some of these vacant posts were being filled by temporary staff (agency and consultants) at a premium. Further staff cost pressures included redundancy costs of £1.725m.

A number of factors contribute to the financial position including:

- pay costs are the largest contributor to the reported in-year overspend;
- housing benefits overpayments made in error due to system changes;
- savings relating to transitional relief on payment of business rates refunds;
- vehicle savings from the introduction of the new fleet, and savings on their running expenses;
- above budgeted levels of income from lettings at Pembroke Road and the Gateway;
- use of reserves to fund redundancy costs; and
- above budgeted receipt of government grant income in relation to business rates.

Forecast and outturn comparison

Whilst overall the variance has remained largely unchanged from the forecast outturn position reported at the end of December 2017, there have been some changes in the outturn at a granular level. The forecast variance, at portfolio level, was worse than the year end position. These changes include:

- housing payments made in error as a result of system changes. This could not have been foreseen when completing the forecast at December 2017;
- changes in forecast income for car parking income and lettings;
- lower than forecast income from trade waste disposal fees and recycling credits. It had previously been indicated that income from recycling would reduce but this has happened earlier than anticipated;
- the impact of the staff changes across the organisation have been difficult to assess with precise accuracy. For operational issues, some changes didn't happen as quickly as forecast, and additional unanticipated costs were incurred in the last quarter; and
- there were also a number of changes in relation to the financing items, the overall impact of which was to offset the position reported at portfolio level. This included lower borrowing costs and higher than expected income from business rates.

Capital outturn 2017/18

The Council spent £8.505m on the delivery of its capital programme in 2017/18. Capital expenditure was financed by revenue contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost. The change in funding will therefore reduce the on-going financing cost of the capital programme.

The table below provides more detail of the spend in 2017/18:

Prior Years £000		Spend 2017/18 £000	C/fwd to future years £000
	- Aqua Vale Retention Payment	84	-
	- Waitrose Retention Adjustment	(32)	-
	- Swan Pool Refurbishments	31	-
16,114	University Campus, Aylesbury Vale	-	437
	- Waterside North Phase 1	3,926	174
215	Refuse Vehicles Replacement	4,083	-
2,110	Depot Refurbishment	409	8,588
	- Community Centre Upgrades	4	146
<u>18,439</u>		<u>8,505</u>	<u>9,345</u>

Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan and is subject to annual review by the audit committee when it approves the final accounts.

Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

In formulating budget proposals for future years, it is necessary to make certain key assumptions and to acknowledge opportunities and risks:

- The single biggest issue that is likely to remain is the ongoing and severe impact of the reductions in government grant and how public-sector austerity continues to impact upon local government, as a whole, and the demands of the communities it serves and the services it provides.
- The reality of continued public-sector austerity through this parliamentary term has been confirmed within the 4 year funding settlement. Further, the Chancellor announced within his autumn statement that he expects the austerity agenda to continue into the next parliamentary term, thereby potentially spanning 6 further years from now.

- The Secretary of State for Housing, Communities and Local Government has announced a formal consultation on a review of relative needs and resources. The current formula of budget allocations has been in place for a number of years, but the government believes a revised distribution methodology is required to allow authorities to meet the challenges of the future. A new system, based on its findings, will be introduced in 2020/21.
- Alongside the new methodology, in 2020/21 a new phase for the business rates retention programme will also be introduced. The aim is for local authorities to retain 75% of business rates growth from 2020/21, and this is intended to be a lever and incentive for local authorities to grow their local economies. From 2020/21 the business rates baseline will be redistributed according to the outcome of the new needs assessment, subject to suitable transitional measures.
- Brexit is also likely to feature as a budget planning issue for future years but the impacts, positive or negative, are likely to be far reaching and much harder to predict. No direct financial implications of the change have been incorporated into the 2018/19 MTFP. The implications for the Council will be wide ranging with likely impacts on the value of the pound and spending power, possible impact on local businesses and business rates and impacts on the availability of workforce.
- During the period of the 2018/19 MTFP, a decision on unitary may be made. The current financial modelling to 2022/23 does not include any financial provision relating to outcomes arising from any future decisions.
- Any developments and costs relating to HS2 during the period of the MTFP are assumed to be cost neutral to the Council with all costs being reimbursed by developers.

Commercial AVDC

The overall programme is based on a risk management approach. Whilst it is anticipated that the level of profit from the income generated by commercial activities will ultimately exceed the level of savings that can be made in the Council's core operation, the actual future level of profits is, nevertheless, a prediction and not yet bankable.

The Council will continue to develop its commercial endeavours to address budget pressures over coming years but should recognise that not every venture is guaranteed to succeed and so varying degrees of success and failure should be expected and the risks managed accordingly.

The Council strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council, although work needs to continue to identify the right governance, solutions and risk profiles.

Summary Position

It is clear that the Council's financial performance in 2017/18 continues to be good. The overall revenue outturn overspend of £0.453m was largely in line with expectations, capital outturn was £8.505m and the Council has sufficient reserves and balances to provide financial resilience for 2018/19 and future years.

In 2017/18, the Council has faced and dealt successfully with significant change. The major organisational change during 2017/18 means that the Council is well placed to adapt to the challenges and to take advantage of the opportunities offered. There are risks as highlighted previously, but there are well established and robust risk management processes in place, and together with robust financial management and reporting, the Council is in a strong position as it moves into 2018/19. Looking towards the future, the 2018/19 MTFP presented to Council in January 2018 presented a balanced budget for the next 4 years.

Receipt of further information

If you would like to receive further information about these accounts, please do not hesitate to contact me at the Gateway, Gatehouse Road, Aylesbury HP19 8FF.

Acknowledgements

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

1. 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

Expenditure and funding analysis – shows how the annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

Comprehensive income and expenditure statement - 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.

Movement in reserves statement - shows the movement from the start of the year to the end 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 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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.

The Council partly or wholly owns a number of companies, all of which have the common goal of producing overall benefits for the residents and businesses of the vale. This may be through investment, commercial opportunity or simply by generating cash for the Council through dividend payments funded from profit. This may also be through the purchasing or reselling elements of Council services which may result in an overall better position for the Council.

The statements are intended to present financial information about the parent (the Council) and the companies in which it has an interest by bringing together their results in a unified set of accounts.

3. 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 2018. The current valuation shows a deficit on the fund of £97,567,000 (£105,972,000 at 31 March 2017) 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 2016, with the next formal revaluation due as at 31st March 2019. The two valuations are carried out on different bases.

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 2018 has been prepared and I confirm that these accounts were approved by the audit committee at its meeting on 23 July 2018.

Councillor Paul Irwin
Chairman of Audit Committee
23 July 2018

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 2017/18* - 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 2018.



Andrew Small
Director (with responsibility for finance)
31 May 2018

Expenditure and funding analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

2016/17 restated							2017/18					
Council			Group				Council			Group		
Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis	Net expenditure in the comprehensive income and expenditure statement	Net expenditure chargeable to the general fund	Adjustments between the funding & accounting basis	Net expenditure in the comprehensive income and expenditure statement		Net expenditure chargeable to the general fund	Adjustments between the funding & accounting basis	Net expenditure in the comprehensive income and expenditure statement	Net expenditure chargeable to the general fund	Adjustments between the funding & accounting basis	Net expenditure in the comprehensive income and expenditure statement
£000	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
(1,693)	1,649	(44)	(1,693)	1,649	(44)	Civic amenities	5,560	(6,311)	(751)	5,560	(6,311)	(751)
2,090	(189)	1,901	2,090	(189)	1,901	Commercialisation & business transformation	4,053	(476)	3,577	4,053	(476)	3,577
4,148	(589)	3,559	4,148	(589)	3,559	Communities	4,807	(342)	4,465	4,807	(342)	4,465
78	(1,486)	(1,408)	78	(1,486)	(1,408)	Economic development & regeneration	154	(1,347)	(1,193)	154	(1,347)	(1,193)
7,429	(1,026)	6,403	7,429	(1,026)	6,403	Environment & waste	7,779	(1,657)	6,122	7,779	(1,657)	6,122
1,865	(381)	1,484	1,865	(381)	1,484	Growth strategy	4,812	(794)	4,018	4,812	(794)	4,018
4,911	(1,033)	3,878	4,911	(1,033)	3,878	Leader	6,389	(2,317)	4,072	6,389	(2,317)	4,072
2,189	1,430	3,619	2,189	1,430	3,619	Resources, governance & compliance	5,060	598	5,658	5,060	598	5,658
21,017	(1,625)	19,392	21,017	(1,625)	19,392	Net cost of services	38,614	(12,646)	25,968	38,614	(12,646)	25,968
(29,008)	10,200	(18,808)	(28,494)	10,309	(18,185)	Other income and expenditure	(27,580)	1,748	(25,832)	(26,100)	268	(25,832)
		584			1,207	(Surplus)/deficit			136			136
		(36,079)			(34,193)	Opening general fund balance at 1 April			(35,495)			(32,986)
		584			1,207	(Surplus)/deficit for the year			136			136
		(35,495)			(32,986)	Closing general fund balance at 31 March			(35,359)			(32,850)

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 both the expenditure and funding analysis and the movement in reserves statement.

2016/17 restated						2017/18						
Council			Group			Council			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	
2,411	(4,104)	(1,693)	2,411	(4,104)	(1,693)	note	9,579	(4,019)	5,560	9,579	(4,019)	5,560
2,452	(362)	2,090	2,452	(362)	2,090		4,359	(306)	4,053	4,359	(306)	4,053
6,962	(2,814)	4,148	6,962	(2,814)	4,148		6,797	(1,990)	4,807	6,797	(1,990)	4,807
2,967	(2,889)	78	2,967	(2,889)	78		3,348	(3,194)	154	3,348	(3,194)	154
12,688	(5,259)	7,429	12,688	(5,259)	7,429		13,349	(5,570)	7,779	13,349	(5,570)	7,779
5,224	(3,359)	1,865	5,224	(3,359)	1,865		8,141	(3,329)	4,812	8,141	(3,329)	4,812
5,887	(976)	4,911	5,887	(976)	4,911		7,162	(773)	6,389	7,162	(773)	6,389
50,074	(47,885)	2,189	50,074	(47,885)	2,189		52,531	(47,471)	5,060	52,531	(47,471)	5,060
88,665	(67,648)	21,017	88,665	(67,648)	21,017		105,266	(66,652)	38,614	105,266	(66,652)	38,614
	2,055			2,055		10		2,979			2,979	
	849			1,363		11		1,430			2,910	
	(31,912)			(31,912)		12		(31,989)			(31,989)	
	(7,991)			(7,477)				11,034			12,514	
	2,055			2,055		10		2,979			2,979	
	849			1,363		11		1,430			2,910	
	(31,912)			(31,912)		12		(31,989)			(31,989)	
	(7,991)			(7,477)				11,034			12,514	
	(10,848)			(11,563)		27.1		(10,523)			(11,576)	
	24,924			24,924		27.4		(14,295)			(14,295)	
	14,076			13,361				(24,818)			(25,871)	
	6,085			5,884				(13,784)			(13,357)	

Movement in reserves statement

This statement shows the movement from the start of the year to the end 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 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

Council	General fund balance £000	Capital receipts reserves £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total Council reserves £000
Balance at 1 April 2016 restated	(36,079)	(6,362)	(1,950)	(44,391)	(47,139)	(91,530)
Movement in reserves during 2016/17 restated						
Total comprehensive income and expenditure	(7,991)	-	-	(7,991)	14,076	6,085
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	8,575	(447)	(993)	7,135	(7,135)	-
(Increase)/decrease in 2016/17 restated	584	(447)	(993)	(856)	6,941	6,085
Balance at 31 March 2017 restated	(35,495)	(6,809)	(2,943)	(45,247)	(40,198)	(85,445)
Movement in reserves during 2017/18						
Total comprehensive income and expenditure	11,034	-	-	11,034	(24,818)	(13,784)
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	(10,898)	(3,900)	(12)	(14,810)	14,810	-
(Increase)/decrease in 2017/18	136	(3,900)	(12)	(3,776)	(10,008)	(13,784)
Balance at 31 March 2018	(35,359)	(10,709)	(2,955)	(49,023)	(50,206)	(99,229)

Group	General fund balance £000	Capital receipts reserves £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total Council reserves £000	Council's share of reserves of joint venture and subsidiaries £000	Total reserves £000
Balance at 1 April 2016 restated	(34,193)	(6,362)	(1,950)	(42,505)	(47,139)	(89,644)	(3,300)	(92,944)
Movement in reserves during 2016/17 restated								
Total comprehensive income and expenditure	(7,477)	-	-	(7,477)	14,076	6,599	(720)	5,879
Adjustments between group accounts and authority accounts (Note 8.1)	109	-	-	109	-	109	(109)	-
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	8,575	(447)	(993)	7,135	(7,135)	-	-	-
(Increase)/decrease in 2016/17 restated	1,207	(447)	(993)	(233)	6,941	6,708	(829)	5,879
Balance at 31 March 2017 restated	(32,986)	(6,809)	(2,943)	(42,738)	(40,198)	(82,936)	(4,129)	(87,065)
Movement in reserves during 2017/18								
Total comprehensive income and expenditure	12,514	-	-	12,514	(24,818)	(12,304)	(1,045)	(13,349)
Adjustments between group accounts and authority accounts (Note 8.1)	(1,480)	-	-	(1,480)	-	(1,480)	1,480	-
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	(10,898)	(3,900)	(12)	(14,810)	14,810	-	-	-
(Increase)/decrease in 2017/18	136	(3,900)	(12)	(3,776)	(10,008)	(13,784)	435	(13,349)
Balance at 31 March 2018	(32,850)	(10,709)	(2,955)	(46,514)	(50,206)	(96,720)	(3,694)	(100,414)

Analysis of the general fund balance

1 April 2016 restated		31 March 2017 restated		31 March 2018	
Council	Group	Council	Group	Council	Group
£000	£000	£000	£000	£000	£000
(32,104)	(32,104)	(32,622)	(32,622)	(33,382)	(33,382)
(3,975)	(2,089)	(2,873)	(364)	(1,977)	532
(36,079)	(34,193)	(35,495)	(32,986)	(35,359)	(32,850)

Amounts earmarked (note 9)

Amounts uncommitted

Reconciliation of movement in reserves statement to balance sheet

1 April 2016 restated	31 March 2017 restated		31 March 2018
Group only	Group only		Group only
£000	£000		£000
(92,944)	(87,065)	Total reserves in the movement in reserves statement	(100,414)
3	8	Minority interest share of reserves of subsidiaries	-
(92,941)	(87,057)	Total reserves in the balance sheet	(100,414)

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. This category of reserves includes reserves that hold unrealised gains and losses (e.g. 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'.

1 April 2016 restated		31 March 2017 restated		31 March 2018	
Council	Group	Council	Group	Council	Group
£000	£000	£000	£000	£000	£000
108,919	108,919	132,183	132,183		
1,349	1,597	1,314	2,250		
19	19	19	19		
9,729	9,729	1	1		
220	220	220	220		
85	85	1,118	1,118		
120,321	120,569	134,855	135,791		
415	415	415	415		
1,284	-	1,284	-		
-	2,743	-	3,100		
43,808	43,471	49,039	48,001		
165,828	167,198	185,593	187,307		
428	428	-	-		
32,569	32,569	38,081	38,081		
3	3	3	3		
11,108	11,146	11,158	11,256		
4,387	4,387	4,496	4,496		
9,074	9,121	4,695	4,726		
57,569	57,654	58,433	58,562		
-	-	-	-		
(10,935)	(10,979)	(13,775)	(14,006)		
(1,744)	(1,744)	(797)	(797)		
(12,679)	(12,723)	(14,572)	(14,803)		
(187)	(187)	(166)	(166)		
(95,408)	(95,408)	(120,433)	(120,433)		
(23,593)	(23,593)	(23,410)	(23,410)		
(119,188)	(119,188)	(144,009)	(144,009)		
91,530	92,941	85,445	87,057		
(44,391)	(41,465)	(45,247)	(41,811)		
(47,139)	(51,476)	(40,198)	(45,246)		
(91,530)	(92,941)	(85,445)	(87,057)		
				Property, plant & equipment	
				Other land and buildings	13.7 133,292 133,292
				Vehicles, plant and equipment	13.7 5,049 5,049
				Community assets	13.7 19 19
				Surplus assets not held for sale	13.7 1 1
				Heritage assets	13.7 220 220
				Assets under construction	13.7 5,453 5,453
				Total property, plant & equipment	144,034 144,034
				Investment property	14 673 673
				Long term investments	15 1,284 -
				Investment in joint venture	16 - 2,801
				Long term debtors	17,37 46,986 46,986
				Long term assets	192,977 194,994
				Assets held for resale	18 - -
				Short term investments	19 34,582 34,582
				Inventories	3 3 3
				Short term debtors	19,20 11,779 12,963
				Short term loans	19,21 6,301 4,744
				Cash and cash equivalents	19,22 11,810 11,893
				Current assets	64,475 64,185
				Short term borrowing	19 (5,028) (5,028)
				Short term creditors	19,23 (18,298) (18,340)
				Provisions	24 (1,662) (1,662)
				Current liabilities	(24,988) (25,030)
				Provisions	24 (306) (306)
				Other long term liabilities	25 (114,732) (114,732)
				Long term borrowing	19 (18,197) (18,197)
				Long term liabilities	(133,235) (133,235)
				Net assets	99,229 100,414
				Usable reserves	MiRS, 26 (49,023) (44,099)
				Unusable reserves	MiRS, 27 (50,206) (56,315)
				Total reserves	(99,229) (100,414)

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.

2016/17 restated			2017/18	
Council	Group		Council	Group
£000	£000	note	£000	£000
7,991	7,477		(11,034)	(12,514)
3,413	4,599	28.1	22,336	22,932
(5,549)	(5,549)	28.2	(3,225)	(3,225)
5,855	6,527		8,077	7,193
(10,963)	(11,651)	29	(715)	221
729	729	30	(247)	(247)
(4,379)	(4,395)		7,115	7,167
9,074	9,121		4,695	4,726
4,695	4,726	22	11,810	11,893

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2017/18 financial year and its position at 31 March 2018. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (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 2017/18, 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 Council tax and non-domestic rates

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

1.6 Employee benefits

1.6.1 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.

1.6.2 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.

1.6.3 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.

1.6.4 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.

1.7 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.

1.8 Financial instruments

1.8.1 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.

1.8.2 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.

1.8.2.1 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.

1.8.2.2 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.

1.9 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.

1.9.1 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

1.10 Interests in companies and other entities

The Council has a material interest in Aylesbury Vale Estates LLP (AVE), Aylesbury Vale Broadband (AVB) and Vale Commerce (VC), 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.

1.11 Inventories and long-term contracts

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

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

1.12 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.

1.13 Leases

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

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

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

1.13.1 The Council as lessee

- Operating leases

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as expenses of the services benefitting from use of the lease property, plant or equipment. Charges are made on a straight line bases over the life of the lease, even if this does not match the pattern or payments.

1.13.2 The Council as lessor

- Finance leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the balance sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the balance sheet (whether property, plant or equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account.

- Operating leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as expenses over the lease term on the same basis as rental income.

1.14 Overheads and support services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.15 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.

1.16 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.

1.16.1 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.

1.16.2 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
- heritage assets – 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.

1.16.3 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.

1.16.4 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. 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.

1.16.5 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.

1.16.6 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.

1.17 Provisions, contingent liabilities and contingent assets

1.17.1 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.

1.17.2 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.

1.17.3 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.

1.18 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.

1.19 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 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 2017/18 (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. The accounting changes introduced in the 2018/19 Code relate to recognition and measurement of financial assets and are anticipated to have little impact.

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.

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2018 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 2018. 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 2018.
- **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 2018, the Council had a balance of sundry debtors for £10,469,000. A review of significant balances suggested that an impairment for doubtful debts of 26% (£2,747,000) 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 2017/18, 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 £88,500 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 departments 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 23 July 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 12th March 2018, the Secretary of State for Housing, Communities and Local Government announced:

" I am minded to implement, subject to Parliamentary approval and further discussions, to replace the existing five councils across Buckinghamshire with a single council for the area".

In response to this minded decision, Aylesbury Vale District Council and the other district councils in Buckinghamshire have made representation to the Secretary of State (submitted 25 May 2018) outlining an alternative proposal to replace the current structure with two new unitary councils – one for the area of Aylesbury Vale and the other for the remainder of the current county area.

As at the balance sheet date, no decision has been made on the configuration of local government for Buckinghamshire in the future. It is not know when the Secretary of State will make a final decision, the final decision would also be subject to Parliamentary approval.

6. Prior period adjustments

In completing the group accounts for 2017/18, adjustments have been made to amend consolidation entries in previous periods in light of revised information. A reconciliation of these adjustments can be found at note 44.

6 Note to the expenditure and funding analysis

Adjustments from the general fund to arrive at the comprehensive income and expenditure statement amounts

	2017/18				2017/18			
	Council				Group			
	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
Civic amenities	(6,109)	(202)	-	(6,311)	(6,109)	(202)	-	(6,311)
Commercialisation & business transformation	-	(476)	-	(476)	-	(476)	-	(476)
Communities	143	(485)	-	(342)	143	(485)	-	(342)
Economic development & regeneration	(1,190)	(157)	-	(1,347)	(1,190)	(157)	-	(1,347)
Environment & waste	(348)	(1,309)	-	(1,657)	(348)	(1,309)	-	(1,657)
Growth strategy	-	(794)	-	(794)	-	(794)	-	(794)
Leader	(2,087)	(230)	-	(2,317)	(2,087)	(230)	-	(2,317)
Resources, governance & compliance	-	598	-	598	-	598	-	598
Net cost of services	(9,591)	(3,055)	-	(12,646)	(9,591)	(3,055)	-	(12,646)
Financing items	4,927	(2,835)	(344)	1,748	4,927	(2,835)	(344)	1,748
Share of subsidiary and joint venture reserves	-	-	-	-	-	-	(1,480)	(1,480)
Other income and expenditure	4,927	(2,835)	(344)	1,748	4,927	(2,835)	(1,824)	268

	2016/17 restated				2016/17 restated			
	Council				Group			
	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
Civic amenities	1,831	(182)	-	1,649	1,831	(182)	-	1,649
Commercialisation & business transformation	-	(189)	-	(189)	-	(189)	-	(189)
Communities	(367)	(222)	-	(589)	(367)	(222)	-	(589)
Economic development & regeneration	(1,444)	(42)	-	(1,486)	(1,444)	(42)	-	(1,486)
Environment & waste	(349)	(677)	-	(1,026)	(349)	(677)	-	(1,026)
Growth strategy	-	(381)	-	(381)	-	(381)	-	(381)
Leader	(1,004)	(29)	-	(1,033)	(1,004)	(29)	-	(1,033)
Resources, governance & compliance	(12)	1,442	-	1,430	(12)	1,442	-	1,430
Net cost of services	(1,345)	(280)	-	(1,625)	(1,345)	(280)	-	(1,625)
Financing items	6,846	2,165	1,189	10,200	6,846	2,165	1,189	10,200
Share of subsidiary and joint venture reserves	-	-	-	-	-	-	109	109
Other income and expenditure	6,846	2,165	1,189	10,200	6,846	2,165	1,298	10,309

1. Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** - the statutory charges for capital financing, i.e. minimum revenue provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2. Net change for the pensions adjustment

Net change for the removal of pension contributions and the addition of IAS19 employee benefits pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

3. Other differences

Other differences between amounts debited/(credited) to the comprehensive income and expenditure statement and amounts payable/(receivable) to be recognised under statute:

- For **financing and investment income and expenditure** the other difference column recognises adjustments to the general fund for the timing differences for premiums and discounts.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and non domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future (surpluses) or deficits on the collection fund.

7. Expenditure and income analysed by nature

The Council's expenditure and income is analysed as follows:

2016/17 restated			2017/18	
Council	Group		Council	Group
£000	£000		£000	£000
Expenditure				
23,356	23,356	Employee benefits expenses	29,865	29,865
64,309	64,309	Other service expenses	66,101	66,101
(39)	(39)	Support service recharges	(291)	(291)
1,039	1,039	Depreciation & impairment	9,591	9,591
3,653	3,653	Interest payments	3,652	3,652
5,057	5,057	Precepts & levies	5,338	5,338
1	1	Payments to housing capital receipts pool	-	-
23	23	Loss/(gain) on disposal of fixed assets	(14)	(14)
-	(264)	Share of profits attributable to joint venture	-	1,352
-	156	Losses attributable to subsidiary companies	-	128
340	340	Other expenditure	179	179
97,739	97,631	Total expenditure	114,421	115,901
Income				
(67,648)	(67,648)	Fees, charges & other service income	(66,652)	(66,652)
(2,182)	(2,182)	Interest and investment income	(2,222)	(2,222)
(21,095)	(21,095)	Income from council tax & non-domestic rates	(21,418)	(21,418)
(3,177)	(3,177)	Post stock transfer capital receipts	(2,339)	(2,339)
(10,817)	(10,817)	Government grants and contributions	(10,571)	(10,571)
(622)	-	Dividends receivable	-	-
(189)	(189)	Other income	(185)	(185)
(105,730)	(105,108)	Total income	(103,387)	(103,387)
(7,991)	(7,477)	(Surplus)/deficit on the provision of services	11,034	12,514

8. Adjustments

8.1 Adjustments between group accounts and Council accounts

2016/17 restated		2017/18
Group		Group
£000		£000
(264)	Share of AVE LLP profit for the year	1,352
111	Aylesbury Vale Broadband Ltd loss for the year	47
37	Vale Commerce Ltd loss for the year	81
7	Novae Ltd (profit)/loss for the year	-
(109)		1,480

8.2 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	2017/18		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred to/(from) the pensions reserve)	(5,890)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)			
• Council tax and NNDR (transfers to or from the collection fund adjustment account)	(227)	-	-
• Holiday pay (transferred to/(from) the accumulated absences reserve)	(117)	-	-
• Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	(9,495)	-	(96)
Total adjustments to the revenue resources	(15,729)	-	(96)
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	3,129	(3,129)	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	1,702	-	-
Total adjustments between revenue and capital resources	4,831	(3,129)	-
Adjustments to capital resources			
Application of capital grants to finance capital expenditure	-	-	84
Cash payments in relation to deferred capital receipts	-	(771)	-
Total adjustments to capital resources	-	(771)	84
Total adjustments	(10,898)	(3,900)	(12)

Council and group	2016/17 restated		
	Usable reserves		
	General fund balance	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred to/(from) the pensions reserve)	1,885	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)			
• Council tax and NNDR (transfers to or from the collection fund adjustment account)	1,314	-	-
• Holiday pay (transferred to/(from) the accumulated absences reserve)	(102)	-	-
• Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	194	-	(1,967)
Total adjustments to the revenue resources	3,291	-	(1,967)
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	3,582	(3,582)	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	1,702	-	-
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-	-	-
Total adjustments between revenue and capital resources	5,284	(3,582)	-
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	3,753	-
Application of capital grants to finance capital expenditure	-	-	974
Cash payments in relation to deferred capital receipts	-	(618)	-
Total adjustments to capital resources	-	3,135	974
Total adjustments	8,575	(447)	(993)

9. Movements in 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 2016/17 and 2017/18.

Council and group	Balance 1 April 2016 restated	Transfers out 2016/17	Transfers in 2016/17	Balance 31 March 2017 restated	Transfers out 2017/18	Transfers in 2017/18	Balance 31 March 2018
	£000	£000	£000	£000	£000	£000	£000
Capital purposes							
Amenity areas	(2,748)	-	(172)	(2,920)	-	(177)	(3,097)
Property sinking	(1,812)	-	-	(1,812)	-	-	(1,812)
Property strategy	(540)	-	-	(540)	-	-	(540)
Information technology	(1,448)	176	(297)	(1,569)	1,370	-	(199)
Future vehicle costs	(4)	-	(135)	(139)	55	-	(84)
	(6,552)	176	(604)	(6,980)	1,425	(177)	(5,732)
Revenue purposes							
New homes bonus - Waterside North	-	-	-	-	-	(8,798)	(8,798)
New homes bonus - parishes	(1,277)	399	(938)	(1,816)	1,063	(1,585)	(2,338)
New homes bonus - affordable housing	-	-	-	-	-	(2,158)	(2,158)
New homes bonus - Silverstone heritage	-	-	-	-	-	(2,000)	(2,000)
Interest equalisation	(2,834)	167	(230)	(2,897)	875	-	(2,022)
New homes bonus - high speed broadband	-	-	-	-	-	(1,536)	(1,536)
Business rates	(2,001)	-	-	(2,001)	850	-	(1,151)
Repairs & renewals	(1,195)	248	(151)	(1,098)	136	(183)	(1,145)
Fairford Leys riverine	(862)	-	(8)	(870)	-	(8)	(878)
LABGI	(857)	-	-	(857)	-	-	(857)
Superannuation	(1,283)	277	-	(1,006)	277	-	(729)
Planning fees	(2,346)	396	(60)	(2,010)	1,851	(400)	(559)
Self insurance	(577)	36	-	(541)	-	-	(541)
Health licensing income	(171)	-	(240)	(411)	-	(118)	(529)
Aylesbury special expenses	(504)	-	(48)	(552)	85	-	(467)
New homes bonus - east/west rail link	-	-	-	-	-	(350)	(350)
Recycling & composting	(306)	160	(77)	(223)	-	(69)	(292)
New homes bonus - depot refurbishment	-	-	-	-	-	(209)	(209)
Car parking	(207)	-	-	(207)	-	-	(207)
District elections	(199)	-	(45)	(244)	147	(67)	(164)
Leisure activities	(158)	8	(109)	(259)	103	-	(156)
Historic buildings	(141)	6	(5)	(140)	5	-	(135)
Housing needs & section 106	(107)	-	-	(107)	-	-	(107)
Business support fund	(102)	-	-	(102)	-	-	(102)
Rent guarantee scheme	(71)	-	-	(71)	-	-	(71)
Market research	(47)	-	-	(47)	-	-	(47)
Playgrounds	(40)	-	-	(40)	-	-	(40)
Benefit subsidy	(807)	374	-	(433)	400	-	(33)
Business transformation	(89)	60	-	(29)	-	-	(29)
New homes bonus - uncommitted	(9,344)	5,777	(6,114)	(9,681)	9,681	-	-
Land registry fees	(11)	11	-	-	-	-	-
Other	(8)	8	-	-	-	-	-
Corporate improvement	(8)	8	-	-	-	-	-
	(25,552)	7,935	(8,025)	(25,642)	15,473	(17,481)	(27,650)
	(32,104)	8,111	(8,629)	(32,622)	16,898	(17,658)	(33,382)

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) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) Superannuation reserve

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

10. Other operating income and expenditure

2016/17 restated		2017/18
Council and Group		Council and Group
£000		£000
5,057	Parish precepts	5,338
1	Payments to the government housing capital receipts pool	-
(3,177)	Post stock transfer capital receipts	(2,339)
(275)	Commutated sum income	(176)
426	Other operating costs	170
23	Loss/(gain) on disposal of non-current assets	(14)
<u>2,055</u>		<u>2,979</u>

11. Financing and investment income and expenditure

2016/17 restated			2017/18	
Council	Group		Council	Group
£000	£000		£000	£000
818	818	Interest payable and similar charges	817	817
2,835	2,835	Net interest on the net defined liability	2,835	2,835
(2,182)	(2,182)	Interest receivable and similar income	(2,222)	(2,222)
-	156	Losses attributable to subsidiary companies	-	128
-	(264)	Share of (profits)/losses attributable to joint venture	-	1,352
(622)	-	Distribution attributable to joint venture (note 31)	-	-
849	1,363		1,430	2,910

12. Taxation and non-specific grant income

2016/17 restated		2017/18
Council and Group		Council and Group
£000		£000
(15,604)	Council tax income	(16,587)
(5,491)	Non domestic rates	(4,831)
(10,189)	Non-ringfenced government grants (note 32)	(8,825)
(628)	Capital grants and contributions	(1,746)
(31,912)		(31,989)

13. Property, plant and equipment**13.1 Measurement bases used**

The gross carrying amount of assets has been determined on the following 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
- heritage assets – historic cost

13.2 Depreciation methods used

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

13.3 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	0 - 20 years
Multi-storey car parks	26 - 60 years
Sports pavilions	10 - 28 years
Other public buildings	8 - 45 years
Waste Bins	7 years
Vehicles	7 years
Equipment	5 years

13.4 Capital commitments

The Council had no outstanding capital commitments at 31 March 2018.

The Council had no construction contracts in effect at 31 March 2018.

13.5 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 £88,500 for every year that useful lives had to be reduced.

13.6 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 public conveniences, community centres, leisure buildings and open air car parks were carried out by Mark Aldis BSc (Hons) M.R.I.C.S. of Wilks, Head and Eve as at 31 March 2018.

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.

13.7 Movement on property, plant and equipment

Council	2017/18						
	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 2017 restated	137,114	6,422	19	11	220	1,118	144,904
Additions	87	4,083	-	-	-	4,335	8,505
Revaluation increases/(decreases) recognised in the revaluation reserve	9,490	-	-	-	-	-	9,490
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	(10,263)	-	-	-	-	-	(10,263)
Other movements in cost or valuation	(750)	(3)	-	-	-	-	(753)
At 31 March 2018	135,678	10,502	19	11	220	5,453	151,883
Accumulated depreciation							
At 1 April 2017 restated	(4,931)	(5,108)	-	(10)	-	-	(10,049)
Depreciation charge	762	(348)	-	-	-	-	414
Depreciation written out to the revaluation reserve	1,033	-	-	-	-	-	1,033
Other movements	750	3	-	-	-	-	753
At 31 March 2018	(2,386)	(5,453)	-	(10)	-	-	(7,849)
Net book value							
At 31 March 2018	133,292	5,049	19	1	220	5,453	144,034
At 1 April 2017 restated	132,183	1,314	19	1	220	1,118	134,855

Group	2017/18						
	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 2017 restated	137,114	7,405	19	11	220	1,118	145,887
Additions	87	4,328	-	-	-	4,335	8,750
Revaluation increases/(decreases) recognised in the revaluation reserve	9,490	-	-	-	-	-	9,490
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	(10,263)	-	-	-	-	-	(10,263)
Derecognition - disposals	-	(1,228)	-	-	-	-	(1,228)
Other movements in cost or valuation	(750)	(3)	-	-	-	-	(753)
At 31 March 2018	135,678	10,502	19	11	220	5,453	151,883
Accumulated depreciation							
At 1 April 2017 restated	(4,931)	(5,155)	-	(10)	-	-	(10,096)
Depreciation charge	762	(348)	-	-	-	-	414
Depreciation written out to the revaluation reserve	1,033	-	-	-	-	-	1,033
Derecognition - disposals	-	47	-	-	-	-	47
Other movements	750	3	-	-	-	-	753
At 31 March 2018	(2,386)	(5,453)	-	(10)	-	-	(7,849)
Net book value							
At 31 March 2018	133,292	5,049	19	1	220	5,453	144,034
At 1 April 2017 restated	132,183	2,250	19	1	220	1,118	135,791

Council	2016/17 restated						
	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 2016	115,767	6,108	19	9,729	220	85	131,928
Additions	3,480	-	-	-	-	1,245	4,725
Revaluation increases/(decreases) recognised in the revaluation reserve	8,901	314	-	-	-	-	9,215
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	(752)	-	-	-	-	-	(752)
Impairment written out to the (surplus)/deficit on the provision of services	-	-	-	-	-	(212)	(212)
Other movements in cost or valuation	9,718	-	-	(9,718)	-	-	-
At 31 March 2017	137,114	6,422	19	11	220	1,118	144,904
Accumulated depreciation							
At 1 April 2016	(6,848)	(4,759)	-	-	-	-	(11,607)
Depreciation charge	284	(349)	-	(10)	-	-	(75)
Depreciation written out to the revaluation reserve	1,633	-	-	-	-	-	1,633
At 31 March 2017	(4,931)	(5,108)	-	(10)	-	-	(10,049)
Net book value							
At 31 March 2017	132,183	1,314	19	1	220	1,118	134,855
At 1 April 2016	108,919	1,349	19	9,729	220	85	120,321

Group	2016/17 restated						
	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 2016	115,767	6,369	19	9,729	220	85	132,189
Additions	3,480	722	-	-	-	1,245	5,447
Revaluation increases/(decreases) recognised in the revaluation reserve	8,901	314	-	-	-	-	9,215
Revaluation increases/(decreases) recognised in the (surplus)/deficit on the provision of services	(752)	-	-	-	-	-	(752)
Impairment written out to the (surplus)/deficit on the provision of services	-	-	-	-	-	(212)	(212)
At 31 March 2017	137,114	7,405	19	11	220	1,118	145,887
Accumulated depreciation							
At 1 April 2016	(6,848)	(4,772)	-	-	-	-	(11,620)
Depreciation charge	284	(383)	-	(10)	-	-	(109)
Depreciation written out to the revaluation reserve	1,633	-	-	-	-	-	1,633
At 31 March 2017	(4,931)	(5,155)	-	(10)	-	-	(10,096)
Net book value							
At 31 March 2017	132,183	2,250	19	1	220	1,118	135,791
At 1 April 2016	108,919	1,597	19	9,729	220	85	120,569

14. Investment properties

The following items of income and expense have been accounted for in the economic development delivery line in the comprehensive income and expenditure statement:

2016/17 restated	2017/18
Council and group	Council and group
£000	£000
(9) Rental income from investment property	(3)
110 Direct operating expenses arising from investment property	116
101	113

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:

1 April 2016 restated	31 March 2017 restated		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
415	415	Balance at 1 April	415
-	-	Revaluations	258
415	415	Balance at 31 March	673

15. Long term investments

1 April 2016 restated	31 March 2017 restated		31 March 2018
Council	Council		Council
£000	£000		£000
1,284	1,284	Aylesbury Vale Estates LLP	1,284
1,284	1,284		1,284

16. Investment in joint venture

1 April 2016 restated	31 March 2017 restated		31 March 2018
Group	Group		Group
£000	£000		£000
1,308	1,308	Investment at cost	1,308
(24)	(24)	Capital repayments and distributions	(24)
(1,887)	(2,509)	Distributions	(2,509)
(995)	(731)	AVDC share of accumulated losses	(2,083)
4,341	5,056	AVDC share of accumulated revaluation gains	6,109
2,743	3,100		2,801

17. Long term debtors

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
27,855	27,855	27,422	27,422	Aylesbury Vale Estates LLP	26,970	26,970
15,577	15,577	15,150	15,150	Finance leases	14,923	14,923
-	-	4,912	4,912	Hale Leys LLP	4,213	4,213
327	-	986	-	- Aylesbury Vale Broadband Ltd	-	-
-	-	500	500	Bucks Advantage	500	500
-	-	-	-	- Silverstone	375	375
10	-	50	-	- Vale Commerce Ltd	-	-
39	39	19	19	Car purchase loans	5	5
43,808	43,471	49,039	48,003		46,986	46,986

18. Assets held for resale

1 April 2016 Restated	31 March 2017 Restated		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
		Elmhurst Community Centre	
-	428	Balance as at 1 April	-
451	-	- Additions	-
-	(428)	Disposals	-
(23)	-	Revaluation - Impairment	-
428	-		-

19. Financial instruments

19.1 Categories of financial instruments

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

1 April 2016 restated				31 March 2017 restated				31 March 2018			
Council		Group		Council		Group		Council		Group	
Long term	Current	Long term	Current	Long term	Current	Long term	Current	Long term	Current	Long term	Current
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
-	32,569	-	32,569	-	38,081	-	38,081	-	34,582	-	34,582
-	32,569	-	32,569	-	38,081	-	38,081	-	34,582	-	34,582
43,808	4,387	43,471	4,496	49,039	4,496	48,001	4,496	46,986	6,301	46,986	4,744
-	7,749	-	7,787	-	8,615	-	8,713	-	8,186	-	9,370
43,808	12,136	43,471	12,283	49,039	13,111	48,001	13,209	46,986	14,487	46,986	14,114
-	9,074	-	9,121	-	4,695	-	4,726	-	11,810	-	11,893
-	9,074	-	9,121	-	4,695	-	4,726	-	11,810	-	11,893
(23,593)	-	(23,593)	-	(23,410)	-	(23,410)	-	(18,197)	(5,028)	(18,197)	(5,028)
(23,593)	-	(23,593)	-	(23,410)	-	(23,410)	-	(18,197)	(5,028)	(18,197)	(5,028)
-	(7,665)	-	(7,709)	-	(8,468)	-	(8,699)	-	(9,633)	-	(9,675)
-	(7,665)	-	(7,709)	-	(8,468)	-	(8,699)	-	(9,633)	-	(9,675)

Investments

Loans and receivables

Total investments**Debtors**

Loans and receivables

Financial assets carried at contract amounts

Total debtors**Cash and cash equivalents**

Financial assets carried at contract amounts

Total cash and cash equivalents**Borrowings**

Financial liabilities at amortised cost

Total borrowings**Creditors**

Financial liabilities carried at contract amounts

Total creditors

19.3 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.

1 April 2016 restated				31 March 2017 restated			
Council		Group		Council		Group	
Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
£0	£000	£000	£000	£000	£000	£000	£000
43,808	43,808	43,471	43,471	49,039	49,039	48,001	48,001
32,569	38,621	32,569	38,621	38,081	38,621	38,081	38,621
9,074	9,074	9,121	9,121	4,695	4,695	4,726	4,726
85,451	91,503	85,161	91,213	91,815	92,355	90,808	91,348
(12,475)	(12,475)	(12,475)	(12,475)	(14,461)	(14,461)	(14,461)	(14,461)
(23,593)	26,685	(23,593)	26,685	(23,410)	(27,708)	(23,410)	(27,708)
-	-	-	-	-	-	-	-
(36,068)	14,210	(36,068)	14,210	(37,871)	(42,169)	(37,871)	(42,169)

Financial assets

Long term debtors
Short term investments
Cash and cash equivalents

Financial liabilities

Long term creditors
Long term borrowing
Short term borrowing

31 March 2018			
Council		Group	
Carrying amount	Fair value	Carrying amount	Fair value
£000	£000	£000	£000
46,986	46,986	46,986	46,986
34,582	34,582	34,582	34,582
11,810	11,810	11,893	11,893
93,378	93,378	93,461	93,461
(17,165)	(17,165)	(17,165)	(17,165)
(18,197)	(22,095)	(18,197)	(22,095)
(5,028)	(5,028)	(5,028)	(5,028)
(40,390)	(44,288)	(40,390)	(44,288)

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

20. Short term debtors

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
1,576	1,576	696	696	Central government bodies	1,104	1,104
497	497	276	276	Other local authorities	105	105
113	113	187	187	NHS bodies	73	73
193	193	193	193	Amounts owed by joint venture	193	193
11,637	11,519	12,608	12,706	Other entities and individuals	13,051	14,235
14,016	13,898	13,960	14,058		14,526	15,710
(2,752)	(2,752)	(2,802)	(2,802)	Provision for impairment of bad debts	(2,747)	(2,747)
11,264	11,146	11,158	11,256		11,779	12,963

21. Short term loans

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council and group	Council and group	Council and group	Council and group		Council	Group
£000	£000	£000	£000		£000	£000
2,900	2,900	2,900	2,900	Hale Leys LLP	3,250	3,250
1,487	1,596	1,596	1,596	Aylesbury Vale Estates LLP	1,494	1,494
-	-	-	-	Aylesbury Vale Broadband Ltd	1,442	-
-	-	-	-	Vale Commerce Ltd	115	-
4,387	4,496				6,301	4,744

22. Cash and cash equivalents

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
1	1	1	1	Cash	1	1
2,493	2,540	1,191	1,222	Bank current accounts	879	962
6,580	6,580	3,503	3,503	Short term deposits	10,930	10,930
9,074	9,121	4,695	4,726		11,810	11,893

23. Short term creditors

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
(2,939)	(2,939)	(3,290)	(3,290)	Central government bodies	(4,968)	(4,968)
(2,872)	(2,872)	(3,356)	(3,356)	Other local authorities	(2,654)	(2,654)
(95)	(95)	(118)	(118)	NHS bodies	(82)	(82)
(5,029)	(5,073)	(7,011)	(7,242)	Other entities and individuals	(10,594)	(10,636)
(10,935)	(10,979)	(13,775)	(14,006)		(18,298)	(18,340)

24. Provisions

	Council and group	
	Short term	Long term
	NNDR appeals	Refundable bonds
	£000	£000
Balance at 1 April 2016 restated	(1,744)	(187)
Additional provisions made in 2016/17 restated	947	21
Balance at 31 March 2017 restated	(797)	(166)
Additional provisions made in 2017/18	(865)	(140)
Balance at 31 March 2018	(1,662)	(306)

25. Other long term liabilities

1 April 2016 restated	31 March 2017 restated		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
(82,933)	(105,972)	Pension liability	(97,567)
(12,475)	(14,461)	Developer contributions	(17,165)
(95,408)	(120,433)		(114,732)

26. Usable reserves

Movement in usable reserves are summarised below:

Council	1 April 2016 restated	Movements		31 March 2017 restated	Movements		31 March 2018
	£000	Debits	Credits	£000	Debits	Credits	£000
General fund balance	(3,975)	122,969	(121,867)	(2,873)	141,469	(140,573)	(1,977)
Capital receipts reserve	(6,362)	3,753	(4,200)	(6,809)	-	(3,900)	(10,709)
Capital grants unapplied	(1,950)	974	(1,967)	(2,943)	84	(96)	(2,955)
Earmarked reserves	(32,104)	8,111	(8,629)	(32,622)	16,898	(17,658)	(33,382)
	(44,391)	135,807	(136,663)	(45,247)	158,451	(162,227)	(49,023)

Group	1 April 2016 restated	Movements		31 March 2017 restated	Movements		31 March 2018
	£000	Debits	Credits	£000	Debits	Credits	£000
General fund balance	(2,089)	122,970	(121,245)	(364)	141,469	(140,573)	532
Capital receipts reserve	(6,362)	3,753	(4,200)	(6,809)	-	(3,900)	(10,709)
Capital grants unapplied	(1,950)	974	(1,967)	(2,943)	84	(96)	(2,955)
Earmarked reserves	(32,104)	8,111	(8,629)	(32,622)	16,898	(17,658)	(33,382)
Joint venture profit and loss reserves	995	-	(264)	731	-	1,352	2,083
Subsidiary profit and loss reserves	45	178	(27)	196	295	(159)	332
	(41,465)	135,986	(136,332)	(41,811)	158,746	(161,034)	(44,099)

27. Unusable reserves

Movement in unusable reserves are summarised below:

Council only	1 April 2016	Movements		31 March 2017	Movements		31 March 2018
	restated	Debits	Credits	restated	Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(14,111)	-	(10,848)	(24,959)	-	(10,523)	(35,482)
Capital adjustment account	(72,454)	1,773	(6,429)	(77,110)	10,005	(2,200)	(69,305)
Deferred capital receipts	(43,962)	618	-	(43,344)	771	-	(42,573)
Pensions reserve	82,933	52,478	(29,439)	105,972	9,676	(18,081)	97,567
Collection fund adjustment account	385	-	(1,314)	(929)	227	-	(702)
Accumulated absences account	70	172	(70)	172	289	(172)	289
	(47,139)	55,041	(48,100)	(40,198)	20,968	(30,976)	(50,206)

Group	Balance 1 April 2016	Movements		Balance 31 March 2017	Movements		Balance 31 March 2018
	£000	Debits	Credits	£000	Debits	Credits	£000
Revaluation reserve	(18,452)	-	(11,563)	(30,015)	-	(11,576)	(41,591)
Capital adjustment account	(72,454)	1,773	(6,429)	(77,110)	10,005	(2,200)	(69,305)
Deferred capital receipts	(43,962)	618	-	(43,344)	771	-	(42,573)
Pensions reserve	82,933	52,478	(29,439)	105,972	9,676	(18,081)	97,567
Collection fund adjustment account	385	-	(1,314)	(929)	227	-	(702)
Accumulated absences account	70	172	(70)	172	289	(172)	289
Minority interests	4	5	(1)	8	-	(8)	-
	(51,476)	55,046	(48,816)	(45,246)	20,968	(32,037)	(56,315)

27.1 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.

2016/17 restated		2017/18	
Council	Group	Council	Group
£000	£000	£000	£000
(14,111)	(18,452)	(24,959)	(30,015)
(9,215)	(9,930)	(9,490)	(10,543)
(1,633)	(1,633)	(1,033)	(1,033)
(10,848)	(11,563)	(10,523)	(11,576)
(24,959)	(30,015)	(35,482)	(41,591)

Balance at 1 April

Upward revaluation of assets

Depreciation written back to revaluation reserve

Surplus on revaluation of non-current assets not posted to the deficit on the provision of services

Balance at 31 March

27.2 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 8 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2016/17 restated		2017/18	
Council and group		Council and group	
£000	£000	£000	£000
	(72,454)		(77,110)
287		(414)	
752		10,005	
306		-	
428		-	
	1,773		9,591
	(3,753)		-
	(974)		(84)
	(1,702)		(1,702)
	(77,110)		(69,305)

27.3 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.

2016/17 restated	2017/18
Council and group	Council and group
£000	£000
(43,962)	(43,344)
618	771
(43,344)	(42,573)

27.4 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.

2016/17 restated			2017/18	
Council and group			Council and group	
£000	£000		£000	£000
	82,933	Balance at 1 April		105,972
(14,053)		Return on plan assets in excess of interest	(3,771)	
(1,421)		Other actuarial losses on assets	-	
45,661		Change in financial assumptions	(10,524)	
(2,505)		Change in demographic assumptions	-	
(2,758)		Experience gain on defined benefit obligation	-	
	24,924	Remeasurement of net defined benefit		(14,295)
		Reversal of items relating to retirement benefits debited or credited to the (surplus)/deficit on the provision of services in		
	6,817	the comprehensive income and expenditure statement		9,676
	(8,702)	Employer's pensions contributions and direct payments to pensioners payable in the year		(3,786)
	<u>105,972</u>	Balance at 31 March		<u>97,567</u>

27.5 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.

2016/17 restated			2017/18	
Council and group			Council and group	
£000	£000		£000	£000
	385	Balance at 1 April		(929)
		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		
	(1,314)	with statutory requirements		227
	<u>(929)</u>	Balance at 31 March		<u>(702)</u>

27.6 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.

2016/17 restated			2017/18	
Council and group			Council and group	
£000	£000		£000	£000
	70	Balance at 1 April		172
(70)		Settlement or cancellation of accrual made at the end of the preceding year	(172)	
172		Amount accrued at the end of the current year	289	
		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		117
	102			117
	172	Balance at 31 March		289

28. Cash flow statement

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

2016/17 restated			2017/18	
Council	Group		Council	Group
£000	£000		£000	£000
287	287	Depreciation and impairment losses	(414)	(414)
752	752	Impairment and downward revaluations	11,547	11,547
-	-	Upward revaluations	(1,284)	(1,284)
3,914	4,101	(Decrease)/increase in creditors	7,289	7,100
885	2,148	Decrease in debtors	(1,439)	(2,006)
(1,885)	(1,885)	Pension liability	5,890	5,890
428	428	Carrying amount of non-current assets sold	-	-
-	(264)	Share of losses attributable to joint venture	-	1,352
-	-	Movement in investment property values	(258)	(258)
		Other non-cash items charged to the net surplus or deficit on the provision of services	1,005	1,005
(968)	(968)		1,005	1,005
3,413	4,599		22,336	22,932

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

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(3,129)
(3,582)	Any other items for which the cash effects are investing or financing cash flows	(96)
(1,967)		(3,225)
(5,549)		

28.3 Operating activities

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

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
2,275	Interest received	2,224
(824)	Interest paid	(618)

29. Cash flow statement - investing activities

2016/17 restated			2017/18	
Council	Group		Council	Group
£000	£000		£000	£000
		Purchase of property, plant and equipment, investment property and intangible assets		
(4,725)	(5,413)		(8,505)	(7,569)
(64,517)	(64,517)	Purchase of short term and long term investments	(57,503)	(57,503)
(6,357)	(6,357)	Other payments for investing activities	(895)	(895)
		Proceeds from the sale of property, plant and equipment, investment property and intangible assets		
4,200	4,200		3,900	3,900
		Proceeds from the sale of short term and long term investments		
59,000	59,000		61,000	61,000
1,436	1,436	Other receipts from investing activities	1,288	1,288
(10,963)	(11,651)		(715)	221

30. Cash flow statement - financing activities

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
	(177) Other payments for financing activities	(185)
906	Repayment of short and long term borrowing	(62)
729		(247)

31. Distribution attributable to joint venture

2016/17 restated		2017/18
Council		Council
£000		£000
(622)	Distribution attributable to joint venture for the year	-
(622)		-

32. Grant income

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

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
	Credited to taxation and non specific grant income	
(8,231)	New homes bonus	(7,945)
(1,569)	Revenue support grant	(583)
(389)	Other grants	(297)
(10,189)		(8,825)

2016/17 restated Council and group £000	2017/18 Council and group £000
Credited to services	
- HS2	(1,500)
(754) Renovation grants	(912)
(62) Homelessness	(585)
- Aylesbury garden town	(361)
(227) Council tax/NNDR collection grant	(223)
(126) Planning delivery	(100)
(56) Individual elector registration	(53)
(10) Land searches	(10)
(1,235)	(3,744)

33. 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.

2016/17 restated Council and group		2017/18 Council and group	
Turnover	(Surplus/ deficit	Turnover	(Surplus/ deficit
£000	£000	£000	£000
(1,001)	123	(1,014)	(24)
(862)	(261)	(958)	(372)
(3,255)	(1,300)	(3,241)	(1,645)
(540)	(48)	(493)	(55)
(88)	17	(92)	3
(338)	(4)	(309)	(25)
(6,084)	(1,473)	(6,107)	(2,118)

34. Members' allowances

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

2016/17 restated Council and group £000	2017/18 Council and group £000
320	319
124	133
13	11
457	463

35. Officers' remuneration

35.1 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:

		2017/18				
		Council and group				
Identifier		Salary (including fees & allowances)	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£000	£000	£000	£000	£000
Chief Executive - Andrew Grant	1	147	23	170	34	204
Corporate Director	2	100	-	100	23	123
Corporate Director	3	92	-	92	21	113
Assistant Director - Commercial Property	4	70	-	70	16	86
Assistant Director - Business Support & Enablement	5	66	-	66	15	81
Assistant Director - Commercial & Business Strategy	6	66	-	66	15	81
Assistant Director - Community Fulfilment	7	66	-	66	15	81
Assistant Director - Customer Fulfilment	8	66	-	66	15	81
Digital Director	9	66	-	66	15	81
		739	23	762	169	931

		2016/17 restated				
		Council and group				
Identifier		Salary (including fees & allowances)	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
		£000	£000	£000	£000	£000
Chief Executive - Andrew Grant	1	145	14	159	33	192
Corporate Director	2	99	-	99	23	122
Corporate Director	3	82	-	82	19	101
Assistant Director - Commercial Property	4	70	-	70	16	86
Assistant Director - Business Support & Enablement	5	58	-	58	13	71
Assistant Director - Commercial & Business Strategy	6	62	-	62	14	76
Assistant Director - Community Fulfilment	7	61	-	61	14	75
Assistant Director - Customer Fulfilment	8	61	-	61	14	75
Commercial AVDC Programme Sponsor - Resigned	10	70	-	70	16	86
Sector Lead - Resigned	11	58	-	58	13	71
Sector Lead - Resigned	12	58	-	58	13	71
		824	14	838	188	1,026

35.2 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:

2016/17 restated			2017/18	
Council and group			Council and group	
Number of employees			Number of employees	
9		£50,000 - £54,999	15	
4		£55,000 - £59,999	9	
4		£60,000 - £64,999	3	
17			27	

The Council has undertaken a significant corporate restructuring exercise, incurring redundancy costs as headcount is reduced. This strategy aims to achieve financial sustainability for the Council through reductions in operating costs and increased commercial revenues to offset reductions in government grant over time.

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 redundancies		Number of other departures agreed		Total number of exit packages by cost		Total cost of exit packages in each	
	2016/17 restated	2017/18	2016/17 restated	2017/18	2016/17 restated	2017/18	2016/17 restated	2017/18
	Council and group		Council and group		Council and group		Council and group	
							£000	£000
£0 - £20,000	11	21	4	3	15	24	170	265
£20,001 - £40,000	11	22	1	-	12	22	315	702
£40,001 - £60,000	1	12	2	-	3	12	135	565
£60,001 - £80,000	3	2	1	1	4	3	274	204
£80,001 - £100,000	4	-	-	-	4	-	350	-
	30	57	8	4	38	61	1,244	1,736

36. 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:

2016/17 restated			2017/18	
Council and group			Council and group	
£000			£000	
57		Fees payable to the appointed auditor with regard to external audit services	58	
12		Fees payable to the appointed auditor for the certification of grant claims and returns for the year	26	
69			84	

37. Leases**Council as lessee****37.1 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:

1 April 2016 restated	31 March 2017 restated		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
6,274	5,702	Other land and buildings	8,048
6,274	5,702		8,048

37.2 Operating leases

Up until 2017/18, the Council had acquired its fleet of refuse collection vehicles by entering into operating leases with typical lives of seven years. During the year, the majority of these leases either finished or were cancelled and the entire fleet was replaced by vehicles purchased by the Council.

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

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
708	Not later than one year	6
186	Later than one year and not later than five years	-
894		6

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

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
901	Minimum lease payments	797
901		797

Council as lessor**37.3 Finance leases**

The Council has leased out University Campus Aylesbury Vale to Buckinghamshire New University (BNU) on a finance lease with a remaining term of 33 years.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. At the end of the lease term ownership of the property transfers to BNU.

The minimum lease payments comprise settlement of the long term debtor for the interest in the property acquired by BNU and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

1 April 2016 restated	31 March 2017 restated		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
		Finance lease debtor (net present value of minimum lease payments):	
209	218	• Current	227
15,368	15,150	• Non current	14,923
14,405	13,735	Unearned finance income	13,074
29,982	29,103		28,224

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

1 April 2016 restated		31 March 2017 restated			31 March 2018	
Council and group		Council and group			Council and group	
Gross investment in lease	Minimum lease payments	Gross investment in lease	Minimum lease payments		Gross investment in lease	Minimum lease payments
£000	£000	£000	£000		£000	£000
(879)	(209)	(879)	(218)	Not later than one year	(879)	(227)
(3,517)	(930)	(3,517)	(970)	Later than one year and not later than five years	(3,517)	(1,012)
(25,586)	(14,438)	(24,707)	(14,180)	Later than five years	(23,828)	(13,911)
(29,982)	(15,577)	(29,103)	(15,368)		(28,224)	(15,150)

37.4 Operating leases

The Council leases out property 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:

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
(1,357)	Not later than one year	(1,405)
(4,531)	Later than one year and not later than five years	(4,196)
(10,888)	Later than five years	(9,919)
(16,776)		(15,520)

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

38. 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.

2016/17 restated		2017/18
Council and group		Council and group
£000		£000
35,883	Opening capital financing requirement	34,485
	Capital investment	
3,480	Property, plant and equipment	4,170
1,245	Assets under construction	4,335
306	Revenue expenditure funded from capital under statute	-
	Sources of finance	
(3,753)	Capital receipts	-
(974)	Government grants and other contributions	(84)
	Sums set aside from revenue:	
(1,702)	Minimum revenue provision	(1,702)
<u>34,485</u>	Closing capital financing requirement	<u>41,204</u>
	Explanation of movements in year	
(1,398)	(Decrease)/Increase in underlying need to borrow (unsupported by government financial assistance)	6,719
<u>(1,398)</u>	Decrease in capital financing requirement	<u>6,719</u>

39. Defined benefit pension schemes

39.1 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.

39.2 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	
	2016/17 restated	2017/18	2016/17 restated	2017/18
	Council and group		Council and group	
	£000	£000	£000	£000
Cost of services:				
• service cost	3,861	6,720	-	-
Financing and investment income and expenditure				
• net interest on the defined liability	2,835	2,835	-	-
Administration expenses	82	121	-	-
Total post employment benefit charged to the comprehensive income and expenditure statement	6,778	9,676	-	-
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	(6,778)	(9,676)	-	-
Actual amount charged against the general fund balance for pensions in the year:				
• employers' contributions payable to scheme	3,510	8,373		
• retirement benefits payable to pensioners			290	329

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2017/18 is a gain of £14,295,000 (a loss of £24,924,000 during 2016/17).

39.3 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	
	2016/17 restated	2017/18	2016/17 restated	2017/18
	Council and group		Council and group	
	£000	£000	£000	£000
Opening balance at 1 April	190,044	235,246	(3,884)	(4,195)
Current service cost	3,323	5,215	-	-
Interest cost	6,599	6,171	-	-
Change in financial assumptions	45,729	(10,524)	(68)	-
Change in demographic assumptions	(2,505)	-	-	-
Experience loss/(gain) on defined benefit obligation	(2,758)	-	-	-
Liabilities extinguished on settlements	(117)	-	-	-
Estimated benefits paid net of transfers in	(6,546)	(7,503)	-	-
Past service costs including curtailments	577	1,505	-	-
Contributions by scheme participants	900	911	-	-
Unfunded pension payments	-	-	(243)	(240)
Closing balance at 31 March	235,246	231,021	(4,195)	(4,435)

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2016/17 restated	2017/18
	Council and group	
	£000	£000
Opening balance at 1 April	(103,227)	(125,079)
Interest on assets	(3,764)	(3,336)
Return on assets less interest	(14,053)	(3,771)
Other actuarial gains and losses	(1,382)	-
Administration expenses	82	121
Contributions by employer including unfunded	(8,702)	(3,786)
Contributions by scheme participants	(900)	(911)
Estimated benefits paid plus unfunded net of transfers in	6,789	7,743
Settlement prices paid	78	-
Closing balance at 31 March	(125,079)	(129,019)

Pension scheme assets comprised:

	31 March 2017 restated				31 March 2018			
	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	14,749	-	14,749	12%	11,763	-	11,763	9%
UK equities	12,258	-	12,258	10%	12,856	-	12,856	10%
Overseas equities	50,157	-	50,157	40%	53,113	-	53,113	41%
Private equity	-	8,093	8,093	6%	-	6,764	6,764	5%
Other bonds	15,305	-	15,305	12%	16,799	-	16,799	13%
Property	8,916	628	9,544	8%	8,775	516	9,291	7%
Cash	4,247	-	4,247	3%	4,926	-	4,926	4%
Hedge funds	-	4,558	4,558	4%	-	6,113	6,113	5%
Absolute return portfolio	-	4,662	4,662	4%	-	6,019	6,019	5%
Alternative Assets	-	1,506	1,506	1%	-	1,375	1,375	1%
	105,632	19,447	125,079		108,232	20,787	129,019	

39.4 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 2016.

The significant assumptions used by the actuary have been:

2016/17 restated		2017/18
Council and group		Council and group
Mortality assumptions		
Longevity at 65 for current pensioners:		
23.9	Men	24.0
26.0	Women	26.1
Longevity at 65 for future pensioners:		
26.1	Men	26.2
28.3	Women	28.4
2.7%	Rate of Inflation	2.6%
4.2%	Rate of increase in salaries	3.8%
2.7%	Rate of increase in pensions	2.3%
2.7%	Rate for discounting scheme liabilities	2.3%

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 0.1%)	(4,111)	4,192
Rate of increase in salaries (increase or decrease by 0.1%)	345	(343)
Rate of increase in pensions (increase or decrease by 0.1%)	3,853	(3,782)
Longevity (increase or decrease by 1 year)	8,906	(8,559)

39.5 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 £97,567,000 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 2019 is £3,657,000

39.6 Scheme history

	2013/14	2014/15	2015/16	2016/17 restated	2017/18
Council and group					
	£000	£000	£000	£000	£000
Present value of liabilities					
Local government pension scheme	171,170	197,718	190,044	235,246	231,021
Discretionary benefits	(3,992)	(4,162)	(3,884)	(4,195)	(4,435)
Fair value of assets in the local government pension scheme	(94,114)	(103,249)	(103,227)	(125,079)	(129,019)
(Surplus)/deficit in the scheme:					
• local government pension scheme	77,056	94,469	86,817	110,167	102,002
• discretionary benefits	(3,992)	(4,162)	(3,884)	(4,195)	(4,435)
Total	73,064	90,307	82,933	105,972	97,567

39.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018:

	2013/14	2014/15	2015/16	2016/17 restated	2017/18
Council and group					
	%	%	%	%	%
Differences between the expected and actual return on assets	11.75	2.61	1.91	14.24	5.51
Experience gains and losses on liabilities	(0.81)	6.88	-	1.19	-

40. 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.

40.1 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 £38,081,000 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 2018 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 2018	Historial experience of default	Historial experience adjusted for market conditions at 31 March 2018	Estimated maximum exposure to default and uncollectability at 31 March 2018	Estimated maximum exposure at 31 March 2017	Estimated maximum exposure at 1 April 2016
	£000	%	%	£000	£000	£000
Counterparty Rating	A	B	C	(A*C)		
AA	6,009	0.008	0.008	0.5	-	-
AA-	2,028	0.013	0.013	0.3	0.1	-
A	6,510	0.016	0.016	1.0	2.6	2.2
A-	-	-	-	-	0.4	-
BBB+	3,004	0.093	0.093	2.8	1.1	0.6
BBB	3,007	0.110	0.110	3.3	1.0	0.9
BBB-	-	-	-	-	2.0	0.2
BB+	-	-	-	-	-	12.5
B+	1,004	1.428	1.428	14.3	-	52.3
Other rated	13,020	-	-	-	-	-
Customers	6,090	5.000	5.000	304.5	295.1	253.0
	40,672			326.7	302.3	321.7

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 £5,004,000 of the £6,090,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

1 April 2016	31 March 2017		31 March 2018
Council and group	Council and group		Council and group
£000	£000		£000
670	1,966	Less than three months	1,102
917	467	Three to six months	472
888	367	Six months to one year	1,008
2,585	3,101	More than one year	3,508
5,060	5,901		6,090

40.2 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.

40.3 Market risk

40.3.1 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.

40.3.2 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.

40.3.3 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.

40.4 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.

41. 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 2018.

- Non-domestic ratings (NDR) appeals – The Council has made a provision for NDR 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.
- In relation to the sale of Aylesbury Vale Broadband Ltd, a portion of the sale proceeds are currently managed in an escrow account managed by a third-party. A schedule of payments exists through to December 2018. The asset purchase agreement contains a number of warranty commitments which still need to be satisfied before the sums held in escrow can be released. The Council is not aware of any claims against these warranties.

42. 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 2018, the Council had no material contingent assets.

43. 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).

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 34. 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. Councillor Susan Morgan has failed to make a return. 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 16 (investments) and note 17 (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.

Subsidiaries

The Council partly or wholly owns a number of companies, all of which have the common goal of producing overall benefits for the residents and businesses of the Vale. The companies in which the Council have an interest are set out in the following table:

Company Name	Council Share	Company Status	Purpose
Aylesbury Vale Broadband Ltd	100%	Subsidiary	Delivering broadband in our more rural areas
Vale Commerce Ltd	100%	Subsidiary	Delivering the commercial ambitions of the Council under the brands of Incgen and Limecart

Aylesbury Vale Broadband Ltd was set up in 2015, as part of the commercial agenda. The sale of the company assets took place in December 2017. The sale receipt, net of residual costs, will be returned to the NHB pot ring-fenced for the delivery of high speed broadband and can potentially be reused for further broadband schemes within the Vale. As such, the sale had no direct impact on the revenue budget.

During 2016 and 2017 Vale Commerce Ltd developed products and services that were taken to market and refined accordingly with customer feedback. Unfortunately, it has been unable to scale the activity in accordance with initial targets. At the cabinet meeting on 9 January 2018, it was recommended that the company be moved into a state of dormancy and transfer assets and appropriate intellectual property such as brands, website etc. back to the Council as the shareholder.

The accounts of the subsidiaries 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 £10,000.

Bucks Advantage

Bucks Advantage is the local delivery vehicle for the Vale, jointly owned by Aylesbury Vale District Council, other local district councils 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.

44. Prior period adjustments

The Council engages with external providers to prepare the financial accounts of its subsidiary companies. In previous years, consolidation of the accounts for Aylesbury Vale Broadband Ltd used management accounts as the basis of input to the Council accounts, as formal accounts for this subsidiary company were not available in time to meet the production deadlines for the Council's accounts. The group accounts for prior years have now been amended to reflect the true position. The adjustments to the group accounts are set out below:

1 April 2016 published	Adjustments	1 April 2016 restated		31 March 2017 published	Adjustments	31 March 2017 restated
Group				Group		
£000	£000	£000		£000	£000	£000
			Comprehensive income & expenditure statement			
			Financing and investment income and expenditure			
1,038	(134)	904		1,608	(245)	1,363
			Balance sheet			
1,349	248	1,597	Vehicles, plant and equipment	1,817	433	2,250
11,291	(145)	11,146	Short term debtors	11,254	2	11,256
9,095	26	9,121	Cash and cash equivalents	4,725	1	4,726
(10,985)	6	(10,979)	Short term creditors	(13,952)	(54)	(14,006)
173	(128)	45	Share of subsidiary profit and loss reserves	558	(362)	196
10	(6)	4	Minority interest in subsidiary companies	26	(18)	8

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.

2016/17	2016/17	2016/17		2017/18	2017/18	2017/18
Council tax	NNDR	Total		Council tax	NNDR	Total
£000	£000	£000		£000	£000	£000
Income						
(113,282)	-	(113,282)	Income from council tax	C2	(120,120)	(120,120)
-	(52,325)	(52,325)	Income collectable from business ratepayers	C3	-	(53,891)
(113,282)	(52,325)	(165,607)		(120,120)	(53,891)	(174,011)
Expenditure						
Precepts and demands						
80,528	-	80,528	• Buckinghamshire County Council		86,613	86,613
11,588	-	11,588	• Thames Valley Police Authority		12,108	12,108
4,144	-	4,144	• Bucks & Milton Keynes Fire Authority		4,329	4,329
15,455	-	15,455	• Aylesbury Vale District Council		16,410	16,410
Business rates:						
-	25,355	25,355	• Payment to government	C3	-	25,577
-	5,071	5,071	• Payment to preceptors	C3	-	5,116
-	20,492	20,492	• Retained by Aylesbury Vale District Council	C3	-	20,744
			• Renewable energy disregard		-	220
-	227	227	• Cost of Collection		-	223
-	37	37	• Transitional Protection Payment		-	449
Bad and doubtful debts						
(386)	74	(312)	• Write offs		(406)	(315)
879	-	879	• Increase/(decrease) in provision		(231)	(135)
-	(2,368)	(2,368)	• Provision for appeals		-	2,161
Contributions						
1,528	-	1,528	• Towards previous year's surplus	C4	1,648	1,648
113,736	48,888	162,624			120,471	175,148
454	(3,437)	(2,983)	(Surplus)/deficit for the year		351	1,137
(1,637)	1,525	(112)	Accumulated (surplus)/deficit b/fwd		(1,183)	(3,095)
454	(3,437)	(2,983)	(Surplus)/deficit for the year		351	1,137
(1,183)	(1,912)	(3,095)	Accumulated (surplus)/deficit c/fwd		(832)	(1,958)

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 non-domestic rates (NDR) 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 NDR. 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 NDR tax base.

The scheme allows the Council to retain a proportion of the total NDR 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%.

NDR 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 2017/18 was 71,106 (2016/17: 69,409). The tax base was approved under delegated authority by the Cabinet Member for Resources and was calculated as follows:

2016/17				2017/18		
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
6	5/9	3	A*	4	5/9	2
2,585	6/9	1,723	A	2,584	6/9	1,723
10,966	7/9	8,529	B	11,060	7/9	8,602
20,124	8/9	17,888	C	20,426	8/9	18,156
12,477	9/9	12,477	D	12,871	9/9	12,871
10,458	11/9	12,782	E	10,722	11/9	13,105
7,414	13/9	10,709	F	7,591	13/9	10,965
5,844	15/9	9,740	G	6,045	15/9	10,075
363	18/9	726	H	371	18/9	742
<u>70,237</u>		<u>74,577</u>		<u>71,674</u>		<u>76,241</u>
		(1,192)	Allowance for non-collection			(1,219)
		(3,976)	Council tax support scheme			(3,916)
		<u>69,409</u>	Council tax base			<u>71,106</u>

C3. Non-domestic rates

The Council collects national non-domestic rates (NDR) 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 NDR 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 NDR 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 NDR 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 2017/18 were estimated before the start of the financial year as £25,577,000 to central government, £4,604,000 to BCC, £512,000 to BMKFRA and £20,462,000 to Aylesbury Vale District Council. These sums have been paid in 2017/18 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 £15,488,000 from the general fund in 2017/18.

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 2018. 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 2017/18 has been calculated as a debit of £2,161,000 (2016/17: a credit of £2,368,000).

The total non-domestic rateable value at 31 March 2018 was £140,824,738 (31 March 2017: £132,466,388). The national non-domestic rate multiplier for the year was 46.6p for small businesses (2016/17: 48.4p) and 47.9p for all other businesses (2016/17: 49.7p).

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 2017 it was estimated that the collection fund would have a surplus of £1,648,000, which was payable during 2017/18.

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.