Aylesbury Vale District Council

Statement of Accounts for the Year Ended 31 March 2019

Welcome to Aylesbury Vale District Council's Annual Statement of Accounts for 2018/19.

This narrative report provides information about Aylesbury Vale District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2019.

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 report highlights the excellent management of the Councils' resources and sets this in the context of the financial challenges being faced by the Council. 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;
- 2018/19 revenue budget process and the medium term financial plan (MTFP);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2018/19;
- capital outturn 2018/19;
- corporate and budgetary risks;
- summary overview;
- basis of preparation;
- 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 2018/19;
- 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. There are two main settlements in the district, Aylesbury and Buckingham, which provide the focal point for housing, employment, retail, and community services and facilities. The district was formed in April 1974 by the merger of the boroughs of Aylesbury and Buckingham, Aylesbury Rural District, Buckingham Rural District, Wing Rural District and part of Winslow Rural District and is currently divided into 33 wards which are served by 59 elected councillors.

Aylesbury Vale District Council are responsible for providing specific public services and facilities throughout the district, including;

- environmental health;
- licensing;
- planning and building control;
- housing;
- leisure;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste; and
- community safety.

There are also a number of internal services provided by the Council to ensure the efficient delivery of these public services such as;

- finance;
- information technology;
- legal;
- human resources; and
- payroll.

Our vision statement sets out what AVDC is working to achieve.

"To secure the economic, social and environmental wellbeing of the Vale"

To enable us to realise our vision, everyone at AVDC is working;

- to enable essential infrastructure for growth and sustainability of the area, be it physical or social;
- to ensure fair and speedy access to essential services and their referral to partners;
- to provide a healthy and dynamic institution for making effective decisions about the area, to which everyone can contribute;
- to stimulate, innovate and enable economic growth of the area, its regeneration and the attraction of inward investment;
- to provide or commission services and products that customers and businesses have agreed add value to their lives.

Key facts about Aylesbury and the Council

There are a number of key facts that should be taken into account when considering Aylesbury Vale and the Council:

- Population
  In 2016, the total population of Aylesbury Vale was 193,113, an annual increase of 2.3% and a 10.4% (18,233 residents) rise since 2011. This was the 5th highest rate of growth of any local authority in Great Britain at the 2011 census (source: MYPE, ONS 2017).
- Economy and employment
  Figures indicate that in 2018, unemployment levels across Aylesbury Vale were significantly lower than the level of Great Britain as a whole, with 2.6% of residents over the age of 16 classified as unemployed (source: NOMIS: official labour market statistics)
- Homes
  Aylesbury Vale continues to be an expensive area in which to buy or rent a home, with an average house price of £393,300 compared to a national average of £243,582. As of 31 March 2017, there were 78,847 households in the Vale, an increase of approximately 9,000 since the 2011 census.

  The social housing sector in the Vale is made up of 11,913 affordable homes (10,913 rented properties and 1,000 shared ownership). Between April 2018 and March 2019, an additional 1,200 new affordable homes were built across the district (source: AVDC Housing and Homelessness Strategy 2019 – 2022).

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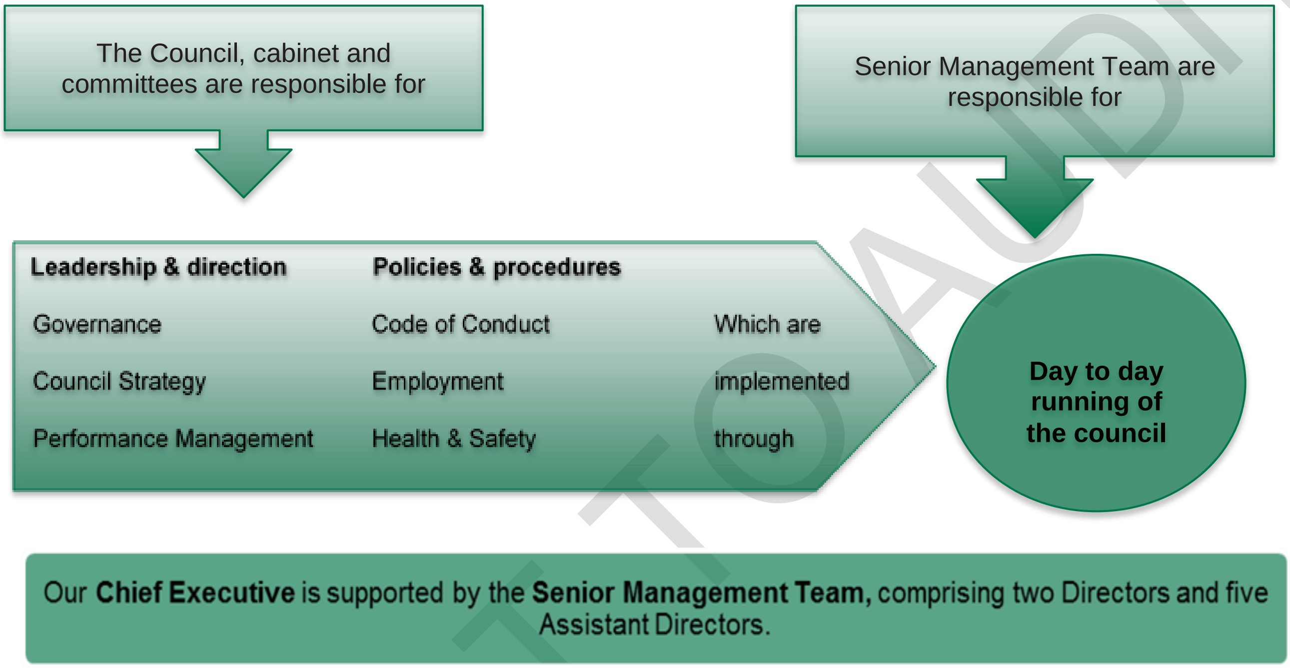
- Sharing our expertise
  The SEED (Social Enterprise Entrepreneurial Development) team was established to help AVDC and other councils and public sector organisations develop and implement new ways of working to create value for themselves, their residents and their customers. The team have visited numerous councils, sharing AVDC's experience, both the positive and the negative. For example, there are now 51 community lotteries around the UK which are based on the Vale Lottery model, many of which have been facilitated by AVDC, and these are generating over £2,000,000 nationwide for good causes.

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.



Other points of interest

AVDC provides a number of essential services for residents and businesses alike within a reduced central government budget. To help achieve the balance between cost efficiencies and service effectiveness, AVDC manages a number of projects. These include:

- Connected Knowledge
  In December 2016 we launched our Connected Knowledge - Technology Strategy 2017-2022, which sets out the vision and strategic aims we have for our future use of technology and data. Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling our organisation into the future. The programme is intended to support the Council with the necessary tools, policies, people and environment that further enhances the commercial mind-set and company culture. The Council is already widely acknowledged as championing this agenda within the public sector.

  Through the Connected Knowledge programme, AVDC continues to progress its digital agenda, promoting innovation in the way services and information technology solutions are delivered for customers and staff. The ongoing programme has delivered a number of key impacts.

- Commercial venues
  AVDC manage a wide range of venues and contracts including the Gateway Conference Centre, five community centres and the Aylesbury Waterside Theatre. Management of these contracts is vital in ensuring the Council maximises income from these valuable assets.

- Aylesbury Vale Estates LLP (AVE)
  AVDC is a 50% shareholder in AVE, private sector asset managers who manage a number of industrial units, shops and offices in the Aylesbury Vale area.

- Town centre plan
  The Aylesbury town centre plan sets out a vision and programme of improvements to help future-proof Aylesbury and ensure it continues as a vibrant, prosperous town centre. In 2019, The Exchange, an exciting new development on part of The Exchange Street car park was opened. This included a brand new public square, four restaurants and 47 apartments. A £4,500,000 investment has also been approved by the Council for the town centre regeneration..

The future of Aylesbury Vale

In November 2018, the Secretary of State published a written ministerial statement regarding his decision to establish a new single unitary district council for Buckinghamshire, to come into existence in April 2020.

The five existing councils in Buckinghamshire (Aylesbury Vale District Council, South Bucks District Council, Chiltern District Council, Wycombe District Council and Buckinghamshire County Council) are now working together to plan the work needed for the new single council for Buckinghamshire. This will go live on 1 April 2020 and will provide all local public services for residents and businesses. In the meantime, the county and district councils remain responsible for services as normal.

The 2018/19 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 2018/19 and the MTFP at its meeting on 31 January 2018.

During 2018/19, a decision was made by the Secretary of State to create a single unitary district council for Buckinghamshire which will come into existence in April 2020. This fundamentally changes what will happen during the period of the proposed MTFP and removes the need for medium term planning for Aylesbury Vale as a single entity organisation, but the Council remains obligated to hand over its affairs to the new organisation in the best state it can. This means continuing to tackle known budgetary issues, generating new income streams and balancing its finances. There was no significant impact on finances of the Council for 2018/19 as a result of the decision.

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 2018/19 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy are:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping place, ensuring we adopt VALP, and continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

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 faces 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 £6,313,000 of NHB in 2018/19. The new homes bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas.

- 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. The Council have adapted a prudent position and in 2018/19 did not plan for any gain in this budget proposal. The Council has to date held a business rates revaluation reserve, the purpose of which was to meet any significant year on year fluctuations caused by the volatility inherent in the business rates system. A decision was taken by Cabinet on 20th November 2018 to use the Business Rates revaluation reserve to support the transitional costs to a unitary organisation.

- 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. This arrangement allows the Pool to retain a proportion of Business Rates Growth which would normally go to the Government and allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion. The pooling arrangements continued for 2018/19

  AVDC have benefited from the exiting 50% retention scheme and pooling arrangements. In its first year of operation, the gains from the pool across the whole pooling area amounted to approximately £2.18 million, of which £484,000 related to Aylesbury Vale District Council. During 2018/19 the pool generated pooling gains of £2.09 million, of which £515,000 related to AVDC.

- Pension fund
  Budgetary provision was made in the accounts for 2018/19 of £280,000 as a result of an higher employer pension contributions which increased from 23% to 24%. The contribution rate is reviewed every three years, with the next review planned for 2020/21.

- 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 2018/19 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. In reviewing the MTFP and setting the budget for 2018/19, it has been possible to realise savings in 2018/19 in advance of need, and therefore these have been added back to balances for use in 2019/20. The contribution to general balances included in the budget proposals for 2018-19 was £240,000 and this was exceeded. The ability to do this is prudent and reflects an early return on investments made to date.

- 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 2018/19 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)
  An AVE business plan for 2018/19 has been developed and was presented to both Economy Scrutiny Committee and Cabinet in November 2017 and January 2018 respectively. Dividend payments are forecast within the developing central version of the AVE business plan. A prudent assessment of the dividend payable was included in the budget proposal. This has been set at £200,000. The forecast dividend did not materialise.

  The AVE business plan also includes a downside business case, as part of their scenario planning, which does not include a dividend payment. This is recognised as a budgetary risk and account is taken of this in determining the appropriate level of working balances to be held this year.

- Commercial activities
  The Council's approach to balancing its finances over the medium term financial plan is contained within the Commercial AVDC programme. Whilst activities are underway to continue to explore and develop our commercial service offerings, this is recognised as a long term undertaking.

  During 2018/19, the Council has significantly grown its council to council sales, through activity such as implementing the Vale Lottery concept, behavioural assessments/culture change and digital work.

  Aylesbury Vale Broadband Ltd was set up in 2015, and sold 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 then can potentially be reused for further Broadband schemes within the vale. As such, its sale had no direct impact on the revenue budget.

  In 2015, AVDC introduced Vale Lottery, which has enabled local good causes to access funding which previously would have been available through council grants. To date, over £235,000 has been raised and the Council is proud to be able to continue to support these local schools, animal charities, disability groups and other good causes.

  Following the success of the lottery, AVDC has also introduced Our Vale, a crowdfunding initiative to further help local good causes. Our Vale offers the chance for individuals and organisations to donate to projects which will help transform shared spaces, inspire visitors and enhance Aylesbury Vale. Since it began in 2018, Our Vale has successfully funded four projects and over £275,000 has been pledged.

- Implications for council tax strategy 2018/19
  For 2018/19, 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 3.48% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Aylesbury Vale District Council to £149.06.

Capital strategy and capital programme 2018/19

The capital programme for 2018/19 onwards was presented to Council for consideration and approval on 31 January 2018. 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 2018/19 these included Waterside North and the public realm north of Exchange Street and the depot at Pembroke Road.
- Housing schemes
  These are the housing enabling and housing grant based schemes. The main element of funding for 2018/19 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 2018/19 and beyond.

The capital strategy for AVDC for 2019/20 will focus on:

- core principles that underpin the Council's capital programme in the short term only and the issues and the risks that will impact on the delivery of the programme; and
- the governance framework required to ensure the capital programme is delivered and provides value for money for residents of Aylesbury Vale.

The capital programme for the council would normally be a long term ambition, with the lifetime of new and existing assets stretching far into the future. The obligation for maintaining and improving council dwellings and operational buildings is very long term and as such should be considered accordingly in financial and asset management planning. The development of the capital strategy for AVDC is disadvantaged by the uncertainty resulting from the unitary decision. However, to comply with statutory requirements, an expanded, but still abridged strategy, (reflecting a single year planning period) was presented alongside the Treasury Management Strategy in January 2019.

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 2018/19

The Council reported a surplus of £432,000 for the financial year (before the transfer from general fund balances).

This is an increase on the surplus assumed in budget plans for 2019/20 agreed by Council in January 2019. This leaves general fund working balances at a higher level than predicted.

The Council's 2018/19 revenue outturn position is shown in the table below.

General fund revenue	2018/19 Budget £000	2018/19 Actual £000
Expenditure	88,131	98,072
Income	(71,197)	(68,346)
Net cost of services	16,934	29,726
Cost of borrowing	2,694	742
Other income	(274)	(5,021)
Investment interest	(2,184)	(2,266)
Retained business rates	(5,424)	(6,492)
Income from grants	(1,178)	(6,313)
Net expenditure	10,568	10,376
Local taxpayers	(10,808)	(10,808)
Net balance	(240)	(432)

General fund balances	2018/19 Budget £000	2018/19 Actual £000
Balance 1 April	(1,924)	(1,977)
Net balance to fund	(240)	(432)
Special application of balances	50	56
Balance 31 March	(2,114)	(2,353)

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 and spend on agency costs in particular.

The Council incurred circa £3,700,000 in agency costs in 2018/19. Agency spend is incurred for a number of reasons including:

- to support funded project work e.g. Connected Knowledge programme and GDPR;
- to support service delivery where there are vacancies or activity related pressures; and
- to provide flexibility of service provision .

The use of agency to support vacancies and activity pressures incurs a premium cost and adverse variance to agreed budgets. The use of agency has been largely for the planning department where staff vacancies and demands on workload continue to drive spend. Agency staff are also being utilised in the housing benefit administration and enforcement teams as a result of staff vacancies from sickness and turnover. Agency staffing is also used for digital (IT) services. For IT, the appointment of permanent staff has resulted in a significant agency spend reduction over the last few months, with the trajectory downwards. This had largely been forecast. To a lesser extent, spend on agency staff has also been incurred within the people and payroll department where agency costs have been incurred to support both vacancies and prolonged periods of sickness absences, and also at the depot where agency loaders provide flexibility to meet staffing patterns.

Despite these known pressures on staff costs, it has been possible to largely offset agency costs with additional efficiencies and income for the period to date and forecast. These include:

- savings against budget in relation to transitional relief for business rates;
- increased income from commercial rents particularly at Pembroke Road, and for garden waste and commercial waste services;
- savings on interest charges due to lower than planned level of borrowing;
- savings on vehicle costs at the depot due to previous capital investment; and
- general efficiencies in the running costs of departments including savings on GDPR implementation provisions.

Forecast and outturn comparison

The reported year end variance is £353,000 better than the forecast outturn position reported at the end of December 2018. The variance, at portfolio level, remained largely as forecast . There were a number of changes in relation to the financing items, the overall impact of which was to improve the reported surplus. This included lower borrowing costs, lower than anticipated spend again the Council contingency budget, and higher than expected income from business rates.

The financial outlook is reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and also to identify opportunities to improve the forecast position. Budget managers are encouraged to flag any emerging issues in relation to finance and related activities, and early identification of issues allows for timely corrective action to be identified as required. Proactive budget management across the Council has allowed the financial forecast to be met and exceeded.

The financial environment is challenging and the focus of the Council continues to be delivering financial stability.

Capital outturn 2018/19

The Council spent £3,024,000 on the delivery of its capital programme in 2018/19. 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 2018/19:

	Spend 2018/19 £000
Waterside North phase 1	2,382
Depot refurbishment	540
Community centre upgrades	46
Carpark upgrades	40
Replacement transit van	16
	3,024

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 decision to create a single unitary district council for Buckinghamshire will inevitably impact on any future investment decisions made by Aylesbury Vale District Council. The AVDC mission is to ensure that in its last year it delivers its aims and priorities and embeds its values in the new unitary council.
- The financial environment for 2019/20 will remain challenging, particularly as the organisation will need to manage the uncertainty in relation to becoming a unitary organisation. In particular, it is recognised that the uncertainty from the unitary decision on staff retention and recruitment may potentially lead to further reliance on agency and temporary staffing arrangements. As a direct response to emerging financial risks, the Council will continue to identify where things could be done more efficiently, and at reduced cost, maximise all opportunities to increase income to the Council, and reduce spend on non-pay items where possible.
- For 2019/20, budget constraints and the need to achieve efficiency mean the Council continues to face challenges in delivering its commitments to service users. The Council remains committed to a savings programme of £1,905,000 in 2019/20 to balance the budget but this will need to be managed and reviewed as a consequence of the unitary decision.
- The Council is now heavily embedded in disaggregation and council tax harmonisation work to support the creation of the new authority, and prioritising all of the tasks to ensure service delivery and business as usual is still delivered to Aylesbury Vale residents upon the creation of the new authority.
- In common with all local government organisations, the single biggest issue 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 Chancellor's autumn budget in October 2018 promised more funding overall for public spending. However, the majority of this additional funding will be targeted to meet NHS service demands, with other departments likely to bear the brunt of continuing financial pressures and funding reductions. It is therefore reasonable to assume that local government will continue to see ongoing reductions in funding over coming years and this should remain the central planning assumption.

- 2019/20 is the final year of the 4 year funding settlement. 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 (Fair Funding), based on a government consultation, will be introduced in 2020/21 alongside a government wide comprehensive spending review. The Fair Funding Review will affect how funding is allocated and redistributed between local authorities from 2020 onwards. It is expected to use three main cost drivers, population, deprivation and sparsity, together with additional cost drivers related to specific local authority services.
- 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.
- Working together with the other councils in Buckinghamshire, AVDC made a successful application to test the 75% retention pilot in the next financial year. From April 2019, participation in the 75% retention pilot will increase the level of retained rates to the council and will also provide the opportunity to test and gather information on the design of the new business rates retention system in preparation for 2020/21. The pilots will test authorities' administration, technical planning for implementation, and look at system maintenance, how the accounting, data collection and IT systems will work.
- 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 2019/20 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.
- 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.

Summary position

It is clear that the Council's financial performance in 2018/19 continues to be good. The overall revenue outturn surplus of £432,000 was better than planned, capital outturn was £3,024,000 and the Council has sufficient reserves and balances to provide financial resilience for 2019/20 and future years.

Aylesbury Vale District Council have lead on strong and robust financial planning, against the backdrop of the most challenging times for local government. We have faced these unprecedented financial challenges with honesty, ingenuity and ambition. It is the intention that in planning for the new Buckinghamshire Council that the values of AVDC are embraced and used in forging its own unitary budget.

AVDC have a balanced budget up until 2022 and even though we won't be the council delivering these plans, we have designed an organisation and a workforce that is fit for the future. Over the past decade the conversation has consistently been driven by the reductions in central government support for local government, resulting in the biggest crisis ever faced by the sector.

In this final year, 2019/20, Aylesbury Vale District Council will actually receive slightly more grant than last year (for the 1st time in a decade) because of the government's decision to abolish negative revenue support grant. However, it is feared that with the introduction of the new Fairer Funding System being implemented from April 2020, this is only a respite and the downwards trend for grant will continue, and will thus remain the central issue facing the new Buckinghamshire Council.

Beyond 2019/20, it will be for the new Buckinghamshire Council to manage, but the plans presented assume continued reductions and, most importantly of all, set out the actions this AVDC would have taken to balance the budget.

The Council have worked hard to protect and improve services by balancing the budget from efficiencies and new income generation and a further £1,905,000 has been identified for 2019/20. This takes the total amount captured since 2011/12 to over £20 million.

Central to a large part of the efficiency savings achieved is the ongoing investment in technology and process redesign. This work comes under the umbrella title of Connected Knowledge and has received national recognition for its innovative, modern and class leading approach. At its very heart are the needs of the customer and an understanding of what they want from a modern council.

The budget for 2019/20 has been prepared as if Aylesbury Vale District Council was a continuing council, with the full intention of handing over a budget to the new Buckinghamshire Council that clearly sets out the financial challenges it would have faced and presents the solutions it would have delivered to solve these. It also provides, via its reserves and balances, for those liabilities it knows it would have faced.

In this respect, Aylesbury Vale District Council's proud financial legacy is a sound set of budgets and an organisation with a very clear sense of its financial pressures and financial opportunities.

Basis of preparation

The Council prepares its statement of accounts on a going concern basis, under the assumption that it will continue in existence into the foreseeable future. Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

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.

Andrew Small
Director (with responsibility for finance)

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 2018/19 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 2019. The current valuation shows a deficit on the fund of £95,543,000 (£97,567,000 at 31 March 2018) 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 2019 has been prepared and I confirm that these accounts were approved by the audit committee at its meeting on

Councillor Richard Newcombe
Chairman of Audit Committee

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 2018/19* - the Code.

In preparing this statement of accounts, I have:

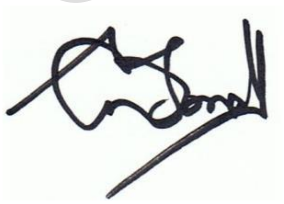
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

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 2019.



Andrew Small
Director (with responsibility for finance)
31 May 2019

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.

2017/18 restated								2018/19					
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		note	£000	£000	£000	£000	£000	£000
8,973	(3,907)	5,066	8,973	(3,907)	5,066	Civic amenities		3,972	(4,009)	(37)	3,972	(4,009)	(37)
2,679	(74)	2,605	2,679	(74)	2,605	Communities		2,437	(666)	1,771	2,437	(666)	1,771
5,470	(3,275)	2,195	5,470	(3,275)	2,195	Economic development		4,039	(3,059)	980	4,039	(3,059)	980
6,208	(2,603)	3,605	6,208	(2,603)	3,605	Environment & leisure		7,089	(2,553)	4,536	7,089	(2,553)	4,536
57,483	(47,746)	9,737	57,483	(47,746)	9,737	Finance & resources		56,773	(47,747)	9,026	56,773	(47,747)	9,026
4,409	(721)	3,688	4,409	(721)	3,688	Leader		2,999	(651)	2,348	2,999	(651)	2,348
4,872	(2,718)	2,154	4,872	(2,718)	2,154	Planning & enforcement		4,401	(2,986)	1,415	4,401	(2,986)	1,415
3,980	(1,371)	2,609	3,980	(1,371)	2,609	Strategic planning & infrastructure		3,651	(1,813)	1,838	3,651	(1,813)	1,838
11,191	(4,236)	6,955	11,191	(4,236)	6,955	Waste & licensing		12,711	(4,862)	7,849	12,711	(4,862)	7,849
105,265	**(66,651)**	**38,614**	**105,265**	**(66,651)**	**38,614**	**Cost of services**		**98,072**	**(68,346)**	**29,726**	**98,072**	**(68,346)**	**29,726**
		3,279			3,279	Other operating income and expenditure	10			4,626			4,626
		1,130			2,743	Financing and investment income and expenditure	11			912			1,896
		(32,606)			(32,606)	Taxation and non-specific grant income	12			(32,348)			(32,348)
		10,417			**12,030**	**Deficit on provision of services**				**2,916**			**3,900**
		(10,523)			(11,479)	(Surplus)/deficit on revaluation of property, plant and equipment assets	26.1			2,224			1,266
		(14,295)			(14,295)	Remeasurement of net defined benefit	26.4			(6,321)			(6,321)
		(24,818)			**(25,774)**	**Other comprehensive income and expenditure**				**(4,097)**			**(5,055)**
		(14,401)			**(13,744)**	**Total comprehensive income and expenditure**				**(1,181)**			**(1,155)**

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 2017 restated	**(35,495)**	**(6,809)**	**(2,943)**	**(45,247)**	**(40,198)**	**(85,445)**
Movement in reserves during 2017/18 restated						
(Surplus)/deficit on provision of services	10,417	-	-	10,417	(24,818)	(14,401)
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 restated	**(481)**	**(3,900)**	**(12)**	**(4,393)**	**(10,008)**	**(14,401)**
Balance at 31 March 2018 restated	**(35,976)**	**(10,709)**	**(2,955)**	**(49,640)**	**(50,206)**	**(99,846)**
Movement in reserves during 2018/19						
(Surplus)/deficit on provision of services	2,916	-	-	2,916	(4,097)	(1,181)
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	99	(1,737)	(1,847)	(3,485)	3,485	-
(Increase)/decrease in 2018/19	**3,015**	**(1,737)**	**(1,847)**	**(569)**	**(612)**	**(1,181)**
Balance at 31 March 2019	**(32,961)**	**(12,446)**	**(4,802)**	**(50,209)**	**(50,818)**	**(101,027)**

Group	General fund balance	Capital receipts reserves	Capital grants unapplied	Total usable reserves	Unusable reserves	Total Council reserves	Council's share of reserves of joint venture and subidiaries	Total reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017 restated	**(32,986)**	**(6,809)**	**(2,943)**	**(42,738)**	**(40,198)**	**(82,936)**	**(4,128)**	**(87,064)**
Movement in reserves during 2017/18 restated								
(Surplus)/deficit on provision of services	12,030	-	-	12,030	(24,818)	(12,788)	(948)	(13,736)
Adjustments between group accounts and authority accounts (Note 8.1)	(1,313)	-	-	(1,313)	-	(1,313)	1,313	-
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 restated	**(181)**	**(3,900)**	**(12)**	**(4,093)**	**(10,008)**	**(14,101)**	**365**	**(13,736)**
Balance at 31 March 2018 restated	**(33,167)**	**(10,709)**	**(2,955)**	**(46,831)**	**(50,206)**	**(97,037)**	**(3,763)**	**(100,800)**
Movement in reserves during 2018/19								
(Surplus)/deficit on provision of services	3,900	-	-	3,900	(4,097)	(197)	(958)	(1,155)
Adjustments between group accounts and authority accounts (Note 8.1)	(984)	-	-	(984)	-	(984)	984	-
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	99	(1,737)	(1,847)	(3,485)	3,485	-	-	-
(Increase)/decrease in 2018/19	**3,015**	**(1,737)**	**(1,847)**	**(569)**	**(612)**	**(1,181)**	**26**	**(1,155)**
Balance at 31 March 2019	**(30,152)**	**(12,446)**	**(4,802)**	**(47,400)**	**(50,818)**	**(98,218)**	**(3,737)**	**(101,955)**

Analysis of the general fund balance

1 April 2017 restated		31 March 2018 restated			31 March 2019	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
(32,622)	(32,622)	(33,999)	(33,999)	Amounts earmarked (note 9)	(30,608)	(30,608)
(2,873)	(364)	(1,977)	832	Amounts uncommitted	(2,353)	456
(35,495)	(32,986)	(35,976)	(33,167)		(32,961)	(30,152)

Reconciliation of movement in reserves statement to balance sheet

1 April 2017 restated	31 March 2018 restated		31 March 2019
Group only	Group only		Group only
£000	£000		£000
(87,064)	(100,800)	Total reserves in the movement in reserves statement	(101,955)
8	-	Minority interest share of reserves of subsidiaries	-
(87,056)	**(100,800)**	**Total reserves in the balance sheet**	**(101,955)**

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 2017 restated		31 March 2018 restated				31 March 2019	
Council	Group	Council	Group			Council	Group
£000	£000	£000	£000		note	£000	£000
				Property, plant & equipment			
132,183	132,183	133,292	133,292	Other land and buildings	13.7	127,800	127,800
1,314	2,250	5,049	5,049	Vehicles, plant and equipment	13.7	3,848	3,848
19	19	19	19	Community assets	13.7	3,019	3,019
1	1	1	1	Surplus assets not held for sale	13.7	1	1
220	220	220	220	Heritage assets	13.7	520	520
1,118	1,118	5,453	5,453	Assets under construction	13.7	5,074	5,074
134,855	**135,791**	**144,034**	**144,034**	**Total property, plant & equipment**		**140,262**	**140,262**
415	415	673	673	Investment property	14	673	673
1,284	-	1,284	-	Long term investments	15	1,284	-
-	3,100	-	2,500	Investment in joint venture	16	-	2,533
49,039	48,001	46,986	46,986	Long term debtors	17,36	53,415	53,415
185,593	**187,307**	**192,977**	**194,193**	**Long term assets**		**195,634**	**196,883**
38,081	38,081	34,582	34,582	Short term investments	18	31,100	31,100
3	3	3	3	Inventories		-	-
11,158	11,257	12,461	13,640	Short term debtors	18,19	13,431	13,616
4,496	4,496	6,236	4,744	Short term loans	18,20	6,273	4,781
4,695	4,726	11,810	11,900	Cash and cash equivalents	18,21	4,585	5,577
58,433	**58,563**	**65,092**	**64,869**	**Current assets**		**55,389**	**55,074**
-	-	(5,028)	(5,028)	Short term borrowing	18	-	-
(13,775)	(14,008)	(18,298)	(18,337)	Short term creditors	18,22	(14,162)	(14,168)
(797)	(797)	(1,662)	(1,662)	Provisions	23	(2,049)	(2,049)
(14,572)	**(14,805)**	**(24,988)**	**(25,027)**	**Current liabilities**		**(16,211)**	**(16,217)**
(166)	(166)	(306)	(306)	Provisions	23	(287)	(287)
(120,433)	(120,433)	(114,732)	(114,732)	Other long term liabilities	24	(115,495)	(115,495)
(23,410)	(23,410)	(18,197)	(18,197)	Long term borrowing	18	(18,003)	(18,003)
(144,009)	**(144,009)**	**(133,235)**	**(133,235)**	**Long term liabilities**		**(133,785)**	**(133,785)**
85,445	**87,056**	**99,846**	**100,800**	**Net assets**		**101,027**	**101,955**
(45,247)	(42,007)	(49,640)	(44,779)	Usable reserves	MiRS, 25	(50,209)	(44,364)
(40,198)	(45,049)	(50,206)	(56,021)	Unusable reserves	MiRS, 26	(50,818)	(57,591)
(85,445)	**(87,056)**	**(99,846)**	**(100,800)**	**Total reserves**		**(101,027)**	**(101,955)**

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.

2017/18 restated				2018/19	
Council	Group			Council	Group
£000	£000		note	£000	£000
(10,417)	(12,030)	Net deficit on the provision of services		(2,916)	(3,900)
21,719	22,455	Adjustment to deficit on the provision of services for non cash movements	27.1	7,341	9,227
(3,225)	(3,225)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	27.2	(10,036)	(10,036)
8,077	7,200	Net cash flows from operating activities		(5,611)	(4,709)
(715)	221	Net cash flows from investing activities	28	5,251	5,251
(247)	(247)	Net cash flows from financing activities	29	(6,865)	(6,865)
7,115	7,174	Net increase/(decrease) in cash and cash equivalents		(7,225)	(6,323)
4,695	4,726	Cash and cash equivalents at the beginning of the reporting period		11,810	11,900
11,810	**11,900**	**Cash and cash equivalents at the end of the reporting period**	21	**4,585**	**5,577**

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2018/19 financial year and its position at 31 March 2019. 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 2018/19, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

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; and
- 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 amortisation. 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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised costs, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the forma of a basic debt instrument)

1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that 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.

1.8.2.2 Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays an important part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed in the basis of 12 month expected losses.

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.

1.10 Interests in companies and other entities

The Council has a material interest in Aylesbury Vale Estates LLP (AVE), Aylesbury Vale Broadband Ltd (AVB) and Vale Commerce (VC) Ltd, 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 leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of 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 2018/19 (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 2019/20 code are:

- amendments to IAS 40 investment property: transfers of investment property;
- annual improvements to IFRS standards 2014-2016 cycle;
- IFRIC 22 foreign currency transactions and advance consideration;
- IFRIC 23 uncertainty over income tax treatments; and
- amendments to IFRS 9 financial instruments: prepayment features with negative compensation.

These changes are not expected to have a material impact on the Council's single entity or group statements.

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 2019 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 2019. 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 2019.

- 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 2019, the Council had a balance of sundry debtors for £11,662,000. A review of significant balances suggested that an impairment for doubtful debts of 26% (£3,072,000) 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 2018/19, 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 £150,200 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 will be authorised for issue by the Director on 29 July 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. Prior period adjustments

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

	31 March 2018 published	Adjustments	31 March 2018 restated	31 March 2018 published	Adjustments	31 March 2018 restated
	Council			Group		
	£000	£000	£000	£000	£000	£000
Comprehensive income & expenditure statement						
Other operating income and expenditure	2,979	300	3,279	2,979	300	3,279
Financing and investment income and expenditure	1,430	(300)	1,130	2,904	(65)	2,839
Surplus on revaluation of property, plant and equipment assets	(10,523)	-	(10,523)	(11,576)	97	(11,479)
Balance sheet						
Investment in joint venture	-	-	-	2,801	(301)	2,500
Short term debtors	12,396	65	12,461	13,575	65	13,640
Short term loans	6,301	(65)	6,236	4,744	-	4,744
Share of joint venture profit and loss reserves	-	-	-	2,083	(293)	1,790
Share of subsidiary profit and loss reserves	-	-	-	327	(65)	262
General fund balance	(1,977)	-	(1,977)	532	300	832
Revaluation reserve	(35,482)	-	(35,482)	(41,591)	294	(41,297)

7 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.

2017/18 restated							2018/19					
Council			Group				Council			Group		
Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement	Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement		Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement	Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement
£000	£000	£000	£000	£000			£000	£000	£000	£000	£000	£000
5,066	(6,095)	(1,029)	5,066	(6,095)	(1,029)	Civic amenities	(37)	(659)	(696)	(37)	(659)	(696)
2,605	(172)	2,433	2,605	(172)	2,433	Communities	1,771	(108)	1,663	1,771	(108)	1,663
2,195	(3,202)	(1,007)	2,195	(3,202)	(1,007)	Economic development	980	(1,639)	(659)	980	(1,639)	(659)
3,605	(666)	2,939	3,605	(666)	2,939	Environment & leisure	4,536	(1,681)	2,855	4,536	(1,681)	2,855
9,737	254	9,991	9,737	254	9,991	Finance & resources	9,026	715	9,741	9,026	715	9,741
3,688	(335)	3,353	3,688	(335)	3,353	Leader	2,348	(211)	2,137	2,348	(211)	2,137
2,154	(501)	1,653	2,154	(501)	1,653	Planning & enforcement	1,415	(317)	1,098	1,415	(317)	1,098
2,609	(294)	2,315	2,609	(294)	2,315	Strategic planning & infrastructure	1,838	(139)	1,699	1,838	(139)	1,699
6,955	(1,635)	5,320	6,955	(1,635)	5,320	Waste & licensing	7,849	(1,907)	5,942	7,849	(1,907)	5,942
38,614	**(12,646)**	**25,968**	**38,614**	**(12,646)**	**25,968**	**Net cost of services**	**29,726**	**(5,946)**	**23,780**	**29,726**	**(5,946)**	**23,780**
(28,197)	1,748	(26,449)	(26,584)	435	(26,149)	Other income and expenditure	(26,810)	6,045	(20,765)	(25,826)	5,061	(20,765)
		(481)			**(181)**	**(Surplus)/deficit**			**3,015**			**3,015**
		(35,495)			(32,986)	Opening general fund balance at 1 April			(35,976)			(33,167)
		(481)			(181)	(Surplus)/deficit for the year			3,015			3,015
		(35,976)			**(33,167)**	**Closing general fund balance at 31 March**			**(32,961)**			**(30,152)**

7.1 Note to the expenditure and funding analysis

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

	2018/19 Council				2018/19 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	(578)	(81)	-	(659)	(578)	(81)	-	(659)
Communities	-	(108)	-	(108)	-	(108)	-	(108)
Economic development	(1,520)	(119)	-	(1,639)	(1,520)	(119)	-	(1,639)
Environment & leisure	(1,548)	(133)	-	(1,681)	(1,548)	(133)	-	(1,681)
Finance & resources	-	715	-	715	-	715	-	715
Leader	-	(211)	-	(211)	-	(211)	-	(211)
Planning & enforcement	(2)	(315)	-	(317)	(2)	(315)	-	(317)
Strategic planning & infrastructure	-	(139)	-	(139)	-	(139)	-	(139)
Waste & licensing	(901)	(1,006)	-	(1,907)	(901)	(1,006)	-	(1,907)
Net cost of services	**(4,549)**	**(1,397)**	**-**	**(5,946)**	**(4,549)**	**(1,397)**	**-**	**(5,946)**
Financing items	10,228	(2,900)	(1,283)	6,045	10,228	(2,900)	(1,283)	6,045
Share of subsidiary and joint venture reserves	-	-	-	-	-	-	(984)	(984)
Other income and expenditure	**10,228**	**(2,900)**	**(1,283)**	**6,045**	**10,228**	**(2,900)**	**(2,267)**	**5,061**

	2017/18 restated Council				2017/18 restated 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	(5,947)	(148)	-	(6,095)	(5,947)	(148)	-	(6,095)
Communities	-	(172)	-	(172)	-	(172)	-	(172)
Economic development	(3,019)	(183)	-	(3,202)	(3,019)	(183)	-	(3,202)
Environment & leisure	(277)	(389)	-	(666)	(277)	(389)	-	(666)
Finance & resources	-	254	-	254	-	254	-	254
Leader	-	(335)	-	(335)	-	(335)	-	(335)
Planning & enforcement	-	(501)	-	(501)	-	(501)	-	(501)
Strategic planning & infrastructure	-	(294)	-	(294)	-	(294)	-	(294)
Waste & licensing	(348)	(1,287)	-	(1,635)	(348)	(1,287)	-	(1,635)
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	-	-	-	-	-	-	(1,313)	(1,313)
Other income and expenditure	**4,927**	**(2,835)**	**(344)**	**1,748**	**4,927**	**(2,835)**	**(1,657)**	**435**

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.

7.2 Expenditure and income analysed by nature

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

2017/18 restated			2018/19	
Council	Group		Council	Group
£000	£000		£000	£000
		Expenditure		
29,865	29,865	Employee benefits expenses	29,306	29,306
66,100	66,100	Other service expenses	64,428	64,428
(291)	(291)	Support service recharges	(211)	(211)
9,591	9,591	Depreciation & impairment	4,549	4,549
3,652	3,652	Interest payments	3,178	3,178
5,338	5,338	Precepts & levies	5,768	5,768
(14)	(14)	Loss/(gain) on disposal of fixed assets	5	5
-	1,256	Share of (profits)/losses attributable to joint venture	-	925
-	57	Losses attributable to subsidiary companies	-	59
479	479	Other expenditure	385	385
114,720	**116,033**	**Total expenditure**	**107,408**	**108,392**
		Income		
(66,651)	(66,651)	Fees, charges & other service income	(68,346)	(68,346)
(2,222)	(2,222)	Interest and investment income	(2,266)	(2,266)
(21,418)	(21,418)	Income from council tax & non-domestic rates	(23,994)	(23,994)
(2,339)	(2,339)	Post stock transfer capital receipts	(1,102)	(1,102)
(11,188)	(11,188)	Government grants & contributions	(8,354)	(8,354)
(300)	-	Dividends receivable	-	-
(185)	(185)	Other income	(430)	(430)
(104,303)	**(104,003)**	**Total income**	**(104,492)**	**(104,492)**
10,417	**12,030**	**Deficit on the provision of services**	**2,916**	**3,900**

8. Adjustments

8.1 Adjustments between group accounts and Council accounts

2017/18 restated		2018/19
Group		Group
£000		£000
1,256	Share of AVE LLP (profit)/loss for the year	925
47	Aylesbury Vale Broadband Ltd loss for the year	58
10	Vale Commerce Ltd loss for the year	1
1,313		**984**

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	**2018/19**		
	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 from the pensions reserve)	(4,297)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)			
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,395)	-	-
• Holiday pay (transferred from the accumulated absences reserve)	112	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	437	-	(6,037)
Total adjustments to the revenue resources	**(5,143)**	**-**	**(6,037)**
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	3,999	(3,999)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	1,243	-	-
Total adjustments between revenue and capital resources	**5,242**	**(3,999)**	**-**
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	3,300	-
Application of capital grants to finance capital expenditure	-	-	4,190
Cash payments in relation to deferred capital receipts	-	(1,038)	-
Total adjustments to capital resources	**-**	**2,262**	**4,190**
Total adjustments	**99**	**(1,737)**	**(1,847)**

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 from the pensions reserve)	(5,890)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(227)	-	-
• Holiday pay (transferred from the accumulated absences reserve)	(117)	-	-
• Reversal of entries included in the deficit/(surplus) 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 (transferred 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)**

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 2017/18 and 2018/19.

Council and group	Balance 1 April 2017 restated	Transfers out 2017/18	Transfers in 2017/18	Balance 31 March 2018 restated	Transfers out 2018/19	Transfers in 2018/19	Balance 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Capital purposes							
Amenity areas	(2,920)	-	(177)	(3,097)	293	(70)	(2,874)
Property sinking	(1,812)	-	-	(1,812)	46	-	(1,766)
Property strategy	(540)	-	-	(540)	-	-	(540)
Information technology	(1,569)	1,370	-	(199)	518	(397)	(78)
Future vehicle costs	(139)	55	-	(84)	50	-	(34)
	(6,980)	**1,425**	**(177)**	**(5,732)**	**907**	**(467)**	**(5,292)**
Revenue purposes							
Unitary	-	-	-	-	26	(5,000)	(4,974)
New homes bonus - town centre regeneration	-	-	-	-	-	(4,500)	(4,500)
New homes bonus - parishes	(1,816)	1,063	(1,585)	(2,338)	339	(856)	(2,855)
Business rates	(2,001)	(1,228)	1,461	(1,768)	3,123	(3,248)	(1,893)
New homes bonus - connected knowledge	-	-	-	-	1,159	(2,910)	(1,751)
New homes bonus - uncommitted	(9,681)	9,681	-	-	8,759	(10,307)	(1,548)
New homes bonus - high speed broadband	-	-	(1,536)	(1,536)	-	-	(1,536)
Repairs & renewals	(1,098)	136	(183)	(1,145)	310	(287)	(1,122)
Fairford Leys riverine	(870)	-	(8)	(878)	-	(16)	(894)
Planning fees	(2,010)	1,851	(400)	(559)	1,609	(1,658)	(608)
New homes bonus - depot refurbishment	-	-	(209)	(209)	-	(388)	(597)
Health licensing income	(411)	-	(118)	(529)	31	-	(498)
Self insurance	(541)	-	-	(541)	93	-	(448)
Aylesbury special expenses	(552)	85	-	(467)	42	-	(425)
New homes bonus - east/west rail link	-	-	(350)	(350)	-	-	(350)
Car parking	(207)	-	-	(207)	94	(110)	(223)
District elections	(244)	147	(67)	(164)	12	(48)	(200)
Recycling & composting	(223)	-	(69)	(292)	620	(500)	(172)
Leisure activities	(259)	103	-	(156)	-	-	(156)
Historic buildings	(140)	5	-	(135)	-	-	(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	(433)	400	-	(33)	593	(595)	(35)
Business transformation	(29)	-	-	(29)	-	-	(29)
New homes bonus - Waterside North	-	-	(8,798)	(8,798)	8,798	-	-
New homes bonus - affordable housing	-	-	(2,158)	(2,158)	2,461	(303)	-
Interest equalisation	(2,897)	(1)	876	(2,022)	2,022	-	-
New homes bonus - Silverstone heritage	-	-	(2,000)	(2,000)	2,000	-	-
LABGI	(857)	-	-	(857)	857	-	-
Superannuation	(1,006)	277	-	(729)	729	-	-
	(25,642)	**12,519**	**(15,144)**	**(28,267)**	**33,677**	**(30,726)**	**(25,316)**
	(32,622)	**13,944**	**(15,321)**	**(33,999)**	**34,584**	**(31,193)**	**(30,608)**

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) Unitary
The Council has established a reserve to meet the costs of the creation of the new unitary council.

(b) 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.

(c) 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.

(d) New homes bonus
The Council has established a reserve from payments received from the Government. The new homes bonus payments are an incentive scheme aimed at encouraging authorities to increase housing supply through new build and returning empty properties to use.

(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.

10. Other operating income and expenditure

2017/18 restated Council and Group		2018/19 Council and Group
£000		£000
5,338	Parish precepts	5,768
(2,339)	Post stock transfer capital receipts	(1,102)
(176)	Commuted sum income	(70)
470	Other operating costs	25
(14)	Loss/(gain) on disposal of non-current assets	5
3,279		**4,626**

11. Financing and investment income and expenditure

2017/18 restated			2018/19	
Council	Group		Council	Group
£000	£000		£000	£000
817	817	Interest payable and similar charges	742	742
2,835	2,835	Net interest on the net defined liability	2,436	2,436
(2,222)	(2,222)	Interest receivable and similar income	(2,266)	(2,266)
-	57	Losses attributable to subsidiary companies	-	59
-	1,256	Share of (profits)/losses attributable to joint venture	-	925
(300)	-	Distribution attributable to joint venture (note 31)	-	-
1,130	**2,743**		**912**	**1,896**

12. Taxation and non-specific grant income

2017/18 restated Council and Group £000		2018/19 Council and Group £000
(16,587)	Council tax income	(17,502)
(4,831)	Non domestic rates	(6,492)
(9,442)	Non-ringfenced government grants (note 31)	(6,313)
(1,746)	Capital grants and contributions	(2,041)
(32,606)		**(32,348)**

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:

Class type	Useful life
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	3 - 7 years
Equipment	5 years

13.4 Capital commitments

The Council had no outstanding capital commitments at 31 March 2019.

The Council had no construction contracts in effect at 31 March 2019.

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 £150,200 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.

For 2018/19, valuations of all the community centres were carried out. Supplementary valuations were also completed arising from the commissioned market review. This included some specialised properties including leisure properties, the theatre and the depot. The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2018/19 accounts.

The valuations have been carried out by M S Aldis BSc (Hons) MRICS, IRRV (Hons) RICS, Registered Valuer, Associate Partner and P C Smith BSc (Hons) MRICS, IRRV (Hons), RICS, Registered Valuer, & Senior Surveyor of Wilks, Head and Eve as at 31 March 2019. The valuations have been checked by G S C Harbord MA MRICS IRRV (Hons), Partner of Wilks, Head and Eve, who also prepared a valuation report.

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 and group	2018/19						
	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 2018 restated	135,678	10,502	19	11	220	5,453	151,883
Additions	87	16	-	-	-	2,921	3,024
Revaluation decreases recognised in the revaluation reserve	(4,552)	(314)	-	-	-	-	(4,866)
Revaluation decreases recognised in the deficit on the provision of services	(2,463)	(859)	-	-	-	-	(3,322)
Derecognition - disposals	(23)	-	-	-	-	-	(23)
Other movements in cost or valuation	118	3	3,000	(10)	300	(3,300)	111
At 31 March 2019	**128,845**	**9,348**	**3,019**	**1**	**520**	**5,074**	**146,807**
Accumulated depreciation							
At 1 April 2018 restated	(2,386)	(5,453)	-	(10)	-	-	(7,849)
Depreciation charge	(2,531)	(904)	-	-	-	-	(3,435)
Depreciation written out to the revaluation reserve	2,642	-	-	-	-	-	2,642
Depreciation written out to the (surplus)/deficit on the provision of services	1,348	860	-	-	-	-	2,208
Other movements	(118)	(3)	-	10	-	-	(111)
At 31 March 2019	**(1,045)**	**(5,500)**	**-**	**-**	**-**	**-**	**(6,545)**
Net book value							
At 31 March 2019	**127,800**	**3,848**	**3,019**	**1**	**520**	**5,074**	**140,262**
At 1 April 2018 restated	**133,292**	**5,049**	**19**	**1**	**220**	**5,453**	**144,034**

Council	2017/18 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 2017 restated	137,114	6,422	19	11	220	1,118	144,904
Additions	87	4,083	-	-	-	4,335	8,505
Revaluation increases recognised in the revaluation reserve	9,490	-	-	-	-	-	9,490
Revaluation decreases recognised in the 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	(2,852)	(348)	-	-	-	-	(3,200)
Depreciation written out to the revaluation reserve	1,033	-	-	-	-	-	1,033
Depreciation written out to the (surplus)/deficit on the provision of services	3,614	-	-	-	-	-	3,614
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 restated						
	Other land & buildings	Vehicles, plant & equipment	Community assets	Surplus assets	Heritage assets	PP&E under construction	Total PP&E
	£000	£000	£000	£000	£000	£000	£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 recognised in the revaluation reserve	9,490	-	-	-	-	-	9,490
Revaluation decreases recognised in the 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	(2,852)	(348)	-	-	-	-	(3,200)
Depreciation written out to the revaluation reserve	1,033	-	-	-	-	-	1,033
Depreciation written out to the (surplus)/deficit on the provision of services	3,614	-	-	-	-	-	3,614
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**

14. Investment properties

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

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

31 March 2018 restated Council and group		31 March 2019 Council and group
£000		£000
415	Balance at 1 April	673
258	Revaluations	-
673	**Balance at 31 March**	**673**

15. Long term investments

1 April 2017 restated Council	31 March 2018 restated Council		31 March 2019 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 2017 restated Group	31 March 2018 restated Group		31 March 2019 Group
£000	£000		£000
1,308	1,308	Investment at cost	1,308
(24)	(24)	Capital repayments and distributions	(24)
(2,509)	(2,809)	Distributions	(2,809)
(534)	(1,790)	AVDC share of accumulated losses	(2,715)
4,859	5,815	AVDC share of accumulated revaluation gains	6,773
3,100	**2,500**		**2,533**

17. Long term debtors

1 April 2017 restated		31 March 2018 restated			31 March 2019	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
27,422	27,422	26,970	26,970	Aylesbury Vale Estates LLP	26,474	26,474
15,150	15,150	14,923	14,923	Finance leases	14,686	14,686
0	0	0	0	Durkan	5,893	5,893
4,912	4,912	4,213	4,213	Hale Leys LLP	3,862	3,862
986	-	-	-	Aylesbury Vale Broadband Ltd	-	-
500	500	500	500	Bucks Advantage	500	500
-	-	375	375	Silverstone	2,000	2,000
50	-	-	-	Vale Commerce Ltd	-	-
19	19	5	5	Car purchase loans	-	-
49,039	**48,003**	**46,986**	**46,986**		**53,415**	**53,415**

18. Financial instruments

18.1 Categories of financial instruments

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

1 April 2017 restated				31 March 2018 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
								Investments				
-	38,081	-	38,081	-	34,582	-	34,582	Loans and receivables	-	31,100	-	31,100
-	**38,081**	**-**	**38,081**	**-**	**34,582**	**-**	**34,582**	**Total investments**	**-**	**31,100**	**-**	**31,100**
								Debtors				
49,039	4,496	48,001	4,496	46,986	6,236	46,986	4,744	Loans and receivables	53,415	6,273	53,415	4,781
-	8,615	-	8,714	-	8,251	-	9,430	Financial assets carried at contract amounts	-	7,373	-	7,558
49,039	**13,111**	**48,001**	**13,210**	**46,986**	**14,487**	**46,986**	**14,174**	**Total debtors**	**53,415**	**13,646**	**53,415**	**12,339**
								Cash and cash equivalents				
-	4,695	-	4,726	-	11,810	-	11,900	Financial assets carried at contract amounts	-	4,585	-	5,577
-	**4,695**	**-**	**4,726**	**-**	**11,810**	**-**	**11,900**	**Total cash and cash equivalents**	**-**	**4,585**	**-**	**5,577**
								Borrowings				
(23,410)	-	(23,410)	-	(18,197)	(5,028)	(18,197)	(5,028)	Financial liabilities at amortised cost	(18,003)	-	(18,003)	-
(23,410)	**-**	**(23,410)**	**-**	**(18,197)**	**(5,028)**	**(18,197)**	**(5,028)**	**Total borrowings**	**(18,003)**	**-**	**(18,003)**	**-**
								Creditors				
-	(8,468)	-	(8,701)	-	(9,633)	-	(9,672)	Financial liabilities carried at contract amounts	-	(7,373)	-	(7,379)
-	**(8,468)**	**-**	**(8,701)**	**-**	**(9,633)**	**-**	**(9,672)**	**Total creditors**	**-**	**(7,373)**	**-**	**(7,379)**

18.2 Income, expense, gains and losses

2017/18 restated Council and group				2018/19 Council and group		
Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total		Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total
£000	£000	£000		£000	£000	£000
-	817	817	Interest expense	-	742	742
-	-	-	Provision for expected credit losses	8	-	8
-	**817**	**817**	**Total expense in deficit on the provision of services**	**8**	**742**	**750**
(2,222)	-	(2,222)	Interest income	(2,274)	-	(2,274)
(2,222)	**-**	**(2,222)**	**Total income in deficit on the provision of services**	**(2,274)**	**-**	**(2,274)**
(2,222)	**817**	**(1,405)**		**(2,266)**	**742**	**(1,524)**

18.3 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 2017 restated				31 March 2018 restated					31 March 2019			
Council		Group		Council		Group			Council		Group	
Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value		Carrying amount	Fair value	Carrying amount	Fair value
£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	£000	£000
								Financial assets				
49,039	49,039	48,001	48,001	46,986	46,986	46,986	46,986	Long term debtors	53,415	53,415	53,415	53,415
38,081	38,621	38,081	38,621	34,582	34,582	34,582	34,582	Short term investments	31,100	31,100	31,100	31,100
4,695	4,695	4,726	4,726	11,810	11,810	11,900	11,900	Cash and cash equivalents	4,585	4,585	5,577	5,577
91,815	**92,355**	**90,808**	**91,348**	**93,378**	**93,378**	**93,468**	**93,468**		**89,100**	**89,100**	**90,092**	**90,092**
								Financial liabilities				
(14,461)	(14,461)	(14,461)	(14,461)	(17,165)	(17,165)	(17,165)	(17,165)	Long term creditors	(19,952)	(19,952)	(19,952)	(19,952)
(23,410)	(27,708)	(23,410)	(27,708)	(18,197)	(22,095)	(18,197)	(22,095)	Long term borrowing	(18,003)	(22,478)	(18,003)	(22,478)
-	-	-	-	(5,028)	(5,028)	(5,028)	(5,028)	Short term borrowing	-	-	-	-
(37,871)	**(42,169)**	**(37,871)**	**(42,169)**	**(40,390)**	**(44,288)**	**(40,390)**	**(44,288)**		**(37,955)**	**(42,430)**	**(37,955)**	**(42,430)**

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

19. Short term debtors

1 April 2017 restated		31 March 2018 restated			31 March 2019	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
696	696	1,722	1,722	Central government bodies	3,281	3,281
276	276	185	185	Other local authorities	323	323
187	187	187	187	NHS bodies	169	169
193	-	193	-	Amounts owed by joint venture	193	-
12,558	12,850	12,921	14,293	Other entities and individuals	12,537	12,915
13,910	14,009	15,208	16,387		16,503	16,688
(2,752)	(2,752)	(2,747)	(2,747)	Provision for impairment of bad debts	(3,072)	(3,072)
11,158	**11,257**	**12,461**	**13,640**		**13,431**	**13,616**

20. Short term loans

1 April 2017 restated	31 March 2018 restated			31 March 2019	
Council and group	Council	Group		Council	Group
£000		£000		£000	£000
2,900	3,250	3,250	Hale Leys LLP	3,250	3,250
1,596	1,494	1,494	Aylesbury Vale Estates LLP	1,531	1,531
-	1,442	-	Aylesbury Vale Broadband Ltd	1,442	-
-	50	-	Vale Commerce Ltd	50	-
4,496	**6,236**	**4,744**		**6,273**	**4,781**

21. Cash and cash equivalents

1 April 2017 restated		31 March 2018 restated			31 March 2019	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
1	1	1	1	Cash	1	1
1,191	1,222	879	969	Bank current accounts	-	992
3,503	3,503	10,930	10,930	Short term deposits	4,666	4,666
4,695	4,726	11,810	11,900		4,667	5,659
-	-	-	-	Bank overdraft	(82)	(82)
4,695	**4,726**	**11,810**	**11,900**		**4,585**	**5,577**

22. Short term creditors

1 April 2017 restated		31 March 2018 restated			31 March 2019	
Council	Group	Council	Group		Council	Group
£000	£000	£000	£000		£000	£000
(3,290)	(3,290)	(4,968)	(4,968)	Central government bodies	(3,053)	(3,053)
(3,356)	(3,356)	(2,673)	(2,673)	Other local authorities	(2,219)	(2,219)
(118)	(118)	(83)	(83)	NHS bodies	(4)	(4)
(7,011)	(7,244)	(10,574)	(10,613)	Other entities and individuals	(8,886)	(8,892)
(13,775)	**(14,008)**	**(18,298)**	**(18,337)**		**(14,162)**	**(14,168)**

23. Provisions

	Council and group		
	Short term		Long term
	NNDR appeals	Expected credit losses	Refundable bonds
	£000	£000	£000
Balance at 1 April 2017 restated	**(797)**	**-**	**(166)**
Additional provisions made in 2017/18 restated	(865)	-	(140)
Balance at 31 March 2018 restated	**(1,662)**	**-**	**(306)**
Additional provisions made in 2018/19	(379)	(8)	19
Balance at 31 March 2019	**(2,041)**	**(8)**	**(287)**

24. Other long term liabilities

1 April 2017 restated	31 March 2018 restated		31 March 2019
Council and group	Council and group		Council and group
£000	£000		£000
(105,972)	(97,567)	Pension liability	(95,543)
(14,461)	(17,165)	Developer contributions	(19,952)
(120,433)	**(114,732)**		**(115,495)**

25. Usable reserves

Movement in usable reserves are summarised below:

Council	1 April 2017 restated	Movements Debits	Movements Credits	31 March 2018 restated	Movements Debits	Movements Credits	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General fund balance	(2,873)	139,431	(138,535)	(1,977)	153,769	(154,145)	(2,353)
Capital receipts reserve	(6,809)	-	(3,900)	(10,709)	3,300	(5,037)	(12,446)
Capital grants unapplied	(2,943)	84	(96)	(2,955)	4,190	(6,037)	(4,802)
Earmarked reserves	(32,622)	13,944	(15,321)	(33,999)	34,584	(31,193)	(30,608)
	(45,247)	**153,459**	**(157,852)**	**(49,640)**	**195,843**	**(196,412)**	**(50,209)**

Group	1 April 2017 restated	Movements Debits	Movements Credits	31 March 2018 restated	Movements Debits	Movements Credits	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
General fund balance	(364)	139,431	(138,235)	832	153,769	(154,145)	456
Capital receipts reserve	(6,809)	-	(3,900)	(10,709)	3,300	(5,037)	(12,446)
Capital grants unapplied	(2,943)	84	(96)	(2,955)	4,190	(6,037)	(4,802)
Earmarked reserves	(32,622)	13,944	(15,321)	(33,999)	34,584	(31,193)	(30,608)
Joint venture profit and loss reserves	534	-	1,256	1,790	-	925	2,715
Subsidiary profit and loss reserves	197	301	(236)	262	59	-	321
	(42,007)	**153,760**	**(156,532)**	**(44,779)**	**195,902**	**(195,487)**	**(44,364)**

26. Unusable reserves

Movement in unusable reserves are summarised below:

Council only	1 April 2017 restated	Movements Debits	Movements Credits	31 March 2018 restated	Movements Debits	Movements Credits	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(24,959)	5,331	(15,854)	(35,482)	10,328	(8,104)	(33,258)
Capital adjustment account	(77,110)	10,005	(2,200)	(69,305)	5,600	(8,733)	(72,438)
Deferred capital receipts	(43,344)	771	-	(42,573)	1,038	-	(41,535)
Pensions reserve	105,972	9,676	(18,081)	97,567	8,434	(10,458)	95,543
Collection fund adjustment account	(929)	227	0	(702)	1,395	-	693
Accumulated absences account	172	289	(172)	289	177	(289)	177
	(40,198)	**26,299**	**(36,307)**	**(50,206)**	**26,972**	**(27,584)**	**(50,818)**

Group	1 April 2017 restated	Movements Debits	Movements Credits	31 March 2018 restated	Movements Debits	Movements Credits	31 March 2019
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(29,818)	5,331	(16,810)	(41,297)	10,328	(9,062)	(40,031)
Capital adjustment account	(77,110)	10,005	(2,200)	(69,305)	5,600	(8,733)	(72,438)
Deferred capital receipts	(43,344)	771	-	(42,573)	1,038	-	(41,535)
Pensions reserve	105,972	9,676	(18,081)	97,567	8,434	(10,458)	95,543
Collection fund adjustment account	(929)	227	-	(702)	1,395	-	693
Accumulated absences account	172	289	(172)	289	177	(289)	177
Minority interests	8	-	(8)	-	-	-	-
	(45,049)	**26,299**	**(37,271)**	**(56,021)**	**26,972**	**(28,542)**	**(57,591)**

26.1 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.

2017/18 restated Council	2017/18 restated Group		2018/19 Council	2018/19 Group
£000	£000		£000	£000
(24,959)	(29,818)	Balance at 1 April	(35,482)	(41,297)
(14,821)	(15,777)	Upward revaluation of assets	(5,462)	(6,420)
(1,033)	(1,033)	Depreciation written back to revaluation reserve	(2,642)	(2,642)
5,331	5,331	Downward revaluation of assets and impairment losses not charged to the deficit on the provision of services	10,328	10,328
(10,523)	**(11,479)**	**Surplus on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services**	**2,224**	**1,266**
(35,482)	**(41,297)**	**Balance at 31 March**	**(33,258)**	**(40,031)**

26.2 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.

2017/18 restated Council and group			2018/19 Council and group	
£000	£000		£000	£000
	(77,110)	Balance at 1 April		(69,305)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
(414)		● Charges for depreciation and impairment of non-current assets	1,227	
10,005		● Revaluation increases recognised in the (surplus)/deficit on the provision of services	3,322	
-		● Revenue expenditure funded from capital under statute	1,028	
-		● Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the comprehensive income and expenditure statement	23	
	9,591	Net written out amount of the non-current assets consumed in the year		5,600
		Capital financing applied in the year		
	-	● Use of the capital receipts reserve to finance new capital expenditure		(3,300)
	(84)	● Application of grants to capital financing from the capital grants unapplied account and earmarked reserves		(4,190)
	(1,702)	● Statutory provision for the financing of capital investment charged against the general fund		(1,243)
	(69,305)	**Balance at 31 March**		**(72,438)**

26.3 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.

2017/18 restated Council and group		2018/19 Council and group
£000		£000
(43,344)	Balance at 1 April	(42,573)
771	Transfer to the capital receipts reserve upon receipt of cash	1,038
(42,573)	**Balance at 31 March**	**(41,535)**

26.4 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.

2017/18 restated Council and group			2018/19 Council and group	
£000	£000		£000	£000
	105,972	Balance at 1 April		97,567
(3,771)		Return on plan assets in excess of interest	(3,457)	
(10,524)		Change in financial assumptions	10,330	
-		Change in demographic assumptions	(13,194)	
	(14,295)	Remeasurement of net defined benefit		(6,321)
	9,676	Reversal of items relating to retirement benefits debited or credited to the (surplus)/deficit on the provision of services in the comprehensive income and expenditure statement		8,434
	(3,786)	Employer's pensions contributions and direct payments to pensioners payable in the year		(4,137)
	97,567	**Balance at 31 March**		**95,543**

26.5 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.

2017/18 restated Council and group		2018/19 Council and group
£000		£000
(929)	Balance at 1 April	(702)
227	Amount by which council tax income and non domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	1,395
(702)	**Balance at 31 March**	**693**

26.6 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.

2017/18 restated			2018/19	
Council and group			Council and group	
£000	£000		£000	£000
	172	Balance at 1 April		289
(172)		Settlement or cancellation of accrual made at the end of the preceding year	(289)	
289		Amount accrued at the end of the current year	177	
	117	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		(112)
	289	**Balance at 31 March**		**177**

27. Cash flow statement

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

2017/18 restated			2018/19	
Council	Group		Council	Group
£000	£000		£000	£000
(414)	(414)	Depreciation and impairment losses	1,227	1,227
11,547	11,547	Impairment and downward revaluations	4,869	4,869
(1,284)	(1,284)	Upward revaluations	(1,547)	(1,547)
7,289	7,095	Increase in creditors	294	261
(2,056)	(2,382)	Decrease in debtors	(2,193)	(1,199)
-	-	Decrease in inventories	3	3
5,890	5,890	Pension liability	4,297	4,297
-	-	Carrying amount of non-current assets sold	23	23
-	1,256	Share of losses attributable to joint venture	-	925
(258)	(258)	Movement in investment property values	-	-
1,005	1,005	Other non-cash items charged to the net surplus or deficit on the provision of services	368	368
21,719	**22,455**		**7,341**	**9,227**

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

2017/18 restated		2018/19
Council and group		Council and group
£000		£000
(3,129)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(3,999)
(96)	Any other items for which the cash effects are investing or financing cash flows	(6,037)
(3,225)		**(10,036)**

27.3 Operating activities

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

2017/18 restated Council and group		2018/19 Council and group
£000		£000
2,224	Interest received	2,273
(817)	Interest paid	(742)

28. Cash flow statement - investing activities

2017/18 restated Council	2017/18 restated Group		2018/19 Council	2018/19 Group
£000	£000		£000	£000
(8,505)	(7,569)	Purchase of property, plant and equipment, investment property and intangible assets	(3,024)	(3,024)
(57,503)	(57,503)	Purchase of short term and long term investments	(48,017)	(48,017)
(895)	(895)	Other payments for investing activities	(7,519)	(7,519)
3,900	3,900	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,037	5,037
61,000	61,000	Proceeds from the sale of short term and long term investments	51,500	51,500
1,288	1,288	Other receipts from investing activities	7,274	7,274
(715)	**221**		**5,251**	**5,251**

29. Cash flow statement - financing activities

2017/18 restated Council and group		2018/19 Council and group
£000		£000
(62)	Other payments for financing activities	(1,643)
(185)	Repayment of short and long term borrowing	(5,222)
(247)		**(6,865)**

30. Distribution attributable to joint venture

2017/18 restated Council		2018/19 Council
£000		£000
(300)	Distribution attributable to joint venture for the year	-
(300)		**-**

31. Grant income

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

2017/18 restated Council and group £000		2018/19 Council and group £000
	Credited to taxation and non specific grant income	
(7,945)	New homes bonus	(6,313)
(583)	Revenue support grant	-
(915)	Other grants	-
(9,443)		**(6,313)**

2017/18 restated Council and group £000		2018/19 Council and group £000
	Credited to services	
(912)	Renovation grants	(1,004)
(585)	Homelessness	(929)
(223)	Council tax/NNDR collection grant	(224)
(100)	Planning delivery	(185)
(53)	Individual elector registration	(42)
-	Land searches	(37)
(361)	Aylesbury garden town	(30)
(1,500)	HS2	-
(3,734)		**(2,451)**

32. Trading operations

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

2017/18 restated Council and group			2018/19 Council and group	
Turnover	(Surplus)/ deficit		Turnover	(Surplus)/ deficit
£000	£000		£000	£000
(1,014)	(24)	Trade waste	(1,088)	(109)
(958)	(372)	Garden waste	(1,253)	(618)
(3,241)	(1,429)	Car parks	(3,264)	(1,237)
(493)	(55)	Building control - chargeable	(443)	87
(92)	3	Market management	(96)	3
(309)	(25)	Land charges	(271)	9
(6,107)	**(1,902)**		**(6,415)**	**(1,865)**

33. Members' allowances

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

2017/18 restated Council and group		2018/19 Council and group
£000		£000
319	Salaries	327
133	Allowances	143
11	Travel and other allowances	10
463		**480**

34. Officers' remuneration

34.1 Senior officers' remuneration

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

	2018/19 Council and group				
	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	149	25	174	34	208
Corporate Director	104	-	104	24	128
Corporate Director	99	-	99	23	122
Assistant Director - Commercial Property	72	-	72	17	89
Assistant Director - Business Strategy & Support	69	-	69	16	85
Assistant Director - Customer Fulfilment	69	-	69	16	85
Assistant Director - Community Fulfilment	69	-	69	16	85
Digital Director	68		68	16	84
Assistant Director - Business Support & Enablement - Resigned	40	-	40	9	49
	739	**25**	**764**	**171**	**935**

	2017/18 Council and group				
	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	147	23	170	34	204
Corporate Director	100	-	100	23	123
Corporate Director	92	-	92	21	113
Assistant Director - Commercial Property	70	-	70	16	86
Assistant Director - Commercial & Business Strategy	66	-	66	15	81
Assistant Director - Customer Fulfilment	66	-	66	15	81
Assistant Director - Community Fulfilment	66	-	66	15	81
Digital Director	66		66	15	81
Assistant Director - Business Support & Enablement	66	-	66	15	81
	739	**23**	**762**	**169**	**931**

34.2 Officers' remuneration

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

2017/18 restated Council and group Number of employees		2018/19 Council and group Number of employees
15	£50,000 - £54,999	12
9	£55,000 - £59,999	7
3	£60,000 - £64,999	6
27		**25**

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	
	2017/18 restated	2018/19	2017/18 restated	2018/19	2017/18 restated	2018/19	2017/18 restated	2018/19
	Council and group		Council and group		Council and group		Council and group	
							£000	£000
£0 - £20,000	21	-	3	1	24	1	265	16
£20,001 - £40,000	22	1	-	-	22	1	702	39
£40,001 - £60,000	12	-	-	-	12	-	565	-
£60,001 - £80,000	2	-	1	-	3	-	204	-
	57	**1**	**4**	**1**	**61**	**2**	**1,736**	**55**

35. External audit costs

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

2017/18 restated Council and group £000		2018/19 Council and group £000
58	Fees payable to the appointed auditor with regard to external audit services	46
26	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	18
84		**64**

36. Leases

Council as lessee

36.1 Finance leases

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

1 April 2017 restated Council and group £000	31 March 2018 restated Council and group £000		31 March 2019 Council and group £000
5,702	8,048	Other land and buildings	6,835
5,702	**8,048**		**6,835**

36.2 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.

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

2017/18 restated Council and group £000		2018/19 Council and group £000
6	Not later than one year	-
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:

2017/18 restated Council and group £000		2018/19 Council and group £000
797	Minimum lease payments	182
797		**182**

Council as lessor

36.3 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 32 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 2017 restated	31 March 2018 restated		31 March 2019
Council and group	Council and group		Council and group
£000	£000		£000
		Finance lease debtor (net present value of minimum lease payments):	
218	227	● Current	237
15,150	14,923	● Non current	14,686
13,735	13,074	Unearned finance income	12,422
29,103	**28,224**		**27,345**

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

1 April 2017 restated		31 March 2018 restated			31 March 2019	
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)	(218)	(879)	(227)	Not later than one year	(879)	(237)
(3,517)	(970)	(3,517)	(1,012)	Later than one year and not later than five years	(3,517)	(1,056)
(24,707)	(14,180)	(23,828)	(13,911)	Later than five years	(22,949)	(13,630)
(29,103)	**(15,368)**	**(28,224)**	**(15,150)**		**(27,345)**	**(14,923)**

36.4 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:

2017/18 restated		2018/19
Council and group		Council and group
£000		£000
(1,405)	Not later than one year	(1,276)
(4,196)	Later than one year and not later than five years	(3,990)
(9,919)	Later than five years	(8,949)
(15,520)		**(14,215)**

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

37. Capital expenditure and capital financing

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

2017/18 restated		2018/19
Council and group		Council and group
£000		£000
34,485	**Opening capital financing requirement**	41,204
	Capital investment	
4,170	Property, plant and equipment	103
4,335	Assets under construction	2,921
-	Revenue expenditure funded from capital under statute	1,028
	Sources of finance	
-	Capital receipts	(3,300)
(84)	Government grants and other contributions	(4,190)
	Sums set aside from revenue:	
(1,702)	Minimum revenue provision	(1,243)
41,204	**Closing capital financing requirement**	**36,523**
	Explanation of movements in year	
6,719	(Decrease)/increase in underlying need to borrow (unsupported by government financial assistance)	(4,681)
6,719	**Increase/(decrease) in capital financing requirement**	**(4,681)**

38. Defined benefit pension schemes

38.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

38.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

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

	Local government pension scheme		Discretionary benefits arrangements	
	2017/18 restated	2018/19	2017/18 restated	2018/19
	Council and group		Council and group	
	£000	£000	£000	£000
Cost of services:				
● service cost	6,720	5,888	-	-
Financing and investment income and expenditure				
● net interest on the defined liability	2,835	2,436	-	-
Administration expenses	121	110	-	-
Total post employment benefit charged to the comprehensive income and expenditure statement	**9,676**	**8,434**	**-**	**-**
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	(9,676)	(8,434)	-	-
Actual amount charged against the general fund balance for pensions in the year:				
● employers' contributions payable to scheme	3,457	3,912		
● retirement benefits payable to pensioners			329	225

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2018/19 is a gain of £6,321,000 (a gain of £14,295,000 during 2017/18).

38.3 Assets and liabilities in relation to post-employment benefits

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

	Funded liabilities		Unfunded liabilities: discretionary benefits arrangements	
	2017/18 restated	2018/19	2017/18 restated	2018/19
	Council and group		Council and group	
	£000	£000	£000	£000
Opening balance at 1 April	235,246	231,021	(4,195)	(4,435)
Current service cost	5,215	5,878	-	-
Interest cost	6,171	5,718	-	-
Change in financial assumptions	(10,524)	10,330	-	-
Change in demographic assumptions	-	(13,194)	-	-
Estimated benefits paid net of transfers in	(7,503)	(5,598)	-	-
Past service costs including curtailments	1,505	10	-	-
Contributions by scheme participants	911	1,091	-	-
Unfunded pension payments	-	-	(240)	(235)
Closing balance at 31 March	**231,021**	**235,256**	**(4,435)**	**(4,670)**

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2017/18 restated	2018/19
	Council and group	
	£000	£000
Opening balance at 1 April	(125,079)	(129,019)
Interest on assets	(3,336)	(3,282)
Return on assets less interest	(3,771)	(3,457)
Administration expenses	121	110
Contributions by employer including unfunded	(3,786)	(4,137)
Contributions by scheme participants	(911)	(1,091)
Estimated benefits paid plus unfunded net of transfers in	7,743	5,833
Closing balance at 31 March	**(129,019)**	**(135,043)**

Pension scheme assets comprised:

	31 March 2018 restated				31 March 2019			
	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	11,763	-	11,763	9%	16,666	-	16,666	12%
UK equities	12,856	-	12,856	10%	6,886	-	6,886	5%
Overseas equities	53,113	-	53,113	41%	55,625	-	55,625	41%
Private equity	-	6,764	6,764	5%	-	6,210	6,210	5%
Other bonds	16,799	-	16,799	13%	20,130	-	20,130	15%
Property	8,775	516	9,291	7%	10,281	271	10,552	8%
Cash	4,926	-	4,926	4%	4,317	-	4,317	3%
Hedge funds	-	6,113	6,113	5%	-	7,279	7,279	5%
Absolute return portfolio	-	6,019	6,019	5%	-	6,343	6,343	5%
Alternative Assets	-	1,375	1,375	1%	-	1,035	1,035	1%
	108,232	**20,787**	**129,019**		**113,905**	**21,138**	**135,043**	

38.4 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

2017/18 restated Council and group		2018/19 Council and group
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
24.0	Men	22.9
26.1	Women	24.8
	Longevity at 65 for future pensioners:	
26.2	Men	24.6
28.4	Women	26.6
2.30%	Rate of Inflation	2.40%
3.80%	Rate of increase in salaries	3.90%
2.30%	Rate of increase in pensions	2.40%
2.55%	Rate for discounting scheme liabilities	2.40%

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%)	(4,189)	4,272
Rate of increase in salaries (increase or decrease by 0.1%)	367	(363)
Rate of increase in pensions (increase or decrease by 0.1%)	3,902	(3,830)
Longevity (increase or decrease by 1 year)	8,366	(8,071)

38.5 Impact on the Council's cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £95,543,000 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 2020 is £3,827,000

38.6 Scheme history

	2014/15	2015/16	2016/17	2017/18 restated	2018/19
	Council and group				
	£000	£000	£000	£000	£000
Present value of liabilities					
Local government pension scheme	197,718	190,044	235,246	231,021	235,256
Discretionary benefits	(4,162)	(3,884)	(4,195)	(4,435)	(4,670)
Fair value of assets in the local government pension scheme	(103,249)	(103,227)	(125,079)	(129,019)	(135,043)
(Surplus)/deficit in the scheme:					
• local government pension scheme	94,469	86,817	110,167	102,002	100,213
• discretionary benefits	(4,162)	(3,884)	(4,195)	(4,435)	(4,670)
Total	90,307	82,933	105,972	97,567	95,543

38.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019:

	2014/15	2015/16	2016/17	2017/18 restated	2018/19
	Council and group				
	%	%	%	%	%
Differences between the expected and actual return on assets	2.61	1.91	14.24	5.51	4.99
Experience gains and losses on liabilities	6.88	-	1.19	-	-

39. Nature and extent of risks arising from financial instruments

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

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

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

39.1 Credit risk

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

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

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

Investments are limited to the top 20 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 20 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 £31,100,000 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 2019 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 2019	**Average historial experience of default**	**Historial experience adjusted for market conditions at 31 March 2018**	**Estimated maximum exposure to default and uncollectability at 31 March 2019**	**Estimated maximum exposure at 31 March 2018**	**Estimated maximum exposure at 1 April 2017**
	£000	%	%	£000	£000	£000
Counterparty Rating	A	B	C			
AA	9,022	0.006	0.006	-	0.5	-
AA-	2,002	0.008	0.008	0.2	0.3	0.1
A+	3,012	0.004	0.004	0.1	-	-
A	7,006	0.013	0.013	0.9	1.0	2.6
A-	1,002	0.003	0.003	-	-	0.4
BBB+	3,007	0.029	0.029	0.9	2.8	1.1
BBB	3,004	0.024	0.024	0.7	3.3	1.0
BBB-	-	-	-	-	-	2.0
BB-	3,003	0.176	0.176	5.3	-	-
B+	-	-	-	-	14.3	-
Other rated	42	-	-	-	-	-
Customers	7,305	5.000	5.000	365.3	304.5	295.1
	38,405			**373.4**	**326.7**	**302.3**

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 £5,227,000 of the £7,305,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

1 April 2017 Council and group	31 March 2018 Council and group		31 March 2019 Council and group
£000	£000		£000
1,966	1,102	Less than three months	2,078
467	472	Three to six months	564
367	1,008	Six months to one year	744
3,101	3,508	More than one year	3,919
5,901	**6,090**		**7,305**

39.2 Liquidity risk

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

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

39.3 Market risk

39.3.1 Interest rate risk

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

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

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

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

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

39.3.2 Price risk

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

39.3.3 Foreign exchange risk

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

39.4 Environmental risk

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

40. Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2019.

- 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. 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.

41. Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2018, the Council had no material contingent assets.

42. Related party transactions

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

Central government
Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 33. A review has been made of the Register of Members' Interests and of declarations of interests made by members during the year. In addition, members have been requested to sign a form declaring whether there were any related party transactions during the year. 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.

Chilterns Crematorium Joint Committee
Aylesbury Vale District Council is one of three constituent members of the Chilterns Crematorium Joint Committee along with Chiltern and Wycombe District Councils. The Joint Committee manages the crematorium and associated facilities located in Amersham. In the event of the Joint Committee ceasing to exist, any assets held are vested in the authority in which the assets are located. In this case, the assets would transfer to Chiltern District Council.

Under the terms of the Joint Committee, any deficit or surplus earned by the Joint Committee is shared between the constituent authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. However, it has been agreed by all constituent authorities that any surplus will not be distributed, but will be retained by the Joint Committee for use in funding replacement capital expenditure and to meet future deficits. Aylesbury Vale District Council's share of the accumulated reserves is £849,100 (2017/18 £1,843,364).

The assets and liabilities of the Joint Committee have not been consolidated into the Council's accounts, reflecting the separate statutory nature of the service. Further details on the financial affairs and a full Statement of Accounts of the Joint Committee can be obtained from the Treasurer, Chilterns Crematorium Joint Committee, King George V House, King George V Road, Amersham, Bucks, HP6 5AW.

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.

2017/18 restated					2018/19		
Council tax	**NNDR**	**Total**			**Council tax**	**NNDR**	**Total**
£000	£000	£000		note	£000	£000	£000
			Income				
(120,120)	-	(120,120)	Income from council tax	C2	(130,204)	-	(130,204)
-	(53,891)	(53,891)	Income collectable from business ratepayers	C3	-	(54,159)	(54,159)
-	-	-	Transitional protection payment due from govt		-	(137)	(137)
(120,120)	**(53,891)**	**(174,011)**			**(130,204)**	**(54,296)**	**(184,500)**
			Expenditure				
			Precepts and demands				
86,613	-	86,613	• Buckinghamshire County Council		93,609	-	93,609
12,108	-	12,108	• Thames Valley Police Authority		13,217	-	13,217
4,329	-	4,329	• Bucks & Milton Keynes Fire Authority		4,546	-	4,546
16,410	-	16,410	• Aylesbury Vale District Council		17,415	-	17,415
			Payments of NNDR 1 proportionate shares				
-	25,577	25,577	• Government	C3	-	27,971	27,971
-	4,604	4,604	• Buckinghamshire County Council	C3	-	5,035	5,035
	512	512	• Bucks & Milton Keynes Fire Authority	C3		559	559
-	20,462	20,462	• Aylesbury Vale District Council	C3	-	22,377	22,377
			Distribution of previous year estimated (deficit)/surplus				
1,188	-	1,188	• Buckinghamshire County Council	C4	322	-	322
171	-	171	• Thames Valley Police Authority	C4	45	-	45
61	-	61	• Bucks & Milton Keynes Fire Authority	C4	16	-	16
228	-	228	• Aylesbury Vale District Council	C4	61	-	61
			Disregarded amounts				
	220	220	• Renewable energy		-	227	227
	282	282	• Enterprise zone growth		-	524	524
			Other payments				
-	223	223	• Cost of collection		-	224	224
-	449	449	• Transitional protection payment due to govt		-	-	-
			Bad and doubtful debts				
(406)	91	(315)	• Write offs		(487)	183	(304)
(231)	96	(135)	• Increase/(decrease) in provision		1,251	(45)	1,206
-	2,161	2,161	Increase in provision for appeals		-	948	948
120,471	54,677	175,148			129,995	58,003	187,998
351	**786**	**1,137**	**(Surplus)/deficit for the year**		**(209)**	**3,707**	**3,498**
(1,183)	(1,912)	(3,095)	Accumulated (surplus)/deficit b/fwd		(832)	(1,126)	(1,958)
351	786	1,137	(Surplus)/deficit for the year		(209)	3,707	3,498
(832)	**(1,126)**	**(1,958)**	**Accumulated (surplus)/deficit c/fwd**		**(1,041)**	**2,581**	**1,540**

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 (NNDR) and its distribution to local government bodies and the government.

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

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

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

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

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

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

C2. Calculation of council tax

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

The council tax base for 2018/19 was 72,507 (2017/18: 71,106). The tax base was approved under delegated authority by the Cabinet Member for Resources and was calculated as follows:

2017/18				2018/19		
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**
4	5/9	2	A*	2	5/9	1
2,584	6/9	1,723	A	2,579	6/9	1,719
11,060	7/9	8,602	B	11,160	7/9	8,680
20,426	8/9	18,156	C	20,690	8/9	18,391
12,871	9/9	12,871	D	13,191	9/9	13,191
10,722	11/9	13,105	E	10,840	11/9	13,249
7,591	13/9	10,965	F	7,796	13/9	11,261
6,045	15/9	10,075	G	6,117	15/9	10,195
371	18/9	742	H	374	18/9	748
71,674		76,241		72,749		77,435
		(1,219)	Allowance for non-collection			(1,165)
		(3,916)	Council tax support scheme			(3,763)
		71,106	**Council tax base**			72,507

C3. Non-domestic rates

The Council collects national non-domestic rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the 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 NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying 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 2018/19 were estimated before the start of the financial year as £27,929,000 to central government, £5,261,000 to BCC, £559,000 to BMKFRA and £22,376,000 to Aylesbury Vale District Council. These sums have been paid in 2018/19 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 £15,981,000 from the general fund in 2018/19.

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 2019. 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 2018/19 has been calculated as a debit of £948,000 (2017/18: a debit of £2,161,000).

The total non-domestic rateable value at 31 March 2019 was £142,393,199 (31 March 2018: £140,824,738). The national non-domestic rate multiplier for the year was 48.0p for small businesses (2017/18: 46.6p) and 49.3p for all other businesses (2017/18: 47.9p).

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 2018 it was estimated that the collection fund would have a surplus of £444,100, which was payable during 2018/19.

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.

Group accounts
The CIPFA Code of Practice requires that where an Authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

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.

Joint venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For Aylesbury Vale District Council this includes Aylesbury Vale Estates LLP.

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.

Subsidiary
An entity, including an unincorporated entity such as a partnership, which is controlled by another entity (the Council), known as the parent. For Aylesbury Vale District Council this includes Aylesbury Vale Broadband Ltd, and Vale Commerce Ltd.

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