



## AYLESBURY VALE DISTRICT COUNCIL

### Democratic Services

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15 November 2019

### AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held at **6.30 pm** on **Monday 25 November 2019** in **The Paralympic Room, Aylesbury Vale District Council, The Gateway, Gatehouse Road, Aylesbury, HP19 8FF**, when your attendance is requested.

Contact Officer for meeting arrangements: Craig Saunders; [csaunders@aylesburyvaledc.gov.uk](mailto:csaunders@aylesburyvaledc.gov.uk);

**Membership:** Councillors: R Newcombe (Chairman), A Waite (Vice-Chairman), C Adams, M Collins, N Glover, A Harrison, S Raven, R Stuchbury, D Town and H Mordue (ex-Officio)

### AGENDA

#### 1. APOLOGIES

#### 2. TEMPORARY CHANGES TO MEMBERSHIP

Any changes will be reported at the meeting.

#### 3. MINUTES (Pages 3 - 18)

To approve as a correct record the Minutes of the meeting held on 15 July, 2019, copy attached as an appendix.

#### 4. DECLARATION OF INTEREST

Members to declare any interests.

#### 5. EXTERNAL AUDIT - AUDIT RESULTS (ISA 260) AND LETTER OF REPRESENTATION (Pages 19 - 64)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

#### 6. INTERNAL AUDIT PROGRESS REPORT (Pages 65 - 86)

To consider the attached report, including review reports.

Contact Officer: Kate Mulhearn (01296) 585724

**7. ANNUAL GOVERNANCE STATEMENT 2018-19** (Pages 87 - 106)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

**8. POST AUDIT STATEMENT OF ACCOUNTS 2018-19** (Pages 107 - 214)

To consider the attached report.

Contact Officer: Nuala Donnelly (01296) 585164

**9. CORPORATE RISK REGISTER** (Pages 215 - 222)

To consider the attached report.

Contact Officer: Kate Mulhearn (01296) 585724

**10. WORK PROGRAMME** (Pages 223 - 226)

To consider the Committee's future work programme, copy attached.

Contact Officer: Kate Mulhearn (01296) 585724

**11. DATES OF FUTURE MEETINGS**

Future meetings to be held as follows:-

6.30pm, Monday 27 January 2020

6.30pm, Monday 23 March 2020 (change of date from Tuesday 24 March 2020, due to meetings clash)

# Public Document Pack Agenda Item 3

## AUDIT COMMITTEE

15 JULY 2019

**PRESENT:** Councillors C Adams, M Collins, N Glover, R Newcombe, R Stuchbury, D Town and A Waite.

**APOLOGIES:** Councillors A Harrison, S Raven and H Mordue.

### 1. ELECTION OF CHAIRMAN

RESOLVED –

That Councillor Newcombe be elected Chairman of the Committee for the ensuing year.

### 2. APPOINTMENT OF VICE CHAIRMAN

RESOLVED –

That Councillor Waite be appointed Vice Chairman of the Committee for the ensuing year.

### 3. MINUTES

RESOLVED –

That the minutes of the meeting held on 25 March, 2019, be approved as a correct record.

### 4. EXTERNAL AUDIT PROGRESS REPORT

The Committee was advised that the draft accounts for 2018/19 had been completed by the finance team by the deadline of 31 May, 2019. They had been published on the Council's website and were available therefore for public inspection. The target date for publishing the final accounts was 31 July, 2019. However, the Council would be unable to meet this deadline because the external auditors (Ernst and Young) had advised that they could not support an audit to meet this timetable. The audit had been postponed until September.

At a meeting with a representative of the external auditors and the Chief Executive of the PSAA, attended by the Chairman of this Committee, it had been stated that the external auditors did not have enough qualified staff and that the quality of the audit rather than the need to meet the deadline was more important. Other local authority Audit Committee Chairmen and finance officers had been present at this meeting. The Council was one of 19 local authorities (including those in Buckinghamshire) affected by the delay. The external auditors had indicated that 31 job offers had been made, but Members appreciated that this was no guarantee that all would be taken up.

The Chairman of this Committee had expressed disappointment with this situation which was felt to be unacceptable, given that the external auditors had had enough time to assess their capacity when tendering their services to all the local authorities to which they had been appointed external auditors. The external auditors had been asked to provide a form of wording that could accompany the final (unaudited) accounts when published in July. It was indicated that the audit had now been arranged to take place from 2 to 28 September, 2019. This had meant that there was now a need to rearrange

the previously diarised meetings of this Committee, and Members expressed their thanks to the finance team for organising their annual leave arrangements in a flexible manner in order to accommodate the new timetable.

The Chairman (supported by Members of the Committee) expressed his disappointment at the lack of customer engagement and insight shown by the external auditors and the PSAA in relation to the operational/reputational impact of the delay on the affected local authorities. It had become clear at the meeting referred to above that no consideration had been given to local factors such as the transition to a single authority for Buckinghamshire. The meeting had also expressed disappointment at the fact that the local authorities affected had not been given an opportunity to comment on the delay and the fact that they had not been offered any flexibility. The issue of financial compensation had been raised but the only response from the PSAA had been that the affected local authorities could challenge the fees. It was reported that subsequently, the Secretary of State for Housing, Communities and Local Government had announced that he would be instigating a review of local authority audit arrangements.

Members had no option but to

RESOLVE –

That the current position be noted.

## **5. INTERNAL AUDIT STRATEGY AND PLAN 2019-20**

The Committee received a report which detailed a strategic risk assessment and plans for internal audit work for 2019/20. Information on the annual plan and indicative timeline of proposed reviews was detailed at Section 4 of the plan.

A summary of the approach undertaken for the risk assessment and preparing the internal audit plan was provided. The plan was driven by the Council's organisational objectives and priorities, and the risks that might prevent the Council from meeting those objectives.

The development of the internal audit risk assessment and plan had taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the "audit universe" and key risks. Each auditable unit had been risk assessed at a high level to determine the priority for internal audit, represented by the frequency of audit review.

In developing the internal audit risk assessment, assurance had come from numerous sources within the Council as well as taking into account other sources where reliance could be placed upon them. Corporate level objectives and risks had been considered when preparing the plan. Members were informed that in developing the plan for the final year of AVDC, particular consideration had been given to the Unitary context and the changing priorities and risk of AVDC as a transitioning authority rather than as a continuing organisation.

In putting together the plan, consideration had been given to the impact that an internal audit review might have on the capacity of teams involved to deliver their core activities, particularly as teams were already stretched to deliver those services; additional work associated with a review and, in many cases, transitional work in preparation for the unitary authority. More assurance from "first and second level" sources, such as the risk

management process and work being undertaken as part of the transition programme would be needed.

Input had been obtained from Directors, Assistant Directors and Senior Managers to identify any specific areas that might require reviewing.

Members were informed that the Internal Audit Plan would be reviewed on a quarterly basis to allow for flexibility to pick up new areas of risk or organisational change and would be reported to the Audit Committee as part of the progress report.

Members sought further information on the Plan for 2019/20 and were informed:-

- (i) It was confirmed that particular attention had been given to audits that provided added value to the Council as a transitioning authority. Because of this, the plan was “lighter touch” than would normally be the case. However, flexibility had been built into the plan to enable specific reviews to take place if considered to necessary.
- (ii) Referred to in response to a number of the reports included on the Committee agenda, it had been recognised that the risk of losing key staff during the transitioning process was relatively high and was likely to increase as vesting day approached. The Committee was assured that Cabinet was reviewing the position regularly and was prioritising work and resource allocation accordingly.
- (iii) It had been recognised that as the Council moved towards vesting day, there would also be limited time for the implementation of any actions arising from internal audit reviews.
- (iv) An explanation was given concerning the treatment of fixed assets transferring to the new unitary authority.

RESOLVED –

That the approach taken in connection with the formulation of the Internal Audit Strategy and Plan for 2019/20 be endorsed and the Plan as a whole be approved.

## **6. INTERNAL AUDIT ANNUAL REPORT 2018-19**

The Head of Internal Audit (Corporate Governance Manager) was required to provide a written annual report to those charged with governance, timed to support the Annual Governance Statement (AGS), and which should be presented to Members and considered separately from the AGS and the formal accounts.

The Committee received a report detailing the Corporate Governance Manager’s opinion on risk management, control and governance and their effectiveness in achieving the Council’s agreed objectives for 2018-19. The report also incorporated a summary of the work undertaken to support the opinion and a statement on conformance with the Public Sector Internal Audit Standards. Based on this work, the Corporate Governance Manager had provided the following opinion:-

“Generally satisfactory with some improvements required to specific systems and processes.

Governance, risk management and control in relation to business critical areas was generally satisfactory. However, there were some weaknesses which potentially put the achievement of the Council's objectives at risk.

Improvements were required in those areas to enhance the adequacy and effectiveness of governance, risk management and control."

In forming this opinion the Corporate Governance Manager had confirmed that internal audit activity throughout 2018-19 had been independent from the rest of the organisation and had not been subject to interference in the level or scope of the audit work completed.

The key factors that contributed to the opinion were summarised as follows:-

- The majority of weaknesses in control design and operating effectiveness identified had been medium or low risk.
- Two high risk findings had been identified in the areas of Commercial Waste and General Ledger Reconciliations.
- Good progress had been made during the year on implementing actions identified during internal audit reviews to strengthen the overall control environment.

A total of 8 assurance reviews had been completed in 2018/19 of which 1 had been classified as "high" risk, 5 as "medium" risk and 2 as "low" risk. This had resulted in the identification of 2 high, 12 medium and 25 low risk findings relating to weaknesses in the design and operating effectiveness of controls. This compared to 9 assurance reviews (6 high, 16 medium and 20 low risk recommendations) in 2017/18, although a direct comparison could not be made.

A summary of the reviews undertaken and the opinion given was detailed at Section 3 of the Corporate Governance Manager's report.

A number of weaknesses had been identified that needed to be reported in the Annual Governance Statement, and which related to the "high risk" findings identified in the reviews of the General Ledger and Commercial Waste. A summary of these high risks was also detailed in Section 3 of the Corporate Governance Manager's report.

Other internal audit work undertaken during the year had included:-

- reviewing the Council's governance arrangements over its investment in Aylesbury Vale Broadband.
- conducting an advisory review in March 2019 to evaluate the effectiveness of the Council's governance of its investment in Aylesbury Vale Estates LLP (AVE), based on the expectations set out in the "Guide to creation and working with companies in which AVDC has a financial interest".
- conducting an advisory review in March 2019 to evaluate the arrangements for measuring and reporting benefits arising from the Connected Knowledge Programme.
- regularly reviewing and reporting of the corporate risk register to the Strategic Board, Audit Committee and to Cabinet.

All agreed actions arising from audit reports were kept under review by Internal Audit and regular reports on overdue actions were provided to the Audit Committee. A total of 113 audit actions had been completed during the year and progress had been made to address all outstanding actions. There were no significant issues to report regarding the follow up of any audit recommendations.

Members were informed that significant progress had been made in Housing Benefits and Management Information to address previously identified weaknesses in these areas.

The Committee was informed that to remain relevant, the annual internal audit plan needed to be flexible to respond to emerging or changing risks. With budget restraints there was a need to ensure prioritisation was given to work that would achieve the greatest value to the organisation. Since the internal audit plan had been initially approved in June 2018 changes had been made in the reviews of Accounts Payable, Payroll, Tech One, Waste and Recycling – contracts, and Section 106 agreements.

The Corporate Governance Manager explained that the individual pieces of internal audit work were delivered under a contract with BDO LLP under a co-source arrangement. All organisations providing Internal Audit Services had to be subject to an independent external assessment every 5 years. In 2015, BDO had been subject to an external examination assessment of compliance to the Public Sector Internal Audit Standards (PSIAS) and been found to be compliant across all 58 assessable areas. The Corporate Governance Manager had considered the requirements of the PSIAS and had found that there were no areas of concern to indicate that the current arrangements were not fully compliant with the Standards.

Members asked whether there was any evidence of increased fly tipping as a result of the introduction by the County Council of charges for the deposit of certain categories of waste, particularly DIY waste, at household recycling sites. It was indicated that there was at present no analytical information available.

Members expressed their thanks to Officers for the good quality of the audit work undertaken during 2018/19.

RESOLVED –

That the content of the Corporate Governance Manager's annual report for 2018-19 be noted.

## **7. INTERNAL AUDIT PROGRESS REPORT**

Members received a progress report on activity undertaken against the 2018/19 Assurance Plan that had been approved by the Committee in June 2018. The following matters were highlighted:-

### **Final Reports issued since the previous Committee Meeting**

The following reviews had been completed since the last Committee meeting:-

- **Connected Knowledge – Benefits Realisation (Risk Rating: n/a)** – the review had used a sample of 3 completed Connected Knowledge projects to assess the approach the Council was taking to identify, measure and report on the benefits and lessons learnt. The report highlighted a number of areas of good practice and, for the projects sampled, the majority of service users had stated that the projects had delivered improvements on the previous arrangements. However, the review had concluded that, at this stage of the programme, it was hard to

form a definitive view on the benefits realised to date, with further improvements needed on the clarity with which anticipated benefits were stated and subsequently reported.

The review had also found that arrangements to close down projects needed to be further formalised, using a two stage approach. Members commented on the need in particular to be mindful of the decision of Council to ensure a proper assessment of the benefits of projects against the aspirations of the new unitary authority.

- **General Ledger Reconciliations and Management Information (Medium Risk)** – the review had identified one high risk, one medium risk and 2 low risk findings. The purpose of the review had been to assess the control design and operating effectiveness with regard to AVDC’s management of its general ledger, particularly in terms of how it interfaced with other systems and the processes for reconciliation. The findings had been summarised as follows:-
  - there had been a lack of automated integration between some Council systems and the general ledger and some key reconciliations (including Licensing, Environmental Health (RegServe) and Commercial Property) had not taken place to confirm the accuracy and completeness of data held. This lack of integration had created inefficiencies in some of the Council’s billing processes. **(High)**
  - reconciliations in the Waste service, including Garden Waste and Trade Waste had not been undertaken. **(Medium)**
  - other areas for improvement in reconciliation processes had been identified including Bulky Waste, Domestic Waste, Land Charges, Planning and Markets. **(Low)**
  - procedures relating to the completion of reconciliations between AVDC’s various financial systems had not been sufficiently detailed. This included not having a documented reconciliation approval form to record all reconciliations that had not taken place. **(Low)**
  - the Quarterly Finance Digest had not always been reported for formal scrutiny on a timely basis. **(Advisory)**. It was commented that the Financial Digest should be circulated as soon as it had been finalised with a request for Members to raise any issues directly with officers for subsequent report to this Committee if necessary.

A number of areas of good practice had been noted during the review and these had been reflected in the overall “Medium” risk classification for the report.

- **Debt Management (Low Risk)** – the review had identified one medium risk and 3 low risk findings. The purpose of the review had been to assess the control design and operating effectiveness with regard to the Council’s debt management processes. The review had found that significant work had been undertaken to improve the management and recovery of debt. However, it had been identified that further improvements could be made in the following areas:-
  - Credit notes had been raised and approved by the same member of staff with a lack of segregation of duties, increasing the risk of inappropriate credit notes being issued. **(Medium)**



- Actioning of debt write-offs, where necessary, was not consistently carried out on a timely basis. **(Low)**
- There was insufficient evidence of due diligence procedures carried out for new customers provided with credit by the Council, with insufficient procedures in place to review the appropriateness of existing credit terms provided to current customers. **(Low)**
- There had been no documentation to evidence that the review of customer account changes had been completed and action taken, where necessary. **(Low)**

The scope of the audit had also covered the review of processes to ensure the accurate and complete billing for Council services. Issues had been identified in this area as a result of the lack of integration, automated interface and reconciliation between service systems and the general ledger. This had been picked up and highlighted in the General Ledger Reconciliations and Management Information internal audit report. The overall “Low” rating for the Debt management review related to debt management and recovery procedures only.

The full review reports were attached as Appendix 3 to the Committee report.

### **Summary of changes to the 2018/19 Internal Audit Plan**

Members were informed that it was important for the plan to be flexible to respond to emerging or changing risks. The following changes had been made to the 2018/19 plan since its approval in June 2018:-

- **Payroll** – the original plan had included a post-implementation review of the new Payroll/HR system (XCD). As the XCD project had been cancelled and existing processes kept in place, the audit days would be reallocated to other reviews. Previous audits of the current payroll system had assessed it as low risk.
- **Tech One** – it was intended to review system integration and data transfer controls to ensure that the data held in Tech One was complete and accurate. An IT project was underway to look at Council wide data transfers (Uniflow). System integration aspects had been picked up in work on reconciliations as part of the General Ledger review and audit days allocated.
- **Waste and Recycling – Contracts** – the original plan had included for a review of the contracts for Street Cleansing / Horticulture and Recycling. Street scene services were being brought back in-house when the current contract concluded in January 2020. A new contract for recyclates had been agreed last year. For both contracts, management procedures were in place and they were not considered a high risk for internal audit review. The audit days would be reallocated to allow for more in-depth reviews of Commercial Waste and Parking Services.
- **Section 106 Agreements** – an audit had been scoped to assess processes and controls over the allocation, financial management and monitoring of Section 106 funds. Work had been undertaken during December and January by BDO but unfortunately they had been unable to complete the review and issue a final report. The status of the review would be further assessed as part of the 2019/20 internal audit plan of work.

## **Implementation of Agreed Audit Actions**

The implementation of actions and recommendations raised by internal audit reviews were monitored to ensure that the control weaknesses identified had been satisfactorily addressed. Actions arising from low risk audit findings were followed up by management and reviewed, but not validated, by internal audit.

A detailed listing of all internal audit actions, together with a status update was included at Appendix 4. In total, 58 actions had been followed up for the July 2019 Committee – that included an update on all actions due for completion by May 2019 or earlier. 30 out of the 58 actions had been completed or had been closed.

## **Aylesbury Vale Broadband Review**

The Committee was informed that the results of the independent review undertaken by BDO LLP, into the governance arrangements over the Council's investment in Aylesbury Vale Broadband (AVB) had been reported to the Audit Committee in June 2018. Recommendation 17 of the BDO report had concluded that, "If the Council's wider Members are to have greater oversight of the Council's commercial ventures, then the confidentiality requirements of 'yellow pages' must be respected."

The Council had requested for the Lead Legal and Monitoring Officer to carry out an investigation into the unauthorised disclosure of confidential in relation to AVB and the results of that investigation were attached as Appendix 5 to the Committee report. Members asked that in future alleged breaches of the Code of Conduct in relation to the release of confidential information should be actioned as soon as they had been identified. It was confirmed that this would be discussed with the Lead Legal and Monitoring Officer.

Members sought further information on the following:-

- It was affirmed that if the training in relation to safeguarding was not delivered in a timely fashion the relevant Cabinet Member and Assistant Director should be invited to attend a meeting of this Committee to give an update on proposed actions.
- In relation to safeguarding training for taxi drivers, concern was expressed that a number of drivers had not yet been through the training programme. The Chairman would raise this issue with the Chairman of the Licensing Committee.

RESOLVED –

- (1) That the progress report be noted.
- (2) That (subject to the caveat referred to above) the details and results of the investigation by the Lead Legal and Monitoring Officer into the breach of confidentiality (stemming from recommendation 17 of the Aylesbury Vale Broadband Review by BDO LLP), be noted.

## **8. REVIEW OF DRAFT STATEMENT OF ACCOUNTS 2018-19**

The Committee received a report on the current position in terms of the Statement of Accounts preparation, which set out the provisional financial outturn for 2018/19.

The Council was required to make available for audit its draft Annual Accounts by 31 May 2019, with a view to producing the final (audited) Annual Accounts for approval by 31 July 2019. The Accounts and Audit Regulations required the accounts to be formally

signed off by the Chairman of the Audit Committee and the Director responsible for Finance.

Whilst there was no requirement to do so, the guidance to the Accounts and Audit Regulations suggested that it was good practice to give Members an early notification of the financial outcome of the previous year and to this end, the draft Statement of Accounts had been submitted to this meeting. The timetable for the preparation of the draft accounts (31 May deadline) and final approval (31 July) was earlier than previous years and had presented challenges for both the preparers and the auditors of the financial statements.

The timetable for the preparation of the accounts had been completed to a draft accounts deadline of 31 May 2019. From 1 June 2019 to 15 July 2019, members of the public and local government electors would be able to inspect the accounts of the Council for the year ended 31 March 2019 and certain related documents. A copy of the Council unaudited statement of accounts was also currently available on the Council's website.

The Committee was informed that the Council's accounts were subject to external audit by Ernst and Young (EY) LLP. In May 2019, the external audit team had informed the Council that they would be unable to carry out the audit to meet the 31 July 2019 target date. The deadline represented a target date for the publication of the accounts and was not a statutory deadline.

As referred to earlier during the meeting, Ernst and Young had cited exceptional levels of staff vacancies leading to staff shortages as the primary reason for the delay, with AVDC being 1 of 19 authorities affected by it. The Public Sector Audit Appointments (PSAA) who contracted with EY had supported the decision to delay, on the understanding that the delay would ensure the required high quality of audit, and outweighed any considerations over timeliness. The NAO, MHCLG and the LGA had also been informed of the decision. AVDC had not been consulted on the delay and had been presented with a "fait accompli".

The formal audit was now scheduled to commence on 2 September 2019 and continue for 4 weeks. The final accounts would then be presented to the Audit Committee on 25 November 2019 where Members would be asked to consider and approve the statement of accounts. The Audit Committee would also be asked to consider the findings of the annual review of the effectiveness of the system of internal control, approve the Annual Governance Statement and consider the Annual Audit Letter.

The Accounts presented detailed the Accounts for the Authority but also extended to the group financial statements where the Council had material interests in subsidiaries and joint ventures. The accounts includes results for Aylesbury Vale Broadband, Vale Commerce and reflected the material interest in Aylesbury Vale Estates.

### **The Accounts**

Local authority financial statements had to comply with CIPFA's Local Authority Code of Practice, which was based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. The year end position within the Statutory Accounts contained transactions that were required by the Accounting Regulations. These transactions were intended to provide a complete picture of the Council's financial affairs during the course of the year.

The report explained the key features of the primary statements and notes that made up the set of financial statements. These included:-

**Narrative Report/Explanatory foreword:** which provided a commentary on the financial statements, including an explanation of key events and their effect on the financial statements. The explanatory foreword reconciled the year end financial position reported to Members (the outturn) to the statutory financial accounts.

**Annual governance statement:** The annual governance statement (AGS) set out the arrangements the Council had put in place to manage and mitigate the risks it faced when meeting its responsibilities. The AGS explained the risks facing the authority and the controls in place to manage them. While the AGS was prepared by the authority at the end of the year, it was built up from processes designed, run and tested throughout the year.

**Movement in reserves statement (MIRS):** Reserves represented the authority's net worth and showed its spending power. Reserves were analysed into two categories: usable and unusable. The movement in reserves statement (MIRS) analysed the changes in each of the authority's reserves from year to year. The statement provided detail on what had caused the movement in each reserve.

- Usable reserves: these resulted from the authority's activities and included the General Fund, earmarked reserves and capital receipts reserve.
- Unusable reserves: These were derived from accounting adjustments and could not be spent. They included pensions reserve, revaluation reserve and the capital adjustment account.

**Comprehensive income and expenditure statement:** The comprehensive income and expenditure statement (CIES) reported on how the authority had performed during the year and whether its operations had resulted in a surplus or deficit. The CIES included cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also showed all sources of income received and accrued in the year. The CIES showed the accounting position of the authority before statutory overrides were applied. It analysed income and expenditure based on services. This included:-

- Cost of services: Presented in a standardised format as set out by the Service reporting code of practice for local authorities. This included service specific income and expenditure.
- Other operating income and expenditure: This included the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: This included interest payable and receivable.
- Taxation and general grant income: This included revenue from council tax and the revenue support grant.
- Other comprehensive income and expenditure: Items that were not allowed to be accounted for elsewhere in the CIES, such as increases in the value of land and buildings and changes in the actuarial assessment of pension liabilities.

**Balance sheet:** The balance sheet was a 'snapshot' of the authority's financial position at a specific point in time, showing what it owned and owed at 31 March 2019. The balance sheet was always divided into two parts including (a) assets less liabilities and (b) reserves.

The main elements of the balance sheet were:-

- Non current assets: including property, plant and equipment, heritage assets, intangible assets, investment property. Non-current assets had a life of more than one year. For AVDC, the biggest balance by far was property, plant and equipment. These were tangible assets that were used to deliver the authority's objectives.
- Current assets: included cash and other assets that, in the normal course of business, would be turned into cash within a year from the balance sheet date. Other assets included investments, non-current assets held for sale, inventories and debtors.
- Current liabilities: Comprised short-term borrowing, trade creditors, amounts owed to other government bodies and receipts in advance.
- Long-term liabilities: Included borrowings, any amounts owed for leases and private finance initiative (PFI) deals. There would also be an estimate for the cost of meeting the authority's pension obligations earned by past and current members of the pension scheme.
- Reserves: These were usable and unusable reserves.

The Accounts also included a number of other statements:-

- Cash flow statement: Set out the authority's cash receipts and payments during the year, analysing them into operating, investing and financing activities. Cash flows were related to income and expenditure, but were not equivalent to them.
- Collection fund: Showed the transactions in respect of council tax.
- Group accounts: Prepared if the authority had a significant subsidiary, such as a local authority trading company. It Showed the combined income and expenditure and balances of all the constituent bodies

The Accounts also included Additional disclosures, contained within the notes to the financial statements. These included:-

- Accounting policies: setting out the accounting rules the authority had followed in compiling its financial statements. They were largely specified by International Financial Reporting Standards and the Local Authority Code of Practice.
- Estimates: The authority might need to use estimates to value assets, liabilities and transactions. The major sources of estimation uncertainty should be disclosed if there was a significant risk the estimate would need to be materially adjusted next year.
- Property, plant and equipment: Details about assets acquired and disposed of during the year, whether they had been revalued, the impact of any changes in value and the amount of depreciation charged.
- Leases and PFI schemes: Set out how much would be paid annually to leasing companies and how much would be paid in total over the lifetime of the agreement.

- Employee remuneration: Details of the pay of the most senior officers, all officers' remuneration, disclosed in bands, and the cost of any redundancies. Other notes showed the annual cost and cumulative liabilities of pensions.
- Contingent liabilities: Details of possible costs that the authority might need to meet, but had not charged to the CIES because it was thought that it would probably be able to avoid them.

### **The Quarterly Financial Digest: 2018/19 Year End Position**

The Statutory Accounts only present actual expenditure and income, without reference to budgeted levels. Therefore, whilst the accounts presented the definitive position on the Authority by way of its financial resources, it did not inform on whether this was planned or the expected position.

The Quarterly Financial Digest was the primary reporting tool for in-year financial management and provided management information designed to explain significant financial events which had occurred during the year by comparing them with the expected or budgeted equivalent figures.

The Quarterly Financial Digest for the financial year 2018-19 had been submitted to the Finance and Services Scrutiny meeting on 2 July 2019. Based on the provisional financial results for 2018/10, Members were informed that the provisional financial outturn reported a surplus of £0.432m for the financial year when comparing actual expenditure against that budgeted (before the transfer from general fund balances).

The outturn was better than planned by £192,000 and better than forecast by £535,000. A planned surplus of £240,000 had been assumed in budget plans for 2018-19.

As a consequence of the outturn, the General Fund balances would be marginally higher than predicted as at the end of March 2019. The level of general balances for the financial year was now £2.353m, that was above the minimum assessed level of balances that the Council should hold.

The Committee report included a schedule showing the Council's 2018/19 revenue outturn position.

Members were informed that the year end financial position was largely being driven by above budgeted levels of staff costs. There had been a need during the year to employ agency staff in a number of key operational areas to support project work and service delivery. This had been incurred for reasons including:-

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

It was explained that the use of agency staff incurred a premium cost and adverse variance to agreed budgets, and had been largely as forecast. It had been largely possible to offset these costs with additional efficiencies and income, which was described in detail in the Committee report.

A number of factors had contributed to changes to the budget forecast for 2018/19 including:-

- An increase of £96,000 on portfolio spend – due to increased levels of staff costs and a revision to income targets and other spend levels.
- Lower than anticipated collection fund levy.
- Realisation of dividend payments not previously forecast.
- Above planned levels of business rates income particularly retained enterprise zone relief.
- Lower than forecast spend against the contingency budget, where it had previously been assumed that this budget would be fully utilised.
- Higher than planned interest payments and lower borrowing costs.

### **Capital Outturn 2018-19**

The Council had spent £9.166m on the delivery of its capital programme in 2018/19. Of this, £3.024m has been incurred in the creation of new assets including the Public Realm Waterside North and the Pembroke Road depot scheme. A further £6.142m had been incurred to support capital development in relation to financing for the Public Realm Waterside North scheme and also the Enterprise Zone at Silverstone.

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 had 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 produced a lower net cost. The change in funding had therefore reduced the on-going financing cost of the capital programme.

### **Reserves and Balances**

General fund balances would be marginally higher than predicted as at the end of March 2019. The level of general balances for the financial year was now £2.353m, which was above the minimum assessed level of balances to be held.

A schedule showing the detail of the general fund was submitted.

A full list of reserves and provisions had been included in the Statement of Accounts. As at 31 March 2019, the Council was holding £30.608m as reserves

RESOLVED –

- (1) That the current position in relation to the statutory accounts preparation and the outturn, and arrangements for their audit be noted.
- (2) That the provisional financial outturn position for 2018-19 be noted.

## 9. CORPORATE RISK REGISTER

The Audit Committee had a role to monitor the effectiveness of risk management and internal control across the Council. As part of discharging this role the Committee was asked to review the Corporate Risk Register (CRR). The CRR provided evidence of a risk aware and risk managed organisation and reflected the risks that were on the current radar for Strategic Board. Some of the risks were not dissimilar to those faced across other local authorities.

The CRR had been fully updated in January 2019 to reflect the impact of the Secretary of State's decision to implement a single unitary authority for Buckinghamshire. The CRR had last been reviewed by the Audit Committee on 25 March 2019 and by Cabinet on 16 June. The following table showing the changing risk profile over time was submitted:-

	Total	Low	Moderate	High	Extreme	Not yet assessed
<b>July 2019</b>	<b>23</b>	<b>4</b>	<b>8</b>	<b>8</b>	<b>3</b>	<b>-</b>
May 2019	23	4	8	9	2	-
March 2019	23	3	8	7	4	1
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3
June 2018	25	2	12	9	1	1
March 2018	22	2	12	6	1	1
Direction of travel		↔	↔	↓	↑	

The background and comments against each risk was included in the report, as well as a summary in relation to residual risk ratings. Members were informed on the following:-

### Staff capacity

That the highest risk currently facing AVDC was the lack of staff capacity to maintain services and deliver priority projects (CRR Risks 2, 3 and 4). There was increasingly a recognition that there was no longer "business as usual" but that the Council needed to operate under a new model as it transitioned away from AVDC and towards the new Buckinghamshire Council. This risk was now the subject of regular reports to Cabinet.

### Support to Unitary Implementation

Information was provided that a number of AVDC staff members were already working full time for the Unitary Implementation team, that others were being considered for transfer or were considering moving, whilst the Council was also experiencing significant demands on "experts" to resource unitary work streams. In some cases, AVDC senior managers were providing 50% or more of their time to support unitary work. This was from across all areas of the Council. The scope and scale of resource involvement was likely to increase over time

### Staff retention and recruitment

A number of key staff had left AVDC to join outside organisations, as well as there being a number of recent management resignations. There were already a number of hard to fill posts and this, coupled with the instability associated with the unitary transition was likely to make recruitment increasingly challenging.



Following the confirmed plans of the Chief Executive and a Director to leave AVDC shortly, there was an increasing risk that the existing leadership structures would no longer be sufficient to operate as they had previously done.

### **Managing the Risks**

The Committee report provided details of the work that was being done to ensure that critical services were maintained, priorities delivered and that AVDC transitioned to the new Council in an orderly fashion. The risk of losing key staff on the Council's ability to achieve this was greater in some areas than others but was likely to increase across AVDC as April 2020 approached. The 5 Councils across Buckinghamshire were all being impacted by these issues.

### **Risks associated with “No-deal Brexit”**

In line with advice from MHCLG, the Council had been monitoring the potential risks associated with Brexit, with CRR number 15 reflecting the overall level of risk to AVDC. In recent months there had been a focus on risks associated with a “No Deal Brexit”. The risks and information were regularly updated as more information was released from Central Government.

In March 2019, the Audit Committee had received a report summarising the identified key risks that AVDC might face should the UK exit the EU without a deal. This had sought to provide Members with a level of assurance that, as far as possible, appropriate planning and contingencies were in place should the UK exit the EU without a deal.

The Director with responsibility for finance responded to questions from Members in relation to the transition to SAP (the County Council's Finance system), business continuity plans, and IT resilience testing, after which it was,

RESOLVED –

That the current position of the Corporate Risk Register be noted.

## **10. WORK PROGRAMME**

The Committee considered the future Work Programme (Appendix 1) which took account of comments and requests made at previous Committee meetings and particular views expressed at the meeting, and the requirements of the internal and external audit processes.

Members also considered the Actions Tracker and it was agreed that the outstanding actions and implementation of the findings of the Safeguarding 2016/17 Review (AT 2/19) should be marked as complete.

RESOLVED –

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

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**Audit Committee**  
**25 November 2019**

## **EXTERNAL AUDIT – AUDIT RESULTS REPORT (ISA 260) AND LETTER OF REPRESENTATION**

### **1 Purpose**

- 1.1 To allow the Audit Committee to review the draft Audit Results Report – ISA 260 from the External Auditors and agree the letter of representation.

### **2. Recommendations/for decision**

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

### **3. Supporting information**

- 3.1 The Council is required to receive the report from the External Auditors to those charged with governance at a formal committee meeting before the end of July 2019. There has been a delay this year in the audit process and information being reported to Members.
- 3.2 In addition the committee is required to approve the content of the letter of representation which has to be signed by the Chairman of the Audit Committee.

### **4. Reasons for Recommendation**

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

### **5. Resource implications**

None.

Contact Officer                      Nuala Donnelly   01296 585164  
Background Documents            None

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**Aylesbury Vale District  
Council**

**Audit results report**

Year ended 31 March 2019

25 November 2019

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**EY**

Building a better  
working world



Private and Confidential

25 November 2019



Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Aylesbury Vale District Council for 2018/19.

We have substantially completed our audit of Aylesbury Vale District Council for the year ended 31 March 2019.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at section 3. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 25 November 2019.

Yours sincerely

Andrew Brittain

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

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02 Areas of Audit Focus



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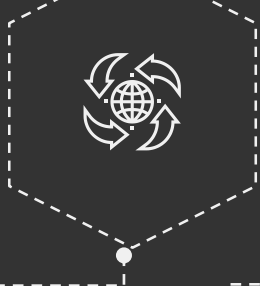
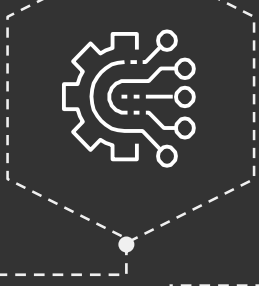
06 Other reporting issues

07 Assessment of Control Environment

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements with which auditors must comply, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the members of the audited body, and is prepared for their sole use. As appointed auditor, we take no responsibility to any third party.



01

# Executive Summary



# Executive Summary

## Scope update

In our audit planning report tabled at the 28 January 2019 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions]:

► Changes in materiality.

We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £2.14m (Audit Planning Report – £2.29m). This results in updated performance materiality, at 2% of overall materiality, of £1.6m, and an updated threshold for reporting misstatements of £107K.

## Status of the audit

We have substantially completed our audit of Aylesbury Vale DC's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our audit planning report. Subject to satisfactory completion of the following outstanding items, we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3.

- Valuation of property, plant and equipment - specifically relating to the valuation methodology applied to community centres
- Reserves
  - Review of the final version of the financial statements
  - Completion of the post balance sheet event review
  - Receipt of the signed management representation letter

However until work is complete, further amendments may arise. We expect to issue the audit certificate at the same time as the audit opinion.

# Executive Summary

## Audit differences

### Unadjusted Audit Differences:

At the time of writing we have identified three unadjusted audit differences in the draft financial statements which management has chosen not to adjust. Where these differences are not corrected and a rationale as to why they are not corrected is acceptable, that will need to be approved by the Audit Committee and included in the Letter of Representation.

1. In relation to the impact of the pensions case relating to GMP equalisation we have estimated the maximum impact on the pensions liability of £227K. Given this is below materiality the Council is not proposing to adjust for this.
2. In relation to the difference between estimated plan assets of the pension scheme and actual plan assets as at 31 March 2019 there is a difference of £659k.
3. In relation to the restatement of the prior year accounts for changes to the group consolidation which were not material and, per IAS 8, should have been corrected in the current year. The impact on the CIES was £236k.

### Adjusted Audit Differences:

We also note that the Council has adjusted the draft statements issued in May prior to the commencement of the audit for the impact of the McCloud case (£1,552k).

The Council is also in the process of updating the valuations associated with community centre assets. EY specialists reviewed the methodology and we concluded that the assets as valued were under-valued using an Existing Use Value (EUUV) methodology. The Council's external valuer has provided updated valuations using a depreciated replacement cost methodology. The changes will be material and we will provide an update on the changes at the Audit Committee meeting on 25 November. For further details on the changes see page 11.

## Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Aylesbury Vale DC's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.



# Executive Summary

## Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

## Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

We did not identify any significant risks around these criteria in our Audit Planning Report. However, at the date of issue, we reported the following consideration: *"We have identified one potential significant risk. As a result of the 1 November 2018 announcement by MHCLG that a unitary authority for Buckinghamshire will be instituted from 1 April 2020, there may be an impact on the Council's capacity to manage its operations as well as planning a smooth transition; also on managing strategic risks and medium-term financial planning"*.

During the audit it became apparent that the Council had smooth transition arrangements in place and was monitoring its risks and medium-term financial planning as the situation developed.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.

We have no other matters to report.

## Independence

Please refer to Section 09 for our update on Independence.



# 02 Areas of Audit Focus



# Areas of Audit Focus

## Significant risk

### Misstatements due to fraud or error

#### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

#### What judgements are we focused on?

We have considered the risk of management override and the areas of the financial statements that may be most susceptible to this risk. For the Council, we have identified the potential for the incorrect classification of revenue spend as capital as a particular area where there is a risk of fraud or error.

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#### What did we do?

- ▶ Identified fraud risks during the planning stages.
- ▶ Asked management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determined an appropriate strategy to address those identified risks of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements

#### What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.





# Areas of Audit Focus

## Significant risk

### Risk of fraud in revenue and expenditure recognition - incorrect classification of capital spend

#### What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition.

We have considered this presumed risk in relation to those significant income streams and areas of expenditure which could be subject to manipulation, and identified the following area of risk:

- inappropriate capitalisation of revenue expenditure.

Linking to our risk of misstatements due to fraud and error above, we have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Council's capital programme

#### What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure

How the capital programme complies with the strategy principles listed above

#### What did we do?

- ▶ Reviewed and tested revenue and expenditure recognition policies;
- ▶ Reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias;
- ▶ Developed a testing strategy to test material revenue and expenditure streams and review and test any material revenue cut-off at the period end date;
- ▶ Reviewed in-year financial capital projections and compare them to year-end position; and
- ▶ Reviewed capital expenditure on property, plant and equipment at the lower testing threshold to ensure it meets the relevant accounting requirements to be capitalised
- ▶ Tested capital spend to ensure it was appropriately classified

#### What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override

We have not identified any instances of inappropriate judgements being applied

We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business





## Areas of audit focus

### Other areas of audit focus

In our audit planning report we identified other areas of the audit, not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?	What did we do?
<p><b>Valuation of Land and Buildings</b></p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>▶ considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;</li> <li>▶ sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);</li> <li>▶ considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;</li> <li>▶ reviewed assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated;</li> <li>▶ considered changes to useful economic lives as a result of the most recent valuation;</li> <li>▶ tested that accounting entries have been correctly processed in the financial statements, and</li> <li>▶ We have one area which is in the process of being finalised. This relates to the valuation of community centres, which we have referred to our EY specialist team. Our specialists have considered the valuation methodology of Existing Use Value (EUV) applied to community centres, and we believe that given the limited market information for such properties, a more appropriate valuation methodology would be Depreciated Replacement Cost (DRC). A DRC valuation recognises the specialist nature of such assets. The external valuer has supplied revised DRC valuations for the community centres and the finance team will make the required changes which will result in a material increase in the value of the Council's PPE balance. We will update the Audit Committee on the impact of the changes made at the meeting on 25 November.</li> </ul>

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## Areas of audit focus

### Other areas of audit focus (continued)

In our audit planning report we identified other areas of the audit, not classified as significant risks, but still important when considering the risks of material misstatement to the financial statements and disclosures.

#### What is the risk/area of focus?

##### Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Aylesbury Vale District Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this came to £97.1 million.

The information disclosed is based on the IAS19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Council re-ran the actuary's report to take account of the McCloud case. The actuary advised that the impact of GMP would not be material.

#### What did we do?

We:

- ▶ liaised with the auditors of Buckinghamshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to Buckinghamshire County Council;
- ▶ assessed the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- ▶ The Council has not amended its financial statements to take account of actual year-end asset values held by the fund as the statements were drafted using an estimate. The estimated value of the difference in assets is £659k.
- ▶ After the balance sheet date, the Government were denied leave to appeal to the Supreme Court against a judgement that changes made in public sector pension schemes in 2015 were age discriminatory. Generally known as the McCloud judgement, in our view this created an obligation requiring consideration and disclosure within the accounts. This is a national issue affecting many public sector bodies.
- ▶ The Council therefore asked its actuary, Barnett Waddingham, to adjust for the actual figures while they were also addressing the impact of the McCloud case. The effect of these adjustments is to increase the liability on the balance sheet by £2,211k (£1,552k for McCloud and £659k as above).
- ▶ An additional consideration is that the courts have ruled that all pension schemes must equalise Guaranteed Minimum Pensions ('GMP') between males and females. The Council's actuary have advised that the impact of GMP is not material. We have corroborated the actuary's view that there is no material impact, but estimate it has a maximum impact of £227K, which has not been adjusted for.





## Areas of audit focus

### Other areas of audit focus (continued)

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

#### What is the risk/area of focus?

#### What did we do?

##### IFRS 9 financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:

- ▶ How financial assets are classified and measured;
- ▶ How the impairment of financial assets are calculated; and
- ▶ The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9. We are currently in discussion with officers on the appropriate accounting treatment for some equities.

We:

- ▶ assessed the Council's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- ▶ considered the classification and valuation of financial instrument assets;
- ▶ reviewed new expected credit loss model impairment calculations for assets; and
- ▶ checked additional disclosure requirements.

There were no issues arising that we wish to bring to your attention.

##### IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

We:

- ▶ assessed the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19. This includes Local Authority Trading Companies consolidated into the Authority's Group Accounts;
- ▶ considered application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- ▶ checked additional disclosure requirements.

There were no issues arising that we wish to bring to your attention.



# 03 Audit Report



# Audit Report

## Draft audit report

### Our opinion on the financial statements

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

##### Opinion

We have audited the financial statements of Aylesbury Vale District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 42
- Collection Fund and the related notes C1 to C4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements: give a true and fair view of the financial position of Aylesbury Vale District Council and Group as at 31 March 2019 and of its expenditure and income for the year then ended; and have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

##### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where: the Director (with responsibility for finance)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Director (with responsibility for finance) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### Other information

The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon. The Director (with responsibility for finance) is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



# Audit Report

## Our opinion on the financial statements

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

#### *Arrangements to secure economy, efficiency and effectiveness in the use of resources*

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Aylesbury Vale District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

#### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;

we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;

we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or  
we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

#### Responsibility of the Director (with responsibility for finance)

As explained more fully in the Statement of the Director (with responsibility for finance)'s Responsibilities set out on page 14, the Director (with responsibility for finance) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

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

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



# Audit Report

## Our opinion on the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Aylesbury Vale District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Aylesbury Vale District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Aylesbury Vale District Council had put in place proper arrangements to

efficiency and effectiveness in its use of resources.

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

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

### Certificate

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

### Use of our report

This report is made solely to the members of Aylesbury Vale District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited.



# Audit Report

## Our opinion on the financial statements

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Andrew Brittain (Key Audit Partner)**  
**Ernst & Young LLP (Local Auditor)**  
Reading  
25 November 2019

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

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



# 04 Audit Differences





## Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

### Summary of adjusted differences

We highlight the following differences greater than £1.6m identified during the course of our audit and corrected by management:

- The increase in the valuation of the Council’s community centre assets. The exact amount will be confirmed as part of our update to the Audit Committee on 25 November.

Other amendments to the disclosures and correction of immaterial errors in the financial statements have been made by officers of the Council.

At the time of writing we have the following unadjusted difference above our reporting threshold:

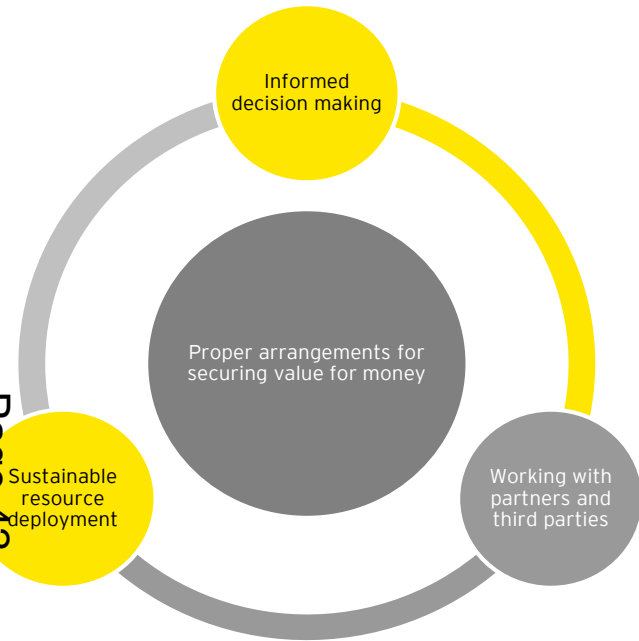
- A judgemental difference on the estimated impact of the GMP case which would increase the pensions liability by a maximum of £227k.
- A known difference between the estimated pension plan assets and actual plan assets as at 31/03/2019 of £659k.
- A known difference to reverse the PYA put through to restate the 2017/18 comparatives in relation to the group consolidation. In line with IAS 8, this should have been corrected in the current year as the amounts involved were not material. Net impact on the CIES was £236k.





05

## Value for Money Risks



## Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

## Overall conclusion

We did not identify any significant risks around these criteria in our Audit Planning Report however, at the date of issue, we reported the following consideration: *"We have identified one potential significant risk. As a result of the 1 November 2018 announcement by MHCLG that a unitary authority for Buckinghamshire will be instituted from 1 April 2020, there may be an impact on the Council's capacity to manage its operations as well as planning a smooth transition; also on managing strategic risks and medium-term financial planning"*.

As the audit year progressed, through regular monitoring and update of our VFM planning procedures, it became apparent that:

- the Council has a smooth transition plan leading up to its dissolution which includes a gradual movement of staff and function to the shadow unitary;
- the Council continues to monitor its in-year budget through the retention of its finance staff and budget monitoring processes;
- strategic risks continue to be monitored at governance levels and remedial action is taken as required;
- there were no significant going concern considerations in the context of the Code definition because the nature of service provision will remain unchanged;
- medium-term financial plans are being incorporated into the financial plans and 2020/21 budget setting of the full unitary council; and
- the shadow unitary exercises executive and scrutiny functions over the final year service and financial activities of the four district councils to ensure a strong level of accountability and financial propriety.

We therefore concluded that there was no significant risk in this (or any other) context and have no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



## 06 Other reporting issues

## Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

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### Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have no issues to raise.

# Other reporting issues

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

### Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no matters to report.



07

# Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice. As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



# 08 Data Analytics





# Use of Data Analytics in the Audit

- ▶ Data analytics – revenue recognition, income and expenditure, payroll

## Analytics Driven Audit

### Data analytics

We used our data analysers to enable us to capture entire populations of the Council's financial data. These analysers:

- ▶ Help to identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Make identifying errors more likely than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the authority's audit included testing journal entries and employee costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

### Journal Entry Analysis

We obtain downloads of all Aylesbury Vale DC financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

### Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

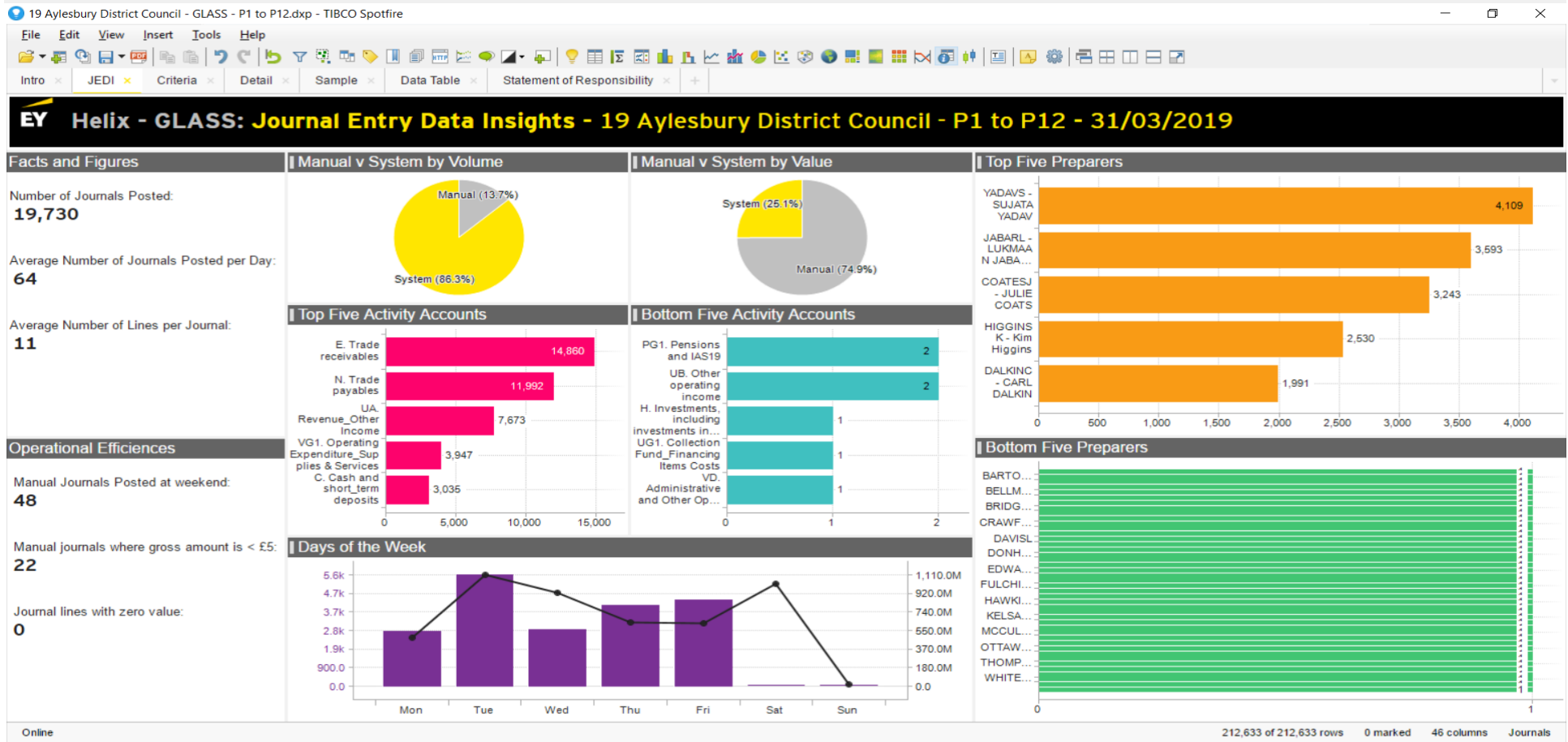


# Data Analytics

## Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.



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## Journal Entry Testing

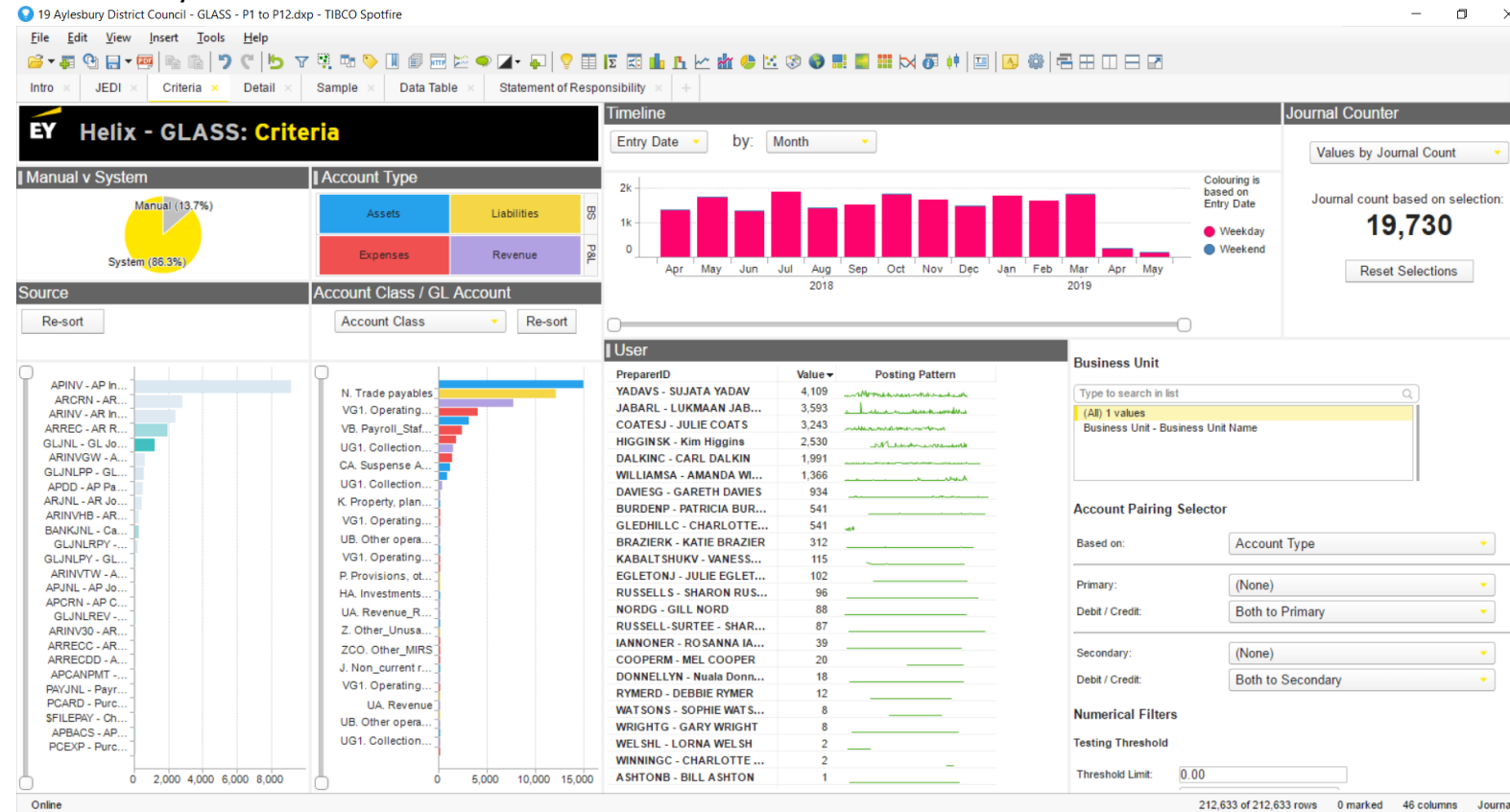
### What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

### What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

### Journal entry data criteria – 31 March 2019



### What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

### What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

# Independence

## Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated 28 January 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we would be pleased to do this at the Committee meeting on 25 November 2019.

We confirm we have not undertaken non-audit work outside the PSAA Code requirements.

# Independence

## Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements.

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Total Audit Fee - Code work	TBC ***	43,724	43,724	58,464
Housing benefit subsidy claim	TBC	15,610 *	N/A **	17,411

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### All fees exclude VAT

\* The proposed 18/19 Housing Benefit fee is shown assuming the same level of errors as in previous years, used as a baseline.

\*\*The scale fees for this work were set by PSAA in 2017/18 but agreed locally from 2018/19

\*\*\* Any extra fees are subject to agreement with officers, and final approval from PSAA. We have performed extra work in the following areas:

- Assessment of the impact and audit of the revised IAS 19 balances after the McCloud judgement and GMP consideration.
- Valuation of investment properties and PPE.



# 10 Appendices

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or together to raise any doubt about the Authority's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements.</li> </ul>	
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Audit Committee responsibility.</li> </ul>	Audit results report



# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the Authority</li> </ul>	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards.</p>	<p>Audit planning report and</p> <p>Audit results report</p>

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of</li> </ul>	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations]
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit results report/Annual Audit Letter

# Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	Audit planning report/audit results report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit results report
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit planning report is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Audit Planning Report Audit Results Report
Certification work	<ul style="list-style-type: none"> <li>▶ Summary of certification work</li> </ul>	Certification Report

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# Management representation letter

## Management Rep Letter

[To be prepared on the entity's letterhead]  
[Date]

**Ernst & Young**  
**Apex Plaza**  
**Forbury Road**  
**Reading RG1 1YE**

Dear Andrew

This letter of representations is provided in connection with your audit of the financial statements of Aylesbury Vale District Council ("the Group and Council") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Group and Council financial position of Aylesbury Vale District Council as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with, for the Group and Council, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **A. Financial Statements and Financial Records**

We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council, the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.

The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.

We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

### **B. Non-compliance with law and regulations, including fraud**

We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

# Management representation letter

## Management Rep Letter

We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group and Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:

- involving financial statements;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council’s activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### C. Information Provided and Completeness of Information and Transactions

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

We have made available to you all minutes of the meetings of the Council, Cabinet and Audit Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year of audit to the most recent meeting on the following date: 25 November 2019.

We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group or Council’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.

We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### D. Liabilities and Contingencies

All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and confirm that we have given no guarantees to third parties.

# Management representation letter

## Management Rep Letter

### E. Subsequent Events

1. There have been no events subsequent to the year end which require adjustment of, or disclosure in, the financial statements or notes thereto.

### F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### G. Going Concern

The financial statements disclose all the matters of which we are aware relevant to the Group or Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### H. Use of the Work of a Specialist

We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and investment property and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### I. Estimates

We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We confirm that the significant assumptions used in making the accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council.

We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

### J. Retirement benefits

On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours sincerely,

\_\_\_\_\_  
(Director (with responsibility for finance))

\_\_\_\_\_  
(Chairman of the Audit Committee)

## EY | Assurance | Tax | Transactions | Advisory

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ED None

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## **INTERNAL AUDIT PROGRESS REPORT – NOVEMBER 2019**

### **1 Purpose**

- 1.1 To receive the Internal Audit Progress Report of activity undertaken since April 2019.

### **2 Recommendations**

- 2.1 The committee is recommended to note the progress report.

### **3 Supporting Information**

- 3.1 This report provides an update on the progress made against the 2019/20 Internal Audit Plan and includes information on:
- Internal audit reviews completed and in progress
  - Changes to the 2019/20 internal audit plan
  - Implementation of agreed audit actions
- 3.2 The Committee requested that all internal audit reports are presented in full. These are included in Appendix 3.

### **4. Reasons for Recommendations**

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

### **5. Resource Implications**

- 5.1 There are no resource implications to report.

Contact Officer: Kate Mulhearn, Corporate Governance Manager, 01296 585724  
Background papers: None

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# **Internal Audit Progress Report**

November 2019





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# 1. Activity and progress

The 2019/20 internal audit plan was approved by the Audit Committee in July 2019. A summary of the plan is included in Appendix 2. We monitor progress against the plan during the year and advise the Audit Committee of any changes.

## Final reports issued since the previous Committee meeting

Name of review	Risk rating*	Date of final report	No of recommendations made*			
			 Critical	 High	 Medium	 Low
Digital Contact Team	Low	Oct 19	-	-	-	3

\* See Appendix 1 for the basis for classifying internal audit findings and reports.

The full reports are attached in Appendix 3 and summarised below:

### Digital Contact Team

This report is classified as low risk and we identified three low risk findings.

The Digital Contact Team assist with a variety of requests, including those relating to Waste, Environmental Health, Housing, Parking and Customer Fulfilment. The Housing Benefits and Rates and Recovery teams have their own contact teams, however the Digital Contact Team can provide support during particularly busy periods.

Our findings are summarised as follows:

- There is not a mechanism in place for analysing customer engagement data and reporting common themes, trends and problems to the Council’s departments (Low)
- Our sample testing identified one case where the agent did not promote self-serve through the Council’s website or ‘My Account’ and we found that there is not a structured and consistent approach in place for reviewing, supervising and monitoring customer engagement (Low)
- The Council’s website includes the Digital Contact Team’s direct telephone number alongside the main switchboard number (Low).

This audit has not covered other customer contact routes outside of the Digital Contact Team, however there is an opportunity to apply these findings to other customer contact teams.

## **Good Practice Noted**

A number of areas of good practice were noted during our review as set out below, these have been reflected in the overall “low” risk classification of this report:

- The Council has a defined Customer Charter in place, which sets out a series of corporate standards for dealing with the Council’s customers and forms the basis of the Council’s induction, ongoing training and performance management for all staff in Customer Fulfilment.
- The Digital Contact Team, in conjunction with other Council departments, have developed detailed technical and specialist guidance which is used for addressing customer queries.
- Our sample testing found customer engagement to be in line with the Customer Charter. Our testing confirmed that agents avoided jargon and abbreviations that the customers would not understand; used precise and simple questions to quickly identify customer needs; used phrases to describe actions to prevent customers feeling ignored; and provided the answer first and added detail later if needed.
- For the 10 phone calls included in the sample, the agents verified who the customers were before giving any information, checked that the customers had fully understood what they had been told and, where applicable, identified appropriate contacts and transferred the customers or arranged to call them back if further information was required.
- Our sample testing also indicated that the Digital Contact Team are consistent and professional in their approach to communicating with customers. Our testing confirmed that agents were friendly, polite and helpful while remaining professional in all circumstances; responded to calls professionally and greeted customers appropriately; allowed the customers to fully outline the reason for contact without interruption; and ended the interaction with a short closing and thanked the customers.
- All social media posts included in the sample were found to have been responded to within the 4-hour target from the time they had been assigned to the Digital Contact Team from the Council’s Communications Team.
- There is good overall awareness within the Digital Contact Team of the various Council areas, services and key contacts across the Council’s departments.
- The Digital Contact Team has defined Key Performance Indicators and there are arrangements in place for collating and analysing team performance results. The Key Performance Indicators are reviewed and reported to Senior Management on a quarterly basis.

## **Summary of changes to the 2019/20 internal audit plan**

To remain relevant, the annual internal audit plan should be flexible to respond to emerging or changing risks. With budget constraints, there is also a need to ensure prioritisation is given to work which will achieve the greatest value to the organisation.

There have been no changes to the 2019/20 plan since it was approved in July 2019.

## ***2. Implementation of agreed audit actions***

We monitor the implementation of actions and recommendations raised by internal audit reviews to ensure that the control weaknesses identified have been satisfactorily addressed. Actions arising from low risk audit findings are followed up by management and reviewed, but not validated, by internal audit.

An exercise was performed during September/October to assess the status of the actions that were due for completion. 63 individual actions were due; of which 5 related to high risk findings, 22 to medium risk and 36 low risk findings. The 5 high risk actions all relate to the General Ledger audit report and reconciliations between the TechOne finance system and various feeder systems.

For a large number of the actions, including the high risk ones mentioned above, the action as set out in the original audit report is no longer considered appropriate in the context of transition to a unitary authority. A full review of all outstanding audit actions, and the risks they were designed to mitigate, will be undertaken by the end of the year. This will consider whether the associated systems, processes and policies will remain post vesting day, and whether or not the level of resource required to complete is proportionate to the risk being addressed. At the end of this exercise, we will have a clear view as to which actions:

- will be completed by 31 March 2020
- will be handed over to the new authority to assess and deliver
- should be closed, as no longer relevant or appropriate.

The results of this exercise will be reported to the Audit Committee in January 2020.

### **Update on safeguarding training action:**

In July the Audit Committee requested an update on the completion of Safeguarding Training for those staff working in level 2, 3, and 4 categories.





*Bespoke face to face level 2 and level 3 training* - Two events have been held (August and October); 50 individuals have completed level 2 and 19 have completed level 3. There are 9 employees who are yet to complete the training, as they were unable to attend on the previous dates. A third session has been arranged for February to capture these and any new employees since October 2019.

*Level 4 training* - 3 members of the Safeguarding Board have completed Level 4 training provided by Buckinghamshire County Council. The remaining Board members have attended the level 3 training, bar 1, who will complete it in February.

# Appendix 1: Internal audit opinion and classification definitions

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Points
 Critical risk	40 points and over
 High risk	16– 39 points
 Medium risk	7– 15 points
 Low risk	6 points or less

Individual findings are considered against a number of criteria and given a risk rating based on the following:

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Critical</b> impact on operational performance; or</li> <li>• <b>Critical</b> monetary or financial statement impact [quantify if possible = materiality]; or</li> <li>• <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>• <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Significant</b> impact on operational performance; or</li> <li>• <b>Significant</b> monetary or financial statement impact [quantify if possible]; or</li> <li>• <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>• <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Moderate</b> impact on operational performance; or</li> <li>• <b>Moderate</b> monetary or financial statement impact [quantify if possible]; or</li> <li>• <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>• <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>• <b>Minor</b> impact on the organisation’s operational performance; or</li> <li>• <b>Minor</b> monetary or financial statement impact [quantify if possible]; or</li> <li>• <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>• <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>



## ***Appendix 2: Internal audit plan and progress tracker***

The 2019/20 Annual Internal Audit Plan was approved by members of the Audit Committee in July 2019.

The plan reflects the changing nature of AVDC's objectives and risks during the period of transition to the new Buckinghamshire Council. Reviews have been identified where they will directly add value to the objectives of achieving an orderly transition, balanced against the desire not to place additional burden on already stretched teams. Contingency days have been built in to allow for additional reviews should the need arise during the period. It is important the plan remains flexible to adapt to changing risks and priorities.

A summary of progress on completion of the plan and changes is reported below.

<b>Review</b>	<b>Description</b>	<b>Status/Comment</b>	<b>Overall Risk Rating</b>
<b>Finance – Fraud Risk Assessment</b>	Focus on fraud risk across council operations and services. The review will identify any areas of risk and make recommendations as appropriate.	In progress. Report to January Audit Committee meeting.	
<b>People &amp; Culture – HR Management</b>	Review of HR Management processes using "checklist" approach to ensure orderly transition of staff and accurate, complete employment information	Report drafted and being finalised with Management. Report to January Audit Committee meeting.	
<b>Section 106 Agreements</b>	Conclude and report on the review that started in 2018/19.	To be reviewed.	
<b>Council Tax and Business Rates</b>	Controls and processes will continue into Unitary. Review to focus on changes to discount arrangements.	Report drafted and being finalised with Management. Report to January Audit Committee meeting.	
<b>Digital Contact Team</b>	Review of customer contact processes. Actions identified will feed into the Unitary Customer Workstream	Complete	Low
<b>Taxi Licensing</b>	Focus on processes post implementation of RegService	Report drafted and being finalised with Management. Report to January Audit Committee meeting.	
<b>Pembroke Road Redevelopment</b>	Advisory review of the governance of the programme (Capital Projects and Operations)	In progress. Report to January Audit Committee meeting.	
<b>Follow up of audit actions</b>	Validation that agreed internal audit actions have been implemented.	Ongoing	n/a
<b>Disabled Facilities Grant</b>	Grant compliance requirements	Complete	No issues

## ***Appendix 3: Internal audit reports***

The Committee requested to see all internal audit reports in full. Those completed since the last meeting are attached below.

1. Digital Contact Team



# Internal Audit Report 2019/20

## **Digital Contact Team**

November 2019

FINAL



# Contents

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## Distribution List

For action	Hazel Hutt – Group Manager, Customer Relationship Emily Fymruk – Team Manager Kerry Porter – Assistant Team Manager
For information	Jeff Membery – Assistant Director, Customer Fulfilment Audit Committee

This report has been prepared only for Aylesbury Vale District Council in accordance with the agreed terms of reference. The findings should not be relied upon by any other organisation.

# 1. Executive summary

Report classification*	Total number of findings					
	Critical	High	Medium	Low	Advisory	
Low Risk (3 points)	Control design	-	-	-	3	-
	Operating effectiveness	-	-	-	-	-
	<b>Total</b>	-	-	-	<b>3</b>	-

\*We only report by exception, which means that we only raise a finding / recommendation when we identify a potential weakness in the design or operating effectiveness of control that could put the objectives of the service at risk. The definition of finding ratings is set out in Appendix 2.

## Summary of findings

This report is classified as low risk and we identified three low risk findings.

The Digital Contact Team assist with a variety of requests, including those relating to Waste, Environmental Health, Housing, Parking and Customer Fulfilment. The Housing Benefits and Rates and Recovery teams have their own contact teams, however the Digital Contact Team can provide support during particularly busy periods.

Whilst the Customer Contact Team have good knowledge of all Council areas and services, we found that there is not a coordinated approach in place for communicating with the other Council departments. One low risk finding reflects this and notes that opportunities for improving public information by using data from customer engagement to enhance the availability of commonly required information are not exploited. There is therefore some risk to the accuracy of the information provided to customers. This also creates inefficiency and hinders opportunities for channel shift; improving publicly available information would mean that customers could obtain the information they require themselves.

The audit also notes that whilst phone calls and web chats are occasionally reviewed and feedback is provided to the Digital Contact Team, this procedure is not performed in a consistent manner and on a regular basis.

This audit has not covered other customer contact routes outside of the Digital Contact Team, however there is an opportunity to apply these findings to other customer contact teams.

Our findings are summarised as follows:

- There is not a mechanism in place for analysing customer engagement data and reporting common themes, trends and problems to the Council's departments (Finding 1 – Low)
- Our sample testing identified one case where the agent did not promote self-serve through the Council's website or 'My Account' and we found that there is not a structured and consistent approach in place for reviewing, supervising and monitoring customer engagement (Finding 2 – Low)
- The Council's website includes the Digital Contact Team's direct telephone number alongside the main switchboard number (Finding 3 – Low).

## Good Practice Noted

A number of areas of good practice were noted during our review as set out below, these have been reflected in the overall “low” risk classification of this report:

- The Council has a defined Customer Charter in place, which sets out a series of corporate standards for dealing with the Council’s customers and forms the basis of the Council’s induction, ongoing training and performance management for all staff in Customer Fulfilment.
- The Digital Contact Team, in conjunction with other Council departments, have developed detailed technical and specialist guidance which is used for addressing customer queries.
- Our sample testing found customer engagement to be in line with the Customer Charter. Our testing confirmed that agents avoided jargon and abbreviations that the customers would not understand; used precise and simple questions to quickly identify customer needs; used phrases to describe actions to prevent customers feeling ignored; and provided the answer first and added detail later if needed.
- For the 10 phone calls included in the sample, the agents verified who the customers were before giving any information, checked that the customers had fully understood what they had been told and, where applicable, identified appropriate contacts and transferred the customers or arranged to call them back if further information was required.
- Our sample testing also indicated that the Digital Contact Team are consistent and professional in their approach to communicating with customers. Our testing confirmed that agents were friendly, polite and helpful while remaining professional in all circumstances; responded to calls professionally and greeted customers appropriately; allowed the customers to fully outline the reason for contact without interruption; and ended the interaction with a short closing and thanked the customers.
- All social media posts included in the sample were found to have been responded to within the 4-hour target from the time they had been assigned to the Digital Contact Team from the Council’s Communications Team.
- There is good overall awareness within the Digital Contact Team of the various Council areas, services and key contacts across the Council’s departments.
- The Digital Contact Team has defined Key Performance Indicators and there are arrangements in place for collating and analysing team performance results. The Key Performance Indicators are reviewed and reported to Senior Management on a quarterly basis.

## 2. Background and Scope

### Background

The Digital Contact Team support customers and help them self-serve. They primarily answer calls from the website number or direct dials to the switchboard. For the period from 1 April 2019 to 24 September 2019, the Digital Contact Team accepted 20,219 phone calls. The Team are also responsible for responding to web chats through the Council's website and for addressing social media posts assigned to them by the Council's Communications team. For the period from 1 April 2019 to 24 September the team accepted 10,787 chats.

The service has employed a number of innovative digital techniques to assist with the efficiency of the service. This includes Interactive Voice Response (IVR), allowing customers to receive automated information to a range of regular queries, web chat and social media. These latter options have meant the service faces new risks, as it is vital the responder is sufficiently articulate and uses consistent terminology in line with the Council's expectations. This results in a delicate balance between being personable and professional.

The service is consistently over achieving their targets, including abandonment rates, which are currently significantly better than target at 4%. A recent mystery shopper assessment resulted in a performance score of 92%, an improvement on the previous year's result of 88%, supporting the team's attitude towards continuous improvement. The Customer Charter outlines the Council's commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which the service is measured.

The purpose of this audit was to assess the control design and operating effectiveness with regards to the customer contact processes for the Digital Contact Team.

### Scope

The scope covered the key risks set out in the Terms of Reference (see Appendix 2). Our testing included:

- Reviewing the Customer Charter to identify whether it is sufficiently detailed and fit for purpose
- Review of 20 web chats, 10 phone calls and 10 social media posts from the period 1 April 2019 to 24 September 2019 to determine whether staff are consistent and professional in their approach to communicating with customers, whether all customer contact is in line with the Customer Charter and whether staff promote self-serve and customers are taught how to obtain the information they require themselves
- Discussions with the team regarding how they work with other departments to ensure that any common problems are communicated and the most up to date information is made available to them
- Determining how data from customer engagement is used to enhance the availability of commonly required information, including whether it is logged and regularly reviewed to identify how public information can be enhanced.

This does not represent a comprehensive list of tests conducted.

### 3. Detailed findings and action plan

#### 1. Absence of a structured approach for communicating with and reporting to other Council departments – Control design

##### Finding

The Digital Contact Team address queries that relate to Waste, Environmental Health, Housing, Housing Benefits, Parking, Rates and Recovery and Customer Fulfilment. The team are therefore required to work closely with other departments on a daily basis to ensure that customers are not provided with incorrect information. Whilst there is sufficient communication with other departments on an operational basis, there are no arrangements in place for reporting common problems and reasons for contacting the other Council departments, nor is there a procedure for systematically improving publicly available information.

There is a record of all phone calls, web chats and social media posts addressed by the team, however the data captured does not record the reason for contact, which means there is no mechanism in place for identifying, recording and analysing the reason for contact. Therefore there are no formal arrangements in place for reviewing the data to identify common themes, trends and problems.

The lack of data available for capturing the reason for contact and the absence of formal arrangements for feedback with other Council departments may hinder the Council’s ability for channel shift from reliance on the Digital Contact Team to customer self-serve.

##### Risks / Implications

Data is not used to enhance the availability of commonly required information. Opportunities to learn, improve customer experience and operational efficiencies are missed.

##### Finding rating    Action Plan

**Low**



- a) Management should put systems in place for identifying, recording and analysing the reasons for calls/chats, which should then be regularly reviewed to identify common themes, trends and problems.
- b) A standing item should be added to the agenda for team meetings so that the information collected is used to allow lessons learned to be identified and analysed.
- c) A coordinated approach for communicating with the Council’s departments on a routine basis should be established to ensure that public information is reviewed and, where necessary, updated to address the common problems and reasons for calls/chats.

Kerry Porter, Team Manager

31 January 2020



## 2. Insufficient monitoring and review of customer engagement – Control design

### Finding

The Council has a Customer Charter in place which sets out a series of corporate standards for dealing with customers. The Charter defines the responsibilities for members of staff at all times, including in all written and verbal communication. One of the requirements of the Charter is that all members of staff should promote self-serve at all times, through the Council’s website or ‘My Account’.

Our review of 10 phone calls, 20 web chats and 20 social media posts found that in one instance the agent from the Digital Contact Team provided the answer to the customer’s question without reminding the customer that they could have obtained the information on their own or explaining how to do this. The customer wanted to know when their bin would be collected and, whilst this is something that they could have found online, the agent did not explain this and simply provided the answer.

Management occasionally review a sample of phone calls and web chats and provide feedback to the relevant members of staff. However there is not a defined frequency or approach for doing this to ensure that customer engagement is reviewed against the requirements of the Council’s Customer Charter in a structured and consistent way.

### Risks / Implications

Customers are engaged with in an inconsistent or unprofessional manner. Customers are not able to access information on their own.

The objectives of the Customer Charter are not achieved.

### Finding rating    Action Plan

**Low**



- a) Management should review and, where necessary, update the checklist used for completing their reviews, whether based on phone calls or web chats, to detail which aspects of the Customer Charter are being assessed. The frequency of reviews and sample size should then be agreed to confirm there is sufficient regular coverage to ensure issues will be identified promptly.

*An example questionnaire based upon the Customer Charter has been included in Appendix 1.*

- b) The findings from the reviews should be collated to enable a review of potential training needs, either for the individual or the team as a whole.

*Kerry Porter, Team Manager*

*31 January 2020*

### 3. Digital Contact Team contact details in Council website – Control design

#### Finding

The Council’s public website includes the Digital Contact Team’s direct telephone number in the ‘Finding Us’ page, alongside the main switchboard number. The main switchboard number provides a list of options so that customers can be connected to the relevant departments depending on their needs, including the Digital Contact Team.

Having the direct number for the team readily available on the website may lead to more customers contacting the Digital Contact Team, even if they need to speak with a different department, if this is the most obvious communication route.

#### Risks / Implications

The Digital Contact Team receives an unnecessary volume of calls and hinders channel shift

#### Finding rating    Action Plan

**Low**



Management should review the need for both numbers on the Council’s website and should consider removing the direct number to further promote channel shift and the self-serve aim.

*Hazel Hutt*

*31 January 2020*

## Appendix 1. Quality review questionnaire

The following questions were used to test our sample of phone calls, web chats and social media posts against the Council's Customer Charter and best practice.

Management could use these questions to establish a quality review template for monitoring and supervision.

Does the agent/operator:	Y/N?	Comments or action required
<b><u>For all verbal and written communication (phone calls, e-mails, web chats, social media posts)</u></b>		
Verify who the customer is before giving away any information?		
Avoid jargon and abbreviations that the customer will not understand?		
Use precise and simple questions to quickly identify customer needs?		
Use phrases to describe actions to prevent the customer feeling ignored?		
Provide the answer first and add detail later if needed?		
Check that the customer fully understood what they have been told?		
Act in a friendly, polite and helpful manner while remaining professional at all times?		
End interaction with a short closing and thank the customer?		
Promote self-service?		
<b><u>For all verbal communication only (phone calls)</u></b>		
Respond to the call professionally and greet customer appropriately?		
Allow the customer to fully outline the reason for the call without interruption?		
Come across interested?		
Identify an appropriate contact and transfer the customer (where applicable)?		
Arrange to call a customer back if further information is needed?		
<b><u>For all written communication only (e-mails, web chats, social media posts)</u></b>		
Use short sentences (15-20 words)?		

## Appendix 2. Finding ratings and basis of classification

### Report classifications

The overall report classification is determined by allocating points to each of the individual findings included in the report.

Findings rating	Points	Overall report classification	Points
Critical	40 points per finding	● Critical risk	40 points and over
High	10 points per finding	● High risk	16– 39 points
Medium	3 points per finding	● Medium risk	7– 15 points
Low	1 point per finding	● Low risk	6 points or less

### Individual finding ratings

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>● <b>Critical</b> impact on operational performance; or</li> <li>● <b>Critical</b> monetary or financial statement impact <b>[quantify if possible = materiality]</b>; or</li> <li>● <b>Critical</b> breach in laws and regulations that could result in material fines or consequences; or</li> <li>● <b>Critical</b> impact on the reputation or brand of the organisation which could threaten its future viability.</li> </ul>
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>● <b>Significant</b> impact on operational performance; or</li> <li>● <b>Significant</b> monetary or financial statement impact <b>[quantify if possible]</b>; or</li> <li>● <b>Significant</b> breach in laws and regulations resulting in significant fines and consequences; or</li> <li>● <b>Significant</b> impact on the reputation or brand of the organisation.</li> </ul>
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>● <b>Moderate</b> impact on operational performance; or</li> <li>● <b>Moderate</b> monetary or financial statement impact <b>[quantify if possible]</b>; or</li> <li>● <b>Moderate</b> breach in laws and regulations resulting in fines and consequences; or</li> <li>● <b>Moderate</b> impact on the reputation or brand of the organisation.</li> </ul>
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> <li>● <b>Minor</b> impact on the organisation’s operational performance; or</li> <li>● <b>Minor</b> monetary or financial statement impact <b>[quantify if possible]</b>; or</li> <li>● <b>Minor</b> breach in laws and regulations with limited consequences; or</li> <li>● <b>Minor</b> impact on the reputation of the organisation.</li> </ul>
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

### Appendix 3. Terms of reference

The key risks agreed in the Terms of Reference are set out below. Each finding in the report is linked to a key risk from the Terms of Reference.

Sub-process	Risks	Objectives
Customer contact	<p>Customers are engaged with an inconsistent or unprofessional manner</p> <p>Incorrect information is provided to customers</p>	<ul style="list-style-type: none"> <li>• Guidance is in place for staff to follow on what is expected from them regarding how to engage with customers, including the language to be used in social media engagements and web chats</li> <li>• Staff are consistent and professional in their approach to communicating with customers</li> <li>• The Digital Contact Team work closely with other departments to ensure any common problems are communicated and the most up to date information is made available to the team</li> <li>• All customer contact is in line with the Customer Charter.</li> </ul>
Customer self-serve	<p>Customers are not able to access information on their own</p> <p>Data is not used to enhance the availability of commonly required information</p>	<ul style="list-style-type: none"> <li>• Customers are taught how to obtain the information they require themselves</li> <li>• Data relating to the reason for a call is logged and regularly reviewed to identify how public information can be enhanced. Systems are in place to support this.</li> </ul>

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**Audit Committee  
25 November 2019**

## **ANNUAL GOVERNANCE STATEMENT 2018/19**

### **1 Purpose**

- 1.1 The purpose of this report is to present the committee with the draft Annual Governance Statement for 2018/19 prior to its inclusion in the Statement of Accounts.
- 1.2 The Annual Governance Statement has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).
- 1.3 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2011. The Council is required to conduct a review at least once in a year of the effectiveness of its governance framework including the system of internal control, and to prepare a statement on internal control "in accordance with proper practices".

### **2 Recommendations for decision**

- 2.1 The Audit Committee is requested to:
  - (a) Review the Annual Governance Statement 2018/19.
  - (b) Consider the robustness of the Council's governance arrangements
  - (c) Approve the AGS prior to its inclusion in the Statement of Accounts

### **3. Supporting information**

- 3.1 Once it has been approved by the Audit Committee, the statutory Annual Governance Statement will be signed by the Leader of the Council and the Head of Paid Service at the same time as they sign the Annual Statement of Accounts.
- 3.2 The assurance gathering process is based on the management and internal control framework of the Council.

### **4. Options considered**

- 4.1 None – this is a statutory requirement.

### **5. Reasons for Recommendation**

- 5.1 To comply with legislation

### **6. Resource implications**

- 6.1 There are no resource implications to report.

Contact Officer: Kate Mulhearn, Corporate Governance Manager 01296 585724  
Background papers: none

# Annual Governance Statement 2018/19

## Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. AVDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However, the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.



## What is Corporate Governance?

Corporate Governance refers to “*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*” (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.*

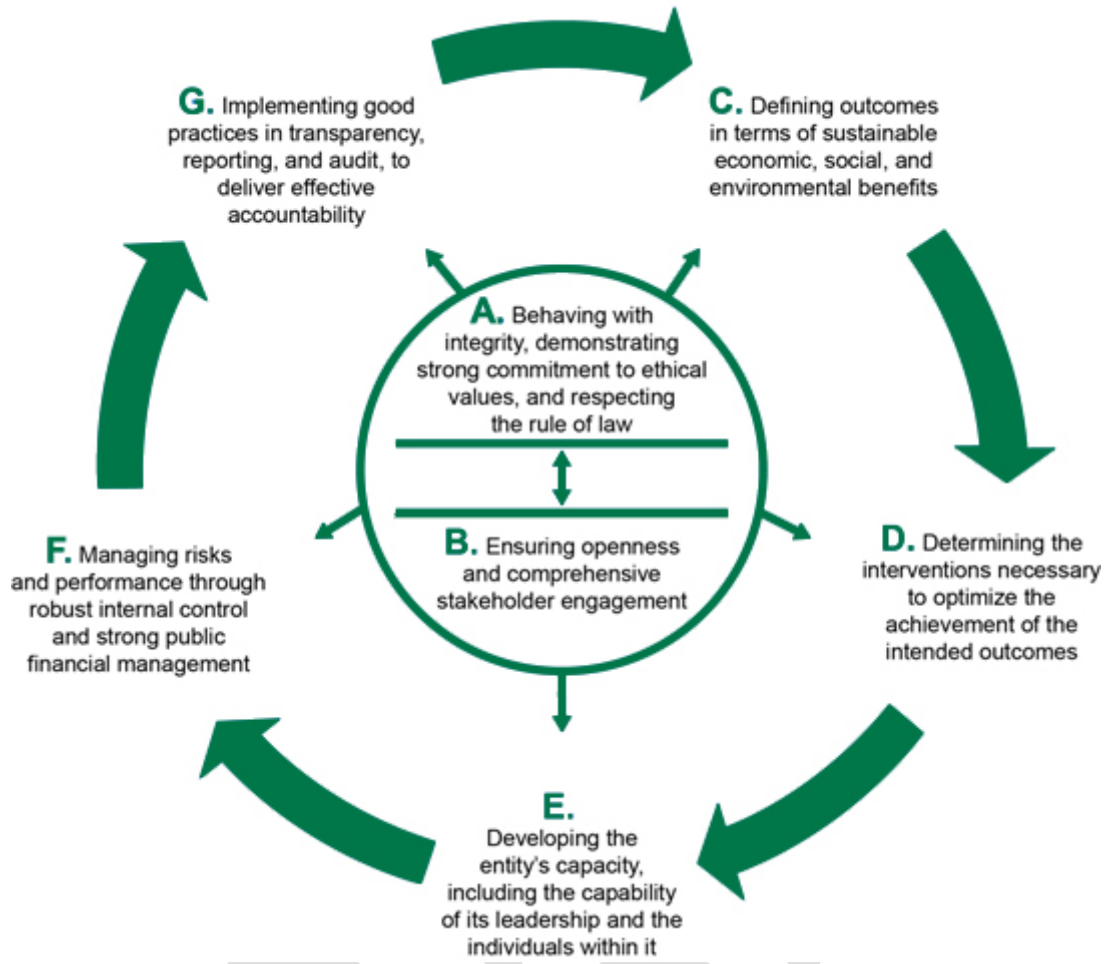
*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

## The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

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



## How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2019 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

# A

## Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

All our councillors meet regularly together as the council. Most of these meetings are open to the public who can either attend in person or view the meeting via a live webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

### Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

#### Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

#### Leader & Cabinet

Cabinet is made up of a leader and 7 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

#### Regulatory Committees

##### Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

##### Development Management

Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

##### Licensing

Carry out council's non-executive functions relating to licensing and registration.

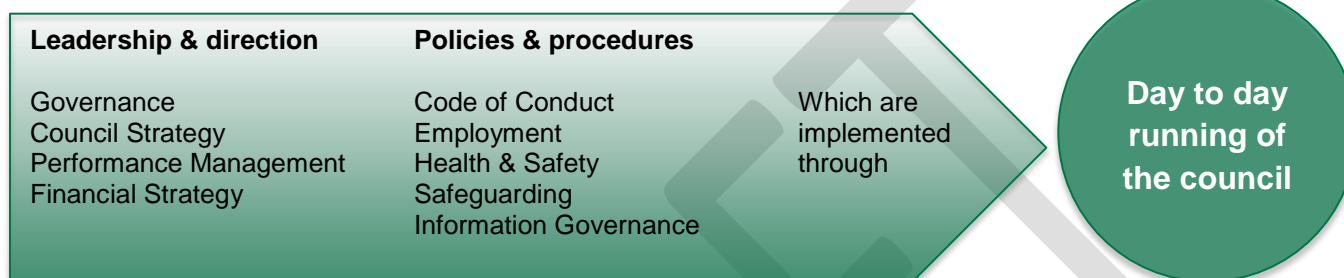
##### Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.

Our **Chief Executive** is supported by the **Senior Management Team**, comprising 2 Directors and 5 Assistant Directors\*.

The council, cabinet and committees are responsible for

Senior Management Team are responsible for



\*Since the end of the 2018/19 financial year the Chief Executive and one Director have resigned. The Head of Paid Service and Section 151 Officer posts are currently fulfilled by the remaining Director. In the context of the move to a new single council for Buckinghamshire, the vacant positions have not been filled.

## Our constitution

Our constitution is available on [our website](#) and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts are:

- Head of Paid Service
- Chief Finance Officer (Section 151)
- Monitoring Officer
- Returning Officer/Electoral Registration Officer

The constitution has been updated to reflect recent changes in senior management, including the Scheme of Officer delegations which was approved by Council in May 2018.

## Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities

and pressure groups. The Code of Conduct was reviewed earlier this year having regard to the guidance issued by the Parliamentary Committee on Standards in Public Life. The revised Code was adopted by full Council on 17 April 2019.

All members of the council have completed a register of their pecuniary and personal interests. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members' planning code of good practice. The Corporate Governance Manager conducted a full review of the protocol regarding commercial companies owned by the council during the year. The revised guidance to the creation and working with companies in which AVDC has financial interest was approved by full Council in February 2019.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- Comments, Compliments and Complaints procedure
- Equality and Diversity
- Acceptable IT use
- Health and Safety
- General Data Protection Regulations
- Safeguarding

Information regarding our most up-to-date policies and procedures is also easily available to all employees and members via Workplace, our new internal communications tool. Introduced in 2019, Workplace enables easier access to information whether in the office or out and about and also encourages open discussion about policies, best practice and new ideas.

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- In November 2018, the Secretary of State for Housing, Communities and Local Government announced a single **unitary authority** for Buckinghamshire. We are now working in collaboration with the other Buckinghamshire councils (Buckinghamshire County, Wycombe District, South Bucks District and Chiltern District) to create a brand new council for the future. To enable the new council to provide residents, businesses and other stakeholders with the best possible service, we are continuing to work with stakeholders including Parish/Town councils and local businesses to understand what really matters to them and develop a council that meets their needs most effectively.
- **The Vale of Aylesbury Local Plan (VALP)** was submitted for examination by an independent planning inspector in February 2018 and is currently awaiting final approval. VALP will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each significant stage of the Plan has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. A summary of the key updates from the VALP process is available on the website.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status**. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided. A number of events have taken place to develop the masterplan including a pop-up exhibition to introduce the project to the wider public and gather initial feedback and workshops with employees and members.
- In 2018, we appointed a **Parish Liaison Officer** to further strengthen our relationship with the parishes within our district. We continue to communicate with the parish councils through a regular newsletter providing relevant news and updates.
- On 8 March 2019, **The Exchange** public space was officially opened. This development was conceived following extensive stakeholder consultation supported by funding from SEMLEP's Local Growth Fund. The area has been designed to be fully accessible; featuring gentle slopes for people using pushchairs, wheelchairs or other mobility aids.

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre
- Targeted literature

- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to registered residents with news from around the Vale

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.

We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2019 received over 500 responses.

To help our residents, we also work with our partners to provide additional support and/or advice. This includes:

- Running a **hoarding support group** in conjunction with Bucks and MK Fire and the Vale of Aylesbury Housing Trust
- In December 2018, AVDC became a **Friends Against Scams** organisation, helping protect and prevent people from becoming victims of scams
- Promoting local and national campaigns such as the **Great British Spring Clean** and the **#KnowThisIsntLove** campaign

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

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

### **Improving customer service**

The Customer Charter outlines our commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which we measure the effectiveness of the service.

As part of our commitment to continual improvement we continue to develop our customer service offering. Our online services such as Webchat and our Amazon Alexa skill are continuing to be successful, and renovations to our customer service centre have made it more welcoming and easier to access.

In October 2018, we revised and simplified our Comments, Compliments and Complaints policy. The wording of the policy has been made easier to understand and the webpage where the policy can be found has been updated with improved navigation - making it simpler for residents to find the information they're looking for.



## D

### Determining the interventions necessary to optimise the achievement of intended outcomes

AVDC is organised into five business sectors; Business Strategy and Support, Digital and Transformation, Commercial Property and Regeneration, Community Fulfilment and Customer Fulfilment. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

Our 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 customers. The team have visited numerous councils sharing AVDC's experience, both the positive and the negative, in order to help them achieve. 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. Within the Vale, the lottery to date has raised over £235,000 which has enabled local good causes to access funding which previously would have been available through council grants. AVDC 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 Vale 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.

As part of the Digital and Transformation sector, our Connected Knowledge Technology Strategy 2017-2022 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 mindset and company culture. We are already widely acknowledged as championing this agenda within the public sector.

The November 2018 Council report, 'Connected Knowledge: Phase I and II Look Back' describes many of the achievements of the programme to date, including realised and anticipated future savings. This was all set out before the decision to move to a single Unitary authority for Buckinghamshire and it is unknown this stage how the new Buckinghamshire Council will take the Connected Knowledge programme forward from 1 April 2020.

### Medium term financial strategy and budget planning

Considerable effort at member and officer level has been directed at establishing a budget framework that covers future years and marries the need to identify efficiency savings and new income streams with corporate priorities. This work has once again delivered a balanced budget proposal for 2019/20.

General Fund revenue reserves and balances have been determined with full consideration of the risks identified. They are, therefore, deemed to represent a sufficient level of provision against the

potential financial risk inherent within the Medium Term Financial Plan, provided the council stays focused on delivering its targets.

Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context. Every effort has been made to include all members in the financial planning process through the circulation of reports and associated information. Two members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.

Consideration has been given to corporate priorities, residents' views and the council's Risk Register in formulating the budget proposals.

The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that members have been made aware of all aspects and implications of actions when formulating the budget proposals.

Historically, in facing resource uncertainty, AVDC has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector, and against the backdrop of preserving core services this strategy is both warranted and justified.

### **Programme and project management**

In recognition of the amount of change required to deliver our strategy and continually improve customer service, during the year we have continued to invest in our project management capabilities. Our Programme Management Office (PMO) team is responsible for defining and maintaining standards for programmes and projects at AVDC. The team create, maintain and supply standard documentation, guidance and metrics to be used by the whole organisation in order to ensure good governance in delivering programmes and projects.

# E

## Developing the entity's capacity, including the capability of its leadership and the individuals within it

We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through Workplace, digital screens, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Annual staff conference
- Bite-size training sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Mental Health Week



Through the introduction of Workplace, we have also encouraged employees to share best practice or top tips with colleagues. The interactive communication tool also enables employees to easily ask for help from their colleagues from across all teams.

We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the council. This includes giving the opportunity to suggest future training and development sessions.

Apprenticeships are encouraged across the council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future. This understanding of the value of Apprentices in filling potential skill gaps, has been instrumental in the development of our Town Planners Graduate Scheme, which targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning.

In 2018, we also implemented our innovative Grow Our Own programme to help us find and develop enthusiastic, commercially-minded, motivated people to help us deliver our ambitious plans. Through the programme we offer 12-month fixed term contracts for returners to work and school leavers, giving them the opportunity to work across a variety of teams while learning new skills and building confidence.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

### Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback. REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) "check-ins". Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste and Operations Transformation Board

Performance management through regular review and reporting of real-time management information against service level and corporate targets has been further developed through 2018/19. Dashboard reports are shared regularly with the Senior Management Team and Cabinet. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

### **Compliance with relevant laws and regulations, internal policies and procedures**

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has been necessary for the Monitoring Officer to issue two reports for the year 2018/19. Both matters were related to Council Tax and Housing Benefit processes and measures have been taken to ensure they do not happen again.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the council. No such formal reports have been issued during the 2018/19 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working.

## Information governance and data protection

The new General Data Protection Regulation (GDPR) came into force in May 2018. In November 2017 a programme of work commenced to ensure any significant gaps in terms of compliance with the new regulations were fully addressed. Good progress has been made in completing this, including:

- Information asset registers and record retention schedules have been developed identifying the data held by teams, how long this data needs to be held for and outlining the procedures for disposing of data records.
- Privacy Notices and Terms and Conditions have been updated. These are currently being reviewed as part of the transition to the new Buckinghamshire Council.
- 100% of staff and Members had completed mandatory online training by the end of January 2019 and this now forms part of the induction process.
- Data Stewards have been appointed across the council, providing teams with the help and support they require.
- Engagement with suppliers to update terms and produce a risk assessment of the activities they carry out on our behalf.

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). The Assistant Director for Business Strategy and Support is the Data Protection Officer. This group comprises of managers from key departments who are empowered to take decisions on information management.

In October 2017, our Information Management Strategy was approved. This provides a foundation to help us continually improve by promoting better, more creative management of information, encouraging appropriate sharing and transparency, while ensuring data security and compliance with data protection legislation. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and keep it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our [website](#). Most of our council meetings are also open to the public with agendas and minutes available to download from our [website](#).

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

### **Whistle-blowing and complaints procedures**

The Whistleblowing Policy and reporting procedures are available on [our website](#). This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports in 2018/19.

There has been no use of the Regulation of Investigatory Powers Act during 2018/19. There was an Inspection Report by the Office of the Surveillance Commissioner (dated 9 June 2016) which recommended that the council revise its RIPA Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection was due in 2019 and was in the form of a questionnaire on a risk assessed basis, there was no physical inspection.

Our updated Customer Comments, Compliments and Complaints Policy includes a public document explaining the process. There are also detailed procedures for employees who are dealing with a complaint. All employees are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our [website](#). There were no complaints against councillors which led to a full investigation in 2018/19. There were a total of 17 councillor Code of Conduct complaints (against a total of 14 councillors - different complaints were made by the same complainant against the same member) that did not proceed beyond Stage 2 Initial Assessment (of the 14 councillors, 2 were district councillors and 12 were parish councillors). The Code of Conduct was reviewed during the course of the year to improve clarity and ease of understanding. The Code was approved by Council on 17 April 2019 after having compared it with the guidance resulting from a review by the Committee on Standards in Public Life. The Standards and Complaints process was due for review but this work has been put in abeyance pending the need for the new Buckinghamshire Council to have its own Code of Conduct and Standards Complaints process.

### **Anti-fraud and corruption**

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. CIPFA's 'Code of Practice on managing the risk of fraud and corruption' supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. We have assessed our level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and a high level action plan has been developed to strengthen our position. Fraud awareness training was provided for managers in summer 2017.

# Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

## Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

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

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is

generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

## Significant governance issues and action plan

During the year, internal audit reports highlighted a number of weaknesses were identified that should be reported in the Annual Governance Statement. These relate to the "high risk" findings identified in the reviews of General Ledger and Commercial Waste.

### *General Ledger Reconciliations*

Over the last few years AVDCs Connected Knowledge digital strategy has delivered a number of new cloud based systems in core service areas, including Regulatory Services and Waste. The scale and pace of system implementation has meant that plans have not always included sufficient detail on financial management and control implications. The lack of automated integration with the General Ledger at the point of go-live has resulted in the need for manual workarounds. In some areas there is either inadequate, or no evidence of, reconciliation being performed. There is therefore some risk to the accuracy and completeness of data held on the finance system. This also creates inefficiency in some of the billing processes whereby Services manually provide information from which finance raise invoices; automated interfaces between these systems and the general ledger would improve accuracy, completeness and efficiency of the billing process.

A "Finance Process Improvement Project", is underway to implement the priority recommendations arising from this audit in the context of the transition to a Unitary authority.

### *Commercial Waste*

The Commercial Waste audit was performed during September/October 2018. At the time a high risk was identified as site risk assessments had not been completed for a large number of commercial waste customers. Each site from which commercial waste is collected should be assessed to identify any risks that may pose a threat to the safety of collection crew and the general public. This should be undertaken prior to the adoption of a new customer and at set intervals thereafter to allow mitigations to be put into place to manage any risk of physical harm. There were also no controls in place to re-assess a site at a set interval and to keep track of when these re-assessments are due.

Action was immediately taken by management to address the risks identified. Follow up work has confirmed that site risk assessments are complete for all customers and a procedure is in place to ensure they are completed before a new account is approved.

### *Action plan*

Progress in addressing the outstanding issues outlined above will be monitored by the Audit Committee through its oversight of internal audit work.



During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on overdue actions have been provided to the Audit Committee. A total of 113 audit actions have been completed during the year and progress is being made to address all outstanding actions. There are no significant issues to report regarding the follow up of any audit recommendations. Significant improvements have been made in the following areas which were highlighted in the previous year's Annual Governance Statement:

- Housing benefits - Following the high risk audit report in 2017/18, continued improvements have been made to processes and controls. This has been demonstrated by a significant reduction in processing times for new applications and change of circumstance. There is widespread use of software to data match HMRC details for applicants and targeted projects to undertake 100% checks on identified risk areas. These improvements can be attributed to strength in management and a restructure of staff to ensure specialist benefits officers focus on higher risk cases, a further developed training plan and continued monthly quality checks.
- Management Information - A number of internal audit reports highlighted inadequacies in the level of management information, both at a corporate and service level to enable effective monitoring and oversight of both financial and non-financial performance, and to inform decisions. It is noted that significant progress has been made on capturing and reporting corporate level performance indicators and performance dashboards are regularly reviewed by the Corporate Management Team and Cabinet. Financial management information has also been further developed and the Finance Business Partner model is working well with better system reporting and monitoring by managers.
- Company Governance – In January 2019, the Audit Committee received a report confirming that all 22 recommendations arising from the June 2018 review of the Council's governance arrangements over its investment in Aylesbury Vale Broadband (AVB) had been implemented. The "Guide to Creation and Working with Companies in which AVDC has a Financial Interest" was updated accordingly and approved by full Council in February 2019. This will be taken forward to further strengthen the governance arrangements over current and future commercial interests.

# Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

Signed:.....

Leader

Signed:.....

Head of Paid Service

On behalf of Aylesbury Vale District Council

## **STATEMENT OF ACCOUNTS 2018-19**

### **1 Purpose**

- 1.1 Following on from the draft statement of accounts report presented to the June meeting of the Audit Committee, this report updates members on the audit process and advises the committee of the changes that have been made to the accounts in accordance with the auditor's recommendations.
- 1.2 If the committee is satisfied with the revised accounts and that the auditor's comments have been correctly responded to, they are required to authorise the Chairman to sign them on the Committee's behalf, together with the Director with Responsibility for Finance.
- 1.3 Members will already be aware of the exceptional circumstances of the 2018-19 Audit programme.
- 1.4 The timetable for the preparation of the accounts was completed to a draft accounts deadline of 31 May 2019. In May 2019, the external audit team informed the Council that they would be unable to carry out the audit to meet the 31<sup>st</sup> July 2019 deadline, because of resourcing issues. Following engagement with the Public Sector Audit Appointments, (PSAA), we were further advised that the July deadline represents a target date for the publication of the accounts, and is not a statutory deadline.
- 1.5 The formal audit commenced on 2<sup>nd</sup> September 2019 and was scheduled for 4 weeks. The audit has not yet fully concluded.
- 1.6 At the time of writing the report, a revised set of Accounts, as per the Appendix, has been submitted to the Audit team for review. The review has not completed and the Auditors will provide an update at the Audit Committee meeting.

### **2 Recommendations/for decision**

- 2.1 Members of the committee are requested to consider the final Statement of Accounts for 2018-19 (Appendix A) and;
- 2.2 If satisfied with the position they present, after considering the auditor's comments, they are recommended to authorise the Chairman to sign them on the Committee's behalf.
- 2.3 Delegate the authority to the Director with Responsibility for Finance, in consultation with the Chair or Vice Chair of the Committee, to make such changes as considered necessary to achieve sign off.

### **3 The Accounts Approval Process**

- 3.1 The Accounts and Audit Regulations state that the members should only approve the accounts when they have been made aware of the findings of the audit and hence can make a better informed decision.
- 3.2 The auditor's comments and findings arising from their audit work are reported in the Audit Results Report, which appears prior to this report on the agenda.
- 3.3 If the auditors have still not completed their work by the date of the meeting it is requested that the Committee delegate to the Director of Finance, in

consultation with the Chair or Vice Chair, the ability to make such changes to the accounts that are considered necessary.

- 3.4 A number of amendments have been made to the accounts.
- 3.5 The changes made to the Accounts between the draft considered by this committee in June and this version are reported in the next section.

#### **4 Changes / Revisions to the Accounts**

- 4.1 During the course of the audit it was identified that a number of adjustments were required to the core statements presented in the draft accounts.
- 4.2 In making the changes, there was no overall impact on the financial outturn for the financial year.
- 4.3 The Statement of Accounts attached to this report has been amended to reflect the correct position for each item disclosed below.
- A change in the depreciation charged to buildings at Pembroke Depot which had been incorrectly identified as non-depreciable in the fixed asset register. The deprecation impact on 18/19 of £57,712 was considered an immaterial change.
  - A number of changes to the valuations for certain properties resulting from a detailed review of the Valuer's report. The Councils external valuer (WHE) used the incorrect cost per square metre for assets valued using Depreciated Replacement Cost (DRC). The value of the changes was an increase in asset value of £4.2m.
  - A changes to the Community centre valuation method from Existing Use Value (EUV) to DRC methodology resulted in asset valuation changes of £7.187m. EY specialists reviewed the methodology and they concluded that the assets were under-valued. The Councils external valuer updated the valuations.
  - The fixed asset register was also amended to reflect changes in asset life but this did not impact on the depreciation charged in 2018/19 as they will only be applicable from 1 April 2019.
  - A change was made in relation to pensions. After the balance sheet date, the Government were denied leave to appeal to the Supreme Court against a judgement that changes made in public sector pension schemes in 2015 were age discriminatory. Generally known as the McCloud judgement. This is a national issue affecting many public sector bodies. The Council asked its actuary, Barnett Waddingham, to adjust for the actual figures while they were also addressing the impact of the McCloud case. The effect of these adjustments is to increase the liability on the balance sheet by £1.552million for McCloud.
  - There was a change in the classification of the Hales Leys Loan repayment. This had been incorrectly identified as a capital receipt. The reclassification of £350,000 to "deferred capital receipts" was actioned.
  - A minor change to the classification of collection fund balances resulted in an immaterial correction of 19/20 precept balance.

- A change in the disclosure of the number of employees receiving over £50k in remuneration incorrectly stated 25 employees and has now been changed to 29.
- 4.4 There is a requirement to report significant events that occur after the balance sheet date and before the sign off date. Since the committee in July, there have been no significant events that require reporting in the accounts.

## **5 Unadjusted Issues in the Accounts**

- 5.1 There are a number of unadjusted audit differences in the draft financial statements which given the values are below materiality, the Council is not proposing to adjust for these.
- In relation to the impact of the pensions case relating to Guaranteed Minimum Pensions (GMP) equalisation we have estimated the maximum impact on the pensions liability of £227,000. The Councils actuary have advised that the impact of GMP is not material. This view has been corroborated by the external auditors.
  - In relation to the difference between estimated plan assets of the pension scheme and actual plan assets as at 31 March 2019 there is a difference of £659,000. This is the audit team assessment of the likely changes and is not supported by a formal report from the Actuary. The difference will be a factor of timing of the audit.
  - In relation to the restatement of the prior year accounts for changes to the group consolidation which were not material and as,per IAS 8, should have been corrected in the current year. The impact on the CIES was £236,000.

## **6 Reasons for Recommendation**

- 6.1 The Accounts and Audit Regulations require that the Statement of Accounts are formally signed off by the Chair of the Audit Committee and the Director responsible for Finance.

## **7 Resource implications**

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

## **8 Response to Key Aims and Objectives**

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

Contact Officer  
Background Documents

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N/A

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# Aylesbury Vale District Council

## Statement of Accounts for the Year Ended 31 March 2019





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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 Council's 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, 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 is 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:

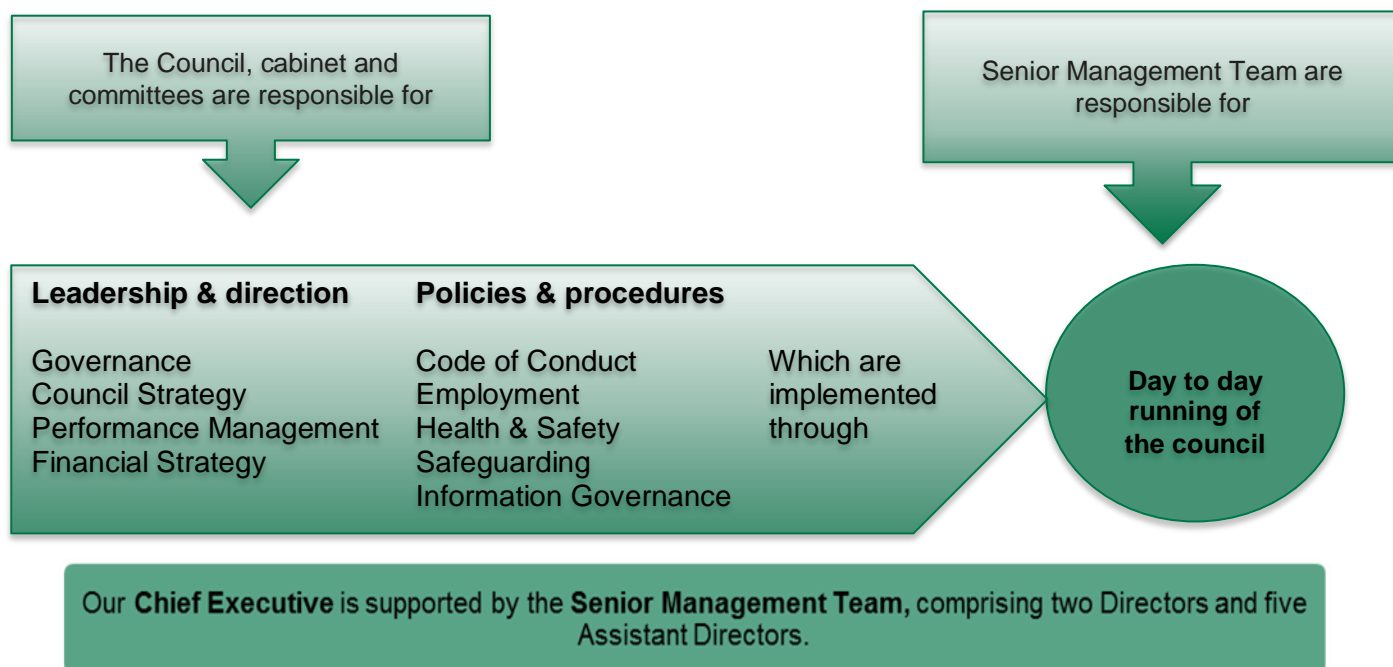
- **Population**  
In 2016, the total population of Aylesbury Vale was 193,113, an annual increase of 2.3% and a 10.4% (18,233 residents) rise since 2011. This was the 5th highest rate of growth of any local authority in Great Britain at the 2011 census (source: MYPE, ONS 2017).
- **Economy and employment**  
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).

- **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.  
  
AVDC have benefited from the exiting 50% retention scheme and pooling arrangements. 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 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 the assets 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, the 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.

	2018/19	2018/19		2018/19	2018/19
	Budget	Actual	General fund balances	Budget	Actual
	£000	£000		£000	£000
<b>General fund revenue</b>					
Expenditure	88,131	97,694	Balance 1 April	(1,924)	(1,977)
Income	(71,197)	(68,346)	Net balance to fund	(240)	(432)
<b>Net cost of services</b>	16,934	29,348	Special application of balances	50	56
Cost of borrowing	2,694	742	<b>Balance 31 March</b>	<b>(2,114)</b>	<b>(2,353)</b>
Other income	(274)	(4,642)			
Investment interest	(2,184)	(2,266)			
Retained business rates	(5,424)	(6,493)			
Income from grants	(1,178)	(6,313)			
<b>Net expenditure</b>	10,568	10,376			
Local taxpayers	(10,808)	(10,808)			
<b>Net balance</b>	<b>(240)</b>	<b>(432)</b>			

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 against 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
	<u>3,024</u>

## Corporate and budgetary risks

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

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

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

- The 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 has led 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 that 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 £97,095,000 (£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 25 November 2019.

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)  
25 November 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	£000	£000	£000	£000	£000	£000
8,973	(3,907)	5,066	8,973	(3,907)	5,066				3,817	(4,009)	(192)
2,679	(74)	2,605	2,679	(74)	2,605	Civic amenities			2,482	(666)	1,816
5,470	(3,275)	2,195	5,470	(3,275)	2,195	Communities			3,715	(3,059)	656
6,208	(2,603)	3,605	6,208	(2,603)	3,605	Economic development			5,866	(2,553)	3,313
57,483	(47,746)	9,737	57,483	(47,746)	9,737	Environment & leisure			57,220	(47,747)	9,473
4,409	(721)	3,688	4,409	(721)	3,688	Finance & resources			3,179	(651)	2,528
4,872	(2,718)	2,154	4,872	(2,718)	2,154	Leader			4,531	(2,986)	1,545
3,980	(1,371)	2,609	3,980	(1,371)	2,609	Planning & enforcement			3,759	(1,813)	1,946
11,191	(4,236)	6,955	11,191	(4,236)	6,955	Strategic planning & infrastructure			13,125	(4,862)	8,263
						Waste & licensing					
<b>105,265</b>	<b>(66,651)</b>	<b>38,614</b>	<b>105,265</b>	<b>(66,651)</b>	<b>38,614</b>	<b>Cost of services</b>			<b>97,694</b>	<b>(68,346)</b>	<b>29,348</b>
									<b>97,694</b>	<b>(68,346)</b>	<b>29,348</b>
		3,279			3,279	Other operating income and expenditure	10				4,626
		1,130			2,743	Financing and investment income and expenditure	11				912
		(32,606)			(32,606)	Taxation and non-specific grant income	12				(32,349)
		<b>10,417</b>			<b>12,030</b>	<b>Deficit on provision of services</b>					<b>2,537</b>
											<b>3,521</b>
						(Surplus)/deficit on revaluation of property, plant					
		(10,523)			(11,479)	and equipment assets	26.1				(3,219)
		(14,295)			(14,295)	Remeasurement of net defined benefit	26.4				(6,321)
						<b>Other comprehensive income and</b>					
		<b>(24,818)</b>			<b>(25,774)</b>	<b>expenditure</b>					<b>(9,540)</b>
						<b>Total comprehensive income and</b>					<b>(10,498)</b>
		<b>(14,401)</b>			<b>(13,744)</b>	<b>expenditure</b>					<b>(7,003)</b>
											<b>(6,977)</b>

## 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	Capital receipts reserves	Capital grants unapplied	Total usable reserves	Unusable reserves	Total Council reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2017</b>	<b>(35,495)</b>	<b>(6,809)</b>	<b>(2,943)</b>	<b>(45,247)</b>	<b>(40,198)</b>	<b>(85,445)</b>
<b>Movement in reserves during 2017/18</b>						
(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	-
<b>(Increase)/decrease in 2017/18</b>	<b>(481)</b>	<b>(3,900)</b>	<b>(12)</b>	<b>(4,393)</b>	<b>(10,008)</b>	<b>(14,401)</b>
<b>Balance at 31 March 2018</b>	<b>(35,976)</b>	<b>(10,709)</b>	<b>(2,955)</b>	<b>(49,640)</b>	<b>(50,206)</b>	<b>(99,846)</b>
<b>Movement in reserves during 2018/19</b>						
(Surplus)/deficit on provision of services	2,537	-	-	2,537	(9,540)	(7,003)
Adjustments between accounting basis & funding basis under regulations (Note 8.2)	478	(1,387)	(1,847)	(2,756)	2,756	-
<b>(Increase)/decrease in 2018/19</b>	<b>3,015</b>	<b>(1,387)</b>	<b>(1,847)</b>	<b>(219)</b>	<b>(6,784)</b>	<b>(7,003)</b>
<b>Balance at 31 March 2019</b>	<b>(32,961)</b>	<b>(12,096)</b>	<b>(4,802)</b>	<b>(49,859)</b>	<b>(56,990)</b>	<b>(106,849)</b>

Group	General fund balance £000	Capital receipts reserves £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total Council reserves £000	Council's share of reserves of joint venture and subsidiaries £000	Total reserves £000
<b>Balance at 1 April 2017</b>	<b>(32,986)</b>	<b>(6,809)</b>	<b>(2,943)</b>	<b>(42,738)</b>	<b>(40,198)</b>	<b>(82,936)</b>	<b>(4,128)</b>	<b>(87,064)</b>
<b>Movement in reserves during 2017/18 restated</b>								
(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	-	-	-
<b>(Increase)/decrease in 2017/18 restated</b>	<b>(181)</b>	<b>(3,900)</b>	<b>(12)</b>	<b>(4,093)</b>	<b>(10,008)</b>	<b>(14,101)</b>	<b>365</b>	<b>(13,736)</b>
<b>Balance at 31 March 2018 restated</b>	<b>(33,167)</b>	<b>(10,709)</b>	<b>(2,955)</b>	<b>(46,831)</b>	<b>(50,206)</b>	<b>(97,037)</b>	<b>(3,763)</b>	<b>(100,800)</b>
<b>Movement in reserves during 2018/19</b>								
(Surplus)/deficit on provision of services	3,521	-	-	3,521	(9,540)	(6,019)	(958)	(6,977)
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)	478	(1,387)	(1,847)	(2,756)	2,756	-	-	-
<b>(Increase)/decrease in 2018/19</b>	<b>3,015</b>	<b>(1,387)</b>	<b>(1,847)</b>	<b>(219)</b>	<b>(6,784)</b>	<b>(7,003)</b>	<b>26</b>	<b>(6,977)</b>
<b>Balance at 31 March 2019</b>	<b>(30,152)</b>	<b>(12,096)</b>	<b>(4,802)</b>	<b>(47,050)</b>	<b>(56,990)</b>	<b>(104,040)</b>	<b>(3,737)</b>	<b>(107,777)</b>

Analysis of the general fund balance

1 April 2017		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
<b>(35,495)</b>	<b>(32,986)</b>	<b>(35,976)</b>	<b>(33,167)</b>		<b>(32,961)</b>	<b>(30,152)</b>

Reconciliation of movement in reserves statement to balance sheet

1 April 2017	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	(107,777)
8	-	Minority interest share of reserves of subsidiaries	-
<b>(87,056)</b>	<b>(100,800)</b>	<b>Total reserves in the balance sheet</b>	<b>(107,777)</b>

## 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	£000	£000
132,183	132,183	133,292	133,292		
1,314	2,250	5,049	5,049		
19	19	19	19		
1	1	1	1		
220	220	220	220		
1,118	1,118	5,453	5,453		
<b>134,855</b>	<b>135,791</b>	<b>144,034</b>	<b>144,034</b>		
415	415	673	673		
1,284	-	1,284	-		
-	3,100	-	2,500		
49,039	48,001	46,986	46,986		
<b>185,593</b>	<b>187,307</b>	<b>192,977</b>	<b>194,193</b>		
38,081	38,081	34,582	34,582		
3	3	3	3		
11,158	11,257	12,461	13,640		
4,496	4,496	6,236	4,744		
4,695	4,726	11,810	11,900		
<b>58,433</b>	<b>58,563</b>	<b>65,092</b>	<b>64,869</b>		
-	-	(5,028)	(5,028)		
(13,775)	(14,008)	(18,298)	(18,337)		
(797)	(797)	(1,662)	(1,662)		
<b>(14,572)</b>	<b>(14,805)</b>	<b>(24,988)</b>	<b>(25,027)</b>		
(166)	(166)	(306)	(306)		
(120,433)	(120,433)	(114,732)	(114,732)		
(23,410)	(23,410)	(18,197)	(18,197)		
<b>(144,009)</b>	<b>(144,009)</b>	<b>(133,235)</b>	<b>(133,235)</b>		
<b>85,445</b>	<b>87,056</b>	<b>99,846</b>	<b>100,800</b>		
(45,247)	(42,007)	(49,640)	(44,779)		
(40,198)	(45,049)	(50,206)	(56,021)		
<b>(85,445)</b>	<b>(87,056)</b>	<b>(99,846)</b>	<b>(100,800)</b>		
				<b>Property, plant &amp; equipment</b>	
				Other land and buildings	13.7 135,173 135,173
				Vehicles, plant and equipment	13.7 3,848 3,848
				Community assets	13.7 3,019 3,019
				Surplus assets not held for sale	13.7 1 1
				Heritage assets	13.7 520 520
				Assets under construction	13.7 5,074 5,074
				<b>Total property, plant &amp; equipment</b>	<b>147,635 147,635</b>
				Investment property	14 673 673
				Long term investments	15 1,284 -
				Investment in joint venture	16 - 2,533
				Long term debtors	17,36 53,415 53,415
				<b>Long term assets</b>	<b>203,007 204,256</b>
				Short term investments	18 31,100 31,100
				Inventories	- -
				Short term debtors	18,19 13,432 13,617
				Short term loans	18,20 6,273 4,781
				Cash and cash equivalents	18,21 4,585 5,577
				<b>Current assets</b>	<b>55,390 55,075</b>
				Short term borrowing	18 - -
				Short term creditors	18,22 (14,162) (14,168)
				Provisions	23 (2,049) (2,049)
				<b>Current liabilities</b>	<b>(16,211) (16,217)</b>
				Provisions	23 (287) (287)
				Other long term liabilities	24 (117,047) (117,047)
				Long term borrowing	18 (18,003) (18,003)
				<b>Long term liabilities</b>	<b>(135,337) (135,337)</b>
				<b>Net assets</b>	<b>106,849 107,777</b>
				Usable reserves	MiRS, 25 (49,859) (44,014)
				Unusable reserves	MiRS, 26 (56,990) (63,763)
				<b>Total reserves</b>	<b>(106,849) (107,777)</b>

## 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)		(2,537)	(3,521)
21,719	22,455	27.1	6,962	8,848
(3,225)	(3,225)	27.2	(10,036)	(10,036)
8,077	7,200		(5,611)	(4,709)
(715)	221	28	5,251	5,251
(247)	(247)	29	(6,865)	(6,865)
7,115	7,174		(7,225)	(6,323)
4,695	4,726		11,810	11,900
<b>11,810</b>	<b>11,900</b>	<b>21</b>	<b>4,585</b>	<b>5,577</b>

## 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 form 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, and 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 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 £202,500 for every year that useful lives had to be reduced.

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

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

#### 5. Events after the balance sheet date

The statement of accounts was authorised for issue by the Director on 25 November 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
<b>Comprehensive income &amp; expenditure statement</b>						
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	(161)	2,743
Surplus on revaluation of property, plant and equipment assets	(10,523)	-	(10,523)	(11,576)	97	(11,479)
<b>Balance sheet</b>						
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	£000
5,066	(6,095)	(1,029)	5,066	(6,095)	(1,029)	Civic amenities	(192)	(503)	(695)	(192)	(503)	(695)
2,605	(172)	2,433	2,605	(172)	2,433	Communities	1,816	(153)	1,663	1,816	(153)	1,663
2,195	(3,202)	(1,007)	2,195	(3,202)	(1,007)	Economic development	656	(1,313)	(657)	656	(1,313)	(657)
3,605	(666)	2,939	3,605	(666)	2,939	Environment & leisure	3,313	(403)	2,910	3,313	(403)	2,910
9,737	254	9,991	9,737	254	9,991	Finance & resources	9,473	298	9,771	9,473	298	9,771
3,688	(335)	3,353	3,688	(335)	3,353	Leader	2,528	(390)	2,138	2,528	(390)	2,138
2,154	(501)	1,653	2,154	(501)	1,653	Planning & enforcement	1,545	(447)	1,098	1,545	(447)	1,098
2,609	(294)	2,315	2,609	(294)	2,315	Strategic planning & infrastructure	1,946	(215)	1,731	1,946	(215)	1,731
6,955	(1,635)	5,320	6,955	(1,635)	5,320	Waste & licensing	8,263	(2,321)	5,942	8,263	(2,321)	5,942
<b>38,614</b>	<b>(12,646)</b>	<b>25,968</b>	<b>38,614</b>	<b>(12,646)</b>	<b>25,968</b>	<b>Net cost of services</b>	<b>29,348</b>	<b>(5,447)</b>	<b>23,901</b>	<b>29,348</b>	<b>(5,447)</b>	<b>23,901</b>
(28,197)	1,748	(26,449)	(26,584)	435	(26,149)	Other income and expenditure	(26,811)	5,925	(20,886)	(25,827)	4,941	(20,886)
		<b>(481)</b>			<b>(181)</b>	<b>(Surplus)/deficit</b>			<b>3,015</b>			<b>3,015</b>
		(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
		<b>(35,976)</b>			<b>(33,167)</b>	<b>Closing general fund balance at 31 March</b>			<b>(32,961)</b>			<b>(30,152)</b>

## 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				2018/19			
	Council				Group			
	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
Civic amenities	(389)	(114)	-	(503)	(389)	(114)	-	(503)
Communities	-	(153)	-	(153)	-	(153)	-	(153)
Economic development	(1,143)	(170)	-	(1,313)	(1,143)	(170)	-	(1,313)
Environment & leisure	(184)	(219)	-	(403)	(184)	(219)	-	(403)
Finance & resources	-	298	-	298	-	298	-	298
Leader	-	(390)	-	(390)	-	(390)	-	(390)
Planning & enforcement	(2)	(445)	-	(447)	(2)	(445)	-	(447)
Strategic planning & infrastructure	-	(215)	-	(215)	-	(215)	-	(215)
Waste & licensing	(901)	(1,420)	-	(2,321)	(901)	(1,420)	-	(2,321)
<b>Net cost of services</b>	<b>(2,619)</b>	<b>(2,828)</b>	<b>-</b>	<b>(5,447)</b>	<b>(2,619)</b>	<b>(2,828)</b>	<b>-</b>	<b>(5,447)</b>
Financing items	10,228	(3,021)	(1,282)	5,925	10,228	(3,021)	(1,282)	5,925
Share of subsidiary and joint venture reserves	-	-	-	-	-	-	(984)	(984)
<b>Other income and expenditure</b>	<b>10,228</b>	<b>(3,021)</b>	<b>(1,282)</b>	<b>5,925</b>	<b>10,228</b>	<b>(3,021)</b>	<b>(2,266)</b>	<b>4,941</b>

	2017/18 restated				2017/18 restated					
	Council				Group					
	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment			Other Differences (note 3) £000	Total Adjustments £000	Adjustments for capital purposes (note 1) £000	Net change for the pensions adjustment		
		(note 2) £000	(note 3) £000	(note 3) £000				(note 2) £000	(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)		
<b>Net cost of services</b>	<b>(9,591)</b>	<b>(3,055)</b>	<b>-</b>	<b>(12,646)</b>	<b>(9,591)</b>	<b>(3,055)</b>	<b>-</b>	<b>(12,646)</b>		
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)		
<b>Other income and expenditure</b>	<b>4,927</b>	<b>(2,835)</b>	<b>(344)</b>	<b>1,748</b>	<b>4,927</b>	<b>(2,835)</b>	<b>(1,657)</b>	<b>435</b>		

### 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
<b>Expenditure</b>				
29,865	29,865	Employee benefits expenses	30,858	30,858
66,100	66,100	Other service expenses	64,428	64,428
(291)	(291)	Support service recharges	(211)	(211)
9,591	9,591	Depreciation & impairment	2,619	2,619
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
<b>114,720</b>	<b>116,033</b>	<b>Total expenditure</b>	<b>107,030</b>	<b>108,014</b>
<b>Income</b>				
(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	(23,995)	(23,995)
(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)
<b>(104,303)</b>	<b>(104,003)</b>	<b>Total income</b>	<b>(104,493)</b>	<b>(104,493)</b>
<b>10,417</b>	<b>12,030</b>	<b>Deficit on the provision of services</b>	<b>2,537</b>	<b>3,521</b>

## 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
<b>1,313</b>		<b>984</b>

### 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	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000
<b>Adjustments to the revenue resources</b>			
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)	(5,849)	-	-
• Financial instruments (transferred to/(from) the financial instruments adjustments reserve)			
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,394)	-	-
• 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)	2,367	-	(6,037)
<b>Total adjustments to the revenue resources</b>	<b>(4,764)</b>	<b>-</b>	<b>(6,037)</b>
<b>Adjustments between revenue and capital resources</b>			
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	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>5,242</b>	<b>(3,999)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
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	-	(688)	-
<b>Total adjustments to capital resources</b>	<b>-</b>	<b>2,612</b>	<b>4,190</b>
<b>Total adjustments</b>	<b>478</b>	<b>(1,387)</b>	<b>(1,847)</b>

Council and group	2017/18		
	Usable reserves		
	General fund balance	Capital receipts reserve	Capital grants unapplied
	£000	£000	£000
<b>Adjustments to the revenue resources</b>			
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)
<b>Total adjustments to the revenue resources</b>	<b>(15,729)</b>	<b>-</b>	<b>(96)</b>
<b>Adjustments between revenue and capital resources</b>			
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	-	-
<b>Total adjustments between revenue and capital resources</b>	<b>4,831</b>	<b>(3,129)</b>	<b>-</b>
<b>Adjustments to capital resources</b>			
Application of capital grants to finance capital expenditure	-	-	84
Cash payments in relation to deferred capital receipts	-	(771)	-
<b>Total adjustments to capital resources</b>	<b>-</b>	<b>(771)</b>	<b>84</b>
<b>Total adjustments</b>	<b>(10,898)</b>	<b>(3,900)</b>	<b>(12)</b>



## 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	Transfers out 2017/18	Transfers in 2017/18	Balance 31 March 2018	Transfers out 2018/19	Transfers in 2018/19	Balance 31 March 2019
	£000	£000	£000	£000	£000	£000	£000
<b>Capital purposes</b>							
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)
	<b>(6,980)</b>	<b>1,425</b>	<b>(177)</b>	<b>(5,732)</b>	<b>907</b>	<b>(467)</b>	<b>(5,292)</b>
<b>Revenue purposes</b>							
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	-	-
	<b>(25,642)</b>	<b>12,519</b>	<b>(15,144)</b>	<b>(28,267)</b>	<b>33,677</b>	<b>(30,726)</b>	<b>(25,316)</b>
	<b>(32,622)</b>	<b>13,944</b>	<b>(15,321)</b>	<b>(33,999)</b>	<b>34,584</b>	<b>(31,193)</b>	<b>(30,608)</b>

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

**11. Financing and investment income and expenditure**

2017/18 restated		2018/19	
Council	Group	Council	Group
£000	£000	£000	£000
817	817	742	742
2,835	2,835	2,436	2,436
(2,222)	(2,222)	(2,266)	(2,266)
-	57	-	59
-	1,256	-	925
(300)	-	-	-
<b>1,130</b>	<b>2,743</b>	<b>912</b>	<b>1,896</b>

**12. Taxation and non-specific grant income**

2017/18	2018/19
Council and Group	Council and Group
£000	£000
(16,587) Council tax income	(17,502)
(4,831) Non domestic rates	(6,493)
(9,442) Non-ringfenced government grants (note 31)	(6,313)
(1,746) Capital grants and contributions	(2,041)
<b>(32,606)</b>	<b>(32,349)</b>

**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:

<b>Class type</b>	<b>Useful life</b>
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 £202,500 for every year that useful lives had to be reduced.

### 13.6 Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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
<b>Cost or valuation</b>							
At 1 April 2018 restated	135,678	10,502	19	11	220	5,453	151,883
Additions	87	16	-	-	-	2,921	3,024
Revaluation Increases/(decreases) recognised in the revaluation reserve	837	(314)	-	-	-	-	523
Revaluation decreases recognised in the deficit on the provision of services	(432)	(859)	-	-	-	-	(1,291)
Derecognition - disposals	(23)	-	-	-	-	-	(23)
Other movements in cost or valuation	118	3	3,000	(10)	300	(3,300)	111
<b>At 31 March 2019</b>	<b>136,265</b>	<b>9,348</b>	<b>3,019</b>	<b>1</b>	<b>520</b>	<b>5,074</b>	<b>154,227</b>
<b>Accumulated depreciation</b>							
At 1 April 2018 restated	(2,386)	(5,453)	-	(10)	-	-	(7,849)
Depreciation charge	(2,538)	(904)	-	-	-	-	(3,442)
Depreciation written out to the revaluation reserve	2,696	-	-	-	-	-	2,696
Depreciation written out to the deficit on the provision of services	1,254	860	-	-	-	-	2,114
Other movements	(118)	(3)	-	10	-	-	(111)
<b>At 31 March 2019</b>	<b>(1,092)</b>	<b>(5,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,592)</b>
<b>Net book value</b>							
<b>At 31 March 2019</b>	<b>135,173</b>	<b>3,848</b>	<b>3,019</b>	<b>1</b>	<b>520</b>	<b>5,074</b>	<b>147,635</b>
<b>At 1 April 2018 restated</b>	<b>133,292</b>	<b>5,049</b>	<b>19</b>	<b>1</b>	<b>220</b>	<b>5,453</b>	<b>144,034</b>

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
<b>Cost or valuation</b>							
At 1 April 2017	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)
<b>At 31 March 2018</b>	<b>135,678</b>	<b>10,502</b>	<b>19</b>	<b>11</b>	<b>220</b>	<b>5,453</b>	<b>151,883</b>
<b>Accumulated depreciation</b>							
At 1 April 2017	(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
<b>At 31 March 2018</b>	<b>(2,386)</b>	<b>(5,453)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(7,849)</b>
<b>Net book value</b>							
<b>At 31 March 2018</b>	<b>133,292</b>	<b>5,049</b>	<b>19</b>	<b>1</b>	<b>220</b>	<b>5,453</b>	<b>144,034</b>
<b>At 1 April 2017</b>	<b>132,183</b>	<b>1,314</b>	<b>19</b>	<b>1</b>	<b>220</b>	<b>1,118</b>	<b>134,855</b>

Group	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
<b>Cost or valuation</b>							
At 1 April 2017	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)
<b>At 31 March 2018</b>	<b>135,678</b>	<b>10,502</b>	<b>19</b>	<b>11</b>	<b>220</b>	<b>5,453</b>	<b>151,883</b>
<b>Accumulated depreciation</b>							
At 1 April 2017	(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 deficit on the provision of services	3,614	-	-	-	-	-	3,614
Derecognition - disposals	-	47	-	-	-	-	47
Other movements	750	3	-	-	-	-	753
<b>At 31 March 2018</b>	<b>(2,386)</b>	<b>(5,453)</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>(7,849)</b>
<b>Net book value</b>							
<b>At 31 March 2018</b>	<b>133,292</b>	<b>5,049</b>	<b>19</b>	<b>1</b>	<b>220</b>	<b>5,453</b>	<b>144,034</b>
<b>At 1 April 2017</b>	<b>132,183</b>	<b>2,250</b>	<b>19</b>	<b>1</b>	<b>220</b>	<b>1,118</b>	<b>135,791</b>

## 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	31 March 2019
Council and group	Council and group
£000	£000
415 Balance at 1 April	673
258 Revaluations	-
<b>673</b> Balance at 31 March	<b>673</b>

## 15. Long term investments

1 April 2017	31 March 2018	31 March 2019
Council	Council	Council
£000	£000	£000
1,284	1,284	1,284
Aylesbury Vale Estates LLP		
<b>1,284</b>	<b>1,284</b>	<b>1,284</b>

## 16. Investment in joint venture

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



## 17. Long term debtors

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

## 18. Financial instruments

## 18.1 Categories of financial instruments

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

1 April 2017				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
-	38,081	-	38,081	-	34,582	-	34,582	-	31,100	-	31,100
-	<b>38,081</b>	-	<b>38,081</b>	-	<b>34,582</b>	-	<b>34,582</b>	-	<b>31,100</b>	-	<b>31,100</b>
								<b>Investments</b>			
								Loans and receivables			
								<b>Total investments</b>			
								<b>Debtors</b>			
49,039	4,496	48,001	4,496	46,986	6,236	46,986	4,744	53,415	6,273	53,415	4,781
-	8,615	-	8,714	-	8,251	-	9,430	-	7,373	-	7,558
<b>49,039</b>	<b>13,111</b>	<b>48,001</b>	<b>13,210</b>	<b>46,986</b>	<b>14,487</b>	<b>46,986</b>	<b>14,174</b>	<b>53,415</b>	<b>13,646</b>	<b>53,415</b>	<b>12,339</b>
								<b>Cash and cash equivalents</b>			
								Financial assets carried at contract amounts			
-	4,695	-	4,726	-	11,810	-	11,900	-	4,585	-	5,577
-	<b>4,695</b>	-	<b>4,726</b>	-	<b>11,810</b>	-	<b>11,900</b>	-	<b>4,585</b>	-	<b>5,577</b>
								<b>Borrowings</b>			
(23,410)	-	(23,410)	-	(18,197)	(5,028)	(18,197)	(5,028)	(18,003)	-	(18,003)	-
<b>(23,410)</b>	-	<b>(23,410)</b>	-	<b>(18,197)</b>	<b>(5,028)</b>	<b>(18,197)</b>	<b>(5,028)</b>	<b>(18,003)</b>	-	<b>(18,003)</b>	-
								<b>Creditors</b>			
								Financial liabilities carried at contract amounts			
-	(8,468)	-	(8,701)	-	(9,633)	-	(9,672)	-	(7,371)	-	(7,377)
-	<b>(8,468)</b>	-	<b>(8,701)</b>	-	<b>(9,633)</b>	-	<b>(9,672)</b>	-	<b>(7,371)</b>	-	<b>(7,377)</b>

## 18.2 Income, expense, gains and losses

2017/18			2018/19		
Council and group			Council and group		
Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total	Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total
£000	£000	£000	£000	£000	£000
-	817	817	-	742	742
-	-	-	8	-	8
-	817	817	8	742	750
(2,222)	-	(2,222)	(2,274)	-	(2,274)
(2,222)	-	(2,222)	(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				31 March 2018			
Council		Group		Council		Group	
Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
£000	£000	£000	£000	£000	£000	£000	£000
49,039	49,039	48,001	48,001	46,986	46,986	46,986	46,986
<del>38,081</del>	38,621	38,081	38,621	34,582	34,582	34,582	34,582
<del>4,695</del>	4,695	4,726	4,726	11,810	11,810	11,900	11,900
<b>91,815</b>	<b>92,355</b>	<b>90,808</b>	<b>91,348</b>	<b>93,378</b>	<b>93,378</b>	<b>93,468</b>	<b>93,468</b>
<b>Financial assets</b>							
<del>14,461</del>	(14,461)	(14,461)	(14,461)	(17,165)	(17,165)	(17,165)	(17,165)
<del>23,410</del>	(27,708)	(23,410)	(27,708)	(18,197)	(22,095)	(18,197)	(22,095)
-	-	-	-	(5,028)	(5,028)	(5,028)	(5,028)
<b>(37,871)</b>	<b>(42,169)</b>	<b>(37,871)</b>	<b>(42,169)</b>	<b>(40,390)</b>	<b>(44,288)</b>	<b>(40,390)</b>	<b>(44,288)</b>
<b>Financial liabilities</b>							

31 March 2019			
Council		Group	
Carrying amount	Fair value	Carrying amount	Fair value
£000	£000	£000	£000
53,415	53,415	53,415	53,415
31,100	31,100	31,100	31,100
4,585	4,585	5,577	5,577
<b>89,100</b>	<b>89,100</b>	<b>90,092</b>	<b>90,092</b>
<b>Financial assets</b>			
(19,952)	(19,952)	(19,952)	(19,952)
(18,003)	(22,478)	(18,003)	(22,478)
-	-	-	-
<b>(37,955)</b>	<b>(42,430)</b>	<b>(37,955)</b>	<b>(42,430)</b>
<b>Financial liabilities</b>			

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	144	144	Other local authorities	323	323
187	187	261	261	NHS bodies	169	169
193	-	193	-	- Amounts owed by joint venture	193	-
12,558	12,850	12,888	14,260	Other entities and individuals	12,547	12,925
13,910	14,009	15,208	16,387		16,513	16,698
(2,752)	(2,752)	(2,747)	(2,747)	Provision for impairment of bad debts	(3,081)	(3,081)
<b>11,158</b>	<b>11,257</b>	<b>12,461</b>	<b>13,640</b>		<b>13,432</b>	<b>13,617</b>

## 20. Short term loans

1 April 2017		31 March 2018 restated			31 March 2019	
Council and group		Council	Group		Council	Group
£000		£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	-
<b>4,496</b>		<b>6,236</b>	<b>4,744</b>		<b>6,273</b>	<b>4,781</b>

## 21. Cash and cash equivalents

1 April 2017		31 March 2018			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)
<b>4,695</b>	<b>4,726</b>	<b>11,810</b>	<b>11,900</b>		<b>4,585</b>	<b>5,577</b>

## 22. Short term creditors

1 April 2017		31 March 2018			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)
<b>(13,775)</b>	<b>(14,008)</b>	<b>(18,298)</b>	<b>(18,337)</b>		<b>(14,162)</b>	<b>(14,168)</b>

## 23. Provisions

	Council and group		
	Short term		Long term
	NDR 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)
<b>Balance at 31 March 2018 restated</b>	<b>(1,662)</b>	<b>-</b>	<b>(306)</b>
Additional provisions made in 2018/19	(379)	(8)	19
<b>Balance at 31 March 2019</b>	<b>(2,041)</b>	<b>(8)</b>	<b>(287)</b>

## 24. Other long term liabilities

1 April 2017	31 March 2018		31 March 2019
Council and group	Council and group		Council and group
£000	£000		£000
(105,972)	(97,567)	Pension liability	(97,095)
(14,461)	(17,165)	Developer contributions	(19,952)
<b>(120,433)</b>	<b>(114,732)</b>		<b>(117,047)</b>

## 25. Usable reserves

Movement in usable reserves are summarised below:

Council	1 April 2017	Movements		31 March 2018	Movements		31 March 2019
	£000	Debits	Credits	£000	Debits	Credits	£000
General fund balance	(2,873)	139,131	(138,235)	(1,977)	153,391	(153,767)	(2,353)
Capital receipts reserve	(6,809)	-	(3,900)	(10,709)	3,300	(4,687)	(12,096)
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)
	<b>(45,247)</b>	<b>153,159</b>	<b>(157,552)</b>	<b>(49,640)</b>	<b>195,465</b>	<b>(195,684)</b>	<b>(49,859)</b>

Group	1 April 2017 restated	Movements		31 March 2018 restated	Movements		31 March 2019
	£000	Debits	Credits	£000	Debits	Credits	£000
General fund balance	(364)	139,131	(137,935)	832	153,391	(153,767)	456
Capital receipts reserve	(6,809)	-	(3,900)	(10,709)	3,300	(4,687)	(12,096)
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
	<b>(42,007)</b>	<b>153,460</b>	<b>(156,232)</b>	<b>(44,779)</b>	<b>195,524</b>	<b>(194,759)</b>	<b>(44,014)</b>

## 26. Unusable reserves

Movement in unusable reserves are summarised below:

Council only	1 April 2017	Movements		31 March 2018 restated	Movements		31 March 2019
	£000	Debits	Credits	£000	Debits	Credits	£000
Revaluation reserve	(24,959)	5,331	(15,854)	(35,482)	4,939	(8,158)	(38,701)
Capital adjustment account	(77,110)	10,005	(2,200)	(69,305)	3,670	(8,733)	(74,368)
Deferred capital receipts	(43,344)	771	-	(42,573)	688	-	(41,885)
Pensions reserve	105,972	9,676	(18,081)	97,567	9,986	(10,458)	97,095
Collection fund adjustment account	(929)	227	0	(702)	1,394	-	692
Accumulated absences account	172	289	(172)	289	177	(289)	177
	<b>(40,198)</b>	<b>26,299</b>	<b>(36,307)</b>	<b>(50,206)</b>	<b>20,854</b>	<b>(27,638)</b>	<b>(56,990)</b>

Group	1 April 2017 restated	Movements		31 March 2018 restated	Movements		31 March 2019
	£000	Debits	Credits	£000	Debits	Credits	£000
Revaluation reserve	(29,818)	5,331	(16,810)	(41,297)	4,939	(9,116)	(45,474)
Capital adjustment account	(77,110)	10,005	(2,200)	(69,305)	3,670	(8,733)	(74,368)
Deferred capital receipts	(43,344)	771	-	(42,573)	688	-	(41,885)
Pensions reserve	105,972	9,676	(18,081)	97,567	9,986	(10,458)	97,095
Collection fund adjustment account	(929)	227	-	(702)	1,394	-	692
Accumulated absences account	172	289	(172)	289	177	(289)	177
Minority interests	8	-	(8)	-	-	-	-
	<b>(45,049)</b>	<b>26,299</b>	<b>(37,271)</b>	<b>(56,021)</b>	<b>20,854</b>	<b>(28,596)</b>	<b>(63,763)</b>

## 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		2018/19	
Council	Group	Council	Group
£000	£000	£000	£000
(24,959)	(29,818)	(35,482)	(41,297)
	Balance at 1 April		
(14,821)	(15,777)	(5,462)	(6,420)
(1,033)	(1,033)	(2,696)	(2,696)
	Upward revaluation of assets		
	Depreciation written back to revaluation reserve		
	Downward revaluation of assets and impairment losses not charged to the deficit on the provision of services		
5,331	5,331	4,939	4,939
<b>(10,523)</b>	<b>(11,479)</b>	<b>(3,219)</b>	<b>(4,177)</b>
<b>(35,482)</b>	<b>(41,297)</b>	<b>(38,701)</b>	<b>(45,474)</b>
	Surplus on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services		
	Balance at 31 March		

## 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			2018/19	
Council and group			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		
		• Charges for depreciation and impairment of non-current assets	1,328	
(414)		• Revaluation increases recognised in the (surplus)/deficit on the provision of services	1,291	
10,005		• 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	
-		Net written out amount of the non-current assets consumed in the year		3,670
	9,591	Capital financing applied in the year		
		• Use of the capital receipts reserve to finance new capital expenditure		(3,300)
		• Application of grants to capital financing from the capital grants unapplied account and earmarked reserves		(4,190)
	(84)	• Statutory provision for the financing of capital investment charged against the general fund		(1,243)
	(1,702)			(1,243)
	<b>(69,305)</b>	<b>Balance at 31 March</b>		<b>(74,368)</b>

## 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			2018/19	
Council and group			Council and group	
£000			£000	
	(43,344)	Balance at 1 April		(42,573)
	771	Transfer to the capital receipts reserve upon receipt of cash		688
	<b>(42,573)</b>	<b>Balance at 31 March</b>		<b>(41,885)</b>



## 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			2018/19	
Council and group			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	10,331	
-		Change in demographic assumptions	(13,195)	
	(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		9,986
	(3,786)	Employer's pensions contributions and direct payments to pensioners payable in the year		(4,137)
	<b>97,567</b>	<b>Balance at 31 March</b>		<b>97,095</b>

## 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			2018/19	
Council and group			Council and group	
£000	£000		£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		1,394
	<b>(702)</b>	<b>Balance at 31 March</b>		<b>692</b>

## 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			2018/19	
Council and group			Council and group	
£000	£000		£000	£000
	172	Balance at 1 April		289
		Settlement or cancellation of accrual made at the end of the preceding year	(289)	
(172)		Amount accrued at the end of the current year	177	
<u>289</u>		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)
	117			
	<u>289</u>	<b>Balance at 31 March</b>		<u>177</u>

## 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	1,328	1,328
11,547	11,547	Impairment and downward revaluations	3,445	3,445
(1,284)	(1,284)	Upward revaluations	(2,154)	(2,154)
7,289	7,095	Increase in creditors	294	261
(2,056)	(2,382)	Decrease in debtors	(2,194)	(1,200)
-	-	Decrease in inventories	3	3
5,890	5,890	Pension liability	5,849	5,849
-	-	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	-	-
		Other non-cash items charged to the net surplus or deficit on the provision of services	368	368
<u>1,005</u>	<u>1,005</u>		<u>368</u>	<u>368</u>
<u>21,719</u>	<u>22,455</u>		<u>6,962</u>	<u>8,848</u>

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

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

**27.3 Operating activities**

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

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

**28. Cash flow statement - investing activities**

2017/18		2018/19	
Council	Group	Council	Group
£000	£000	£000	£000
(8,505)	(7,569)	(3,024)	(3,024)
(57,503)	(57,503)	(48,017)	(48,017)
(895)	(895)	(7,519)	(7,519)
3,900	3,900	4,687	4,687
61,000	61,000	51,500	51,500
1,288	1,288	7,624	7,624
<b>(715)</b>	<b>221</b>	<b>5,251</b>	<b>5,251</b>

**29. Cash flow statement - financing activities**

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

**30. Distribution attributable to joint venture**

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

**31. Grant income**

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

2017/18 Council and group		2018/19 Council and group	
£000		£000	
<b>Credited to taxation and non specific grant income</b>			
(7,945)	New homes bonus	(6,313)	
(583)	Revenue support grant	-	
(915)	Other grants	-	
<b>(9,443)</b>		<b>(6,313)</b>	
2017/18 Council and group		2018/19 Council and group	
£000		£000	
<b>Credited to services</b>			
(912)	Renovation grants	(1,004)	
(585)	Homelessness	(929)	
(223)	Council tax/NNDR collection grant	(224)	
(100)	Planning delivery	(185)	
(53)	Individual elector registration	(42)	
(10)	Land searches	(37)	
(361)	Aylesbury garden town	(30)	
(1,500)	HS2	-	
<b>(3,744)</b>		<b>(2,451)</b>	

**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 Council and group		2018/19 Council and group	
Turnover	(Surplus)/ deficit	Turnover	(Surplus)/ deficit
£000	£000	£000	£000
(1,014)	(24)	(1,088)	(109)
(958)	(372)	(1,253)	(618)
(3,241)	(1,429)	(3,264)	(1,237)
(493)	(55)	(443)	87
(92)	3	(96)	3
(309)	(25)	(271)	9
<b>(6,107)</b>	<b>(1,902)</b>	<b>(6,415)</b>	<b>(1,865)</b>

**33. Members' allowances**

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

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

**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:

	<b>2018/19</b>				
	<b>Council and group</b>				
<b>Salary (including fees &amp; allowances)</b>	<b>Benefits in kind</b>	<b>Total remuneration excluding pension contributions</b>	<b>Pension contributions</b>	<b>Total remuneration including pension contributions</b>	
£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
	<b>739</b>	<b>25</b>	<b>764</b>	<b>171</b>	<b>935</b>

	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
	<b>739</b>	<b>23</b>	<b>762</b>	<b>169</b>	<b>931</b>

### 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		2018/19	
Council and group		Council and group	
Number of employees		Number of employees	
15	£50,000 - £54,999	13	
9	£55,000 - £59,999	7	
3	£60,000 - £64,999	9	
<b>27</b>		<b>29</b>	

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	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	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	-
	<b>57</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>61</b>	<b>2</b>	<b>1,736</b>	<b>55</b>

**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:

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

**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:

<b>1 April 2017</b>	<b>31 March 2018</b>		<b>31 March 2019</b>
<b>Council and group</b>	<b>Council and group</b>		<b>Council and group</b>
£000	£000		£000
5,702	8,048	Other land and buildings	6,437
<b>5,702</b>	<b>8,048</b>		<b>6,437</b>

**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.

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

<b>2017/18</b>		<b>2018/19</b>
<b>Council and group</b>		<b>Council and group</b>
£000		£000
6	Not later than one year	-
<b>6</b>		<b>-</b>

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:

<b>2017/18</b>		<b>2018/19</b>
<b>Council and group</b>		<b>Council and group</b>
£000		£000
797	Minimum lease payments	182
<b>797</b>		<b>182</b>

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	31 March 2018		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
<b>29,103</b>	<b>28,224</b>		<b>27,345</b>

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)
				Later than one year and not later than five years		
(3,517)	(970)	(3,517)	(1,012)	Later than five years	(3,517)	(1,056)
(24,707)	(14,180)	(23,828)	(13,911)		(22,949)	(13,630)
<b>(29,103)</b>	<b>(15,368)</b>	<b>(28,224)</b>	<b>(15,150)</b>		<b>(27,345)</b>	<b>(14,923)</b>

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		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)
<b>(15,520)</b>		<b>(14,215)</b>

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.

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

**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	2018/19	2017/18	2018/19
	Council and group		Council and group	
	£000	£000	£000	£000
Cost of services:				
• service cost	6,720	7,440	-	-
Financing and investment income and expenditure				
• net interest on the defined liability	2,835	2,436	-	-
Administration expenses	121	110	-	-
<b>Total post employment benefit charged to the comprehensive income and expenditure statement</b>	<b>9,676</b>	<b>9,986</b>	<b>-</b>	<b>-</b>
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)	(9,986)	-	-
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	2018/19	2017/18	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)	10,331	-	-
Change in demographic assumptions	-	(13,195)	-	-
Estimated benefits paid net of transfers in	(7,503)	(5,598)	-	-
Past service costs including curtailments	1,505	1,562	-	-
Contributions by scheme participants	911	1,091	-	-
Unfunded pension payments	-	-	(240)	(235)
<b>Closing balance at 31 March</b>	<b>231,021</b>	<b>236,808</b>	<b>(4,435)</b>	<b>(4,670)</b>

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2017/18	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
<b>Closing balance at 31 March</b>	<b>(129,019)</b>	<b>(135,043)</b>

Pension scheme assets comprised:

	31 March 2018				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%
	<b>108,232</b>	<b>20,787</b>	<b>129,019</b>		<b>113,905</b>	<b>21,138</b>	<b>135,043</b>	

### 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.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court, which was rejected after the balance sheet date.

The estimated impact on the total liabilities at 31 March 2019 of £1,552,000 has been allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 March 2019. The projected service cost has also increased as a result of this additional allowance. It should be noted that this adjustment is an estimate of the potential impact on the Employer's defined benefit obligation based on analysis carried out by the Government Actuary's Department (GAD) and the employer's liability profile. It is not yet clear how this judgement may affect LGPS members' past or future service benefits.

The significant assumptions used by the actuary have been:

2017/18 Council and group		2018/19 Council and group
	<b>Mortality assumptions</b>	
	<b>Longevity at 65 for current pensioners:</b>	
24.0	Men	22.9
26.1	Women	24.8
	<b>Longevity at 65 for future pensioners:</b>	
26.2	Men	24.6
28.4	Women	26.6
2.6%	Rate of inflation	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase in pensions	2.4%
2.3%	Rate for discounting scheme liabilities	2.4%

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%)	(4,218)	4,351
Rate of increase in salaries (increase or decrease by 0.1%)	380	(376)
Rate of increase in pensions (increase or decrease by 0.1%)	3,917	(3,845)
Longevity (increase or decrease by 1 year)	8,419	(8,123)

### 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 £97,095,000 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

	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019
<b>Council and group</b>					
	£000	£000	£000	£000	£000
<b>Present value of liabilities</b>					
Local government pension scheme	197,718	190,044	235,246	231,021	236,808
Discretionary benefits	(4,162)	(3,884)	(4,195)	(4,435)	(4,670)
<b>Fair value of assets in the local government pension scheme</b>	(103,249)	(103,227)	(125,079)	(129,019)	(135,043)
<b>(Surplus)/deficit in the scheme:</b>					
• local government pension scheme	94,469	86,817	110,167	102,002	101,765
• discretionary benefits	(4,162)	(3,884)	(4,195)	(4,435)	(4,670)
<b>Total</b>	<b>90,307</b>	<b>82,933</b>	<b>105,972</b>	<b>97,567</b>	<b>97,095</b>

## 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	2018/19
<b>Council and group</b>					
	%	%	%	%	%
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 historical experience of default	Historial experience adjusted for market conditions at 31 March 2019	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
	<b>38,405</b>			<b>373.4</b>	<b>326.7</b>	<b>302.3</b>

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	31 March 2018		31 March 2019
Council and group	Council and group		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
<b>5,901</b>	<b>6,090</b>		<b>7,305</b>

### 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 of £2,041,000 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 (£182,000) is currently held 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 2019, 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			2018/19			
Council tax	NNDR	Total		Council tax	NNDR	Total
£000	£000	£000	note	£000	£000	£000
<b>Income</b>						
(120,120)	-	(120,120)		(130,204)	-	(130,204)
-	(53,891)	(53,891)		-	(54,159)	(54,159)
-	-	-		-	(137)	(137)
<b>(120,120)</b>	<b>(53,891)</b>	<b>(174,011)</b>		<b>(130,204)</b>	<b>(54,296)</b>	<b>(184,500)</b>
<b>Expenditure</b>						
Precepts and demands						
86,613	-	86,613		93,609	-	93,609
12,108	-	12,108		13,217	-	13,217
4,329	-	4,329		4,546	-	4,546
16,410	-	16,410		17,415	-	17,415
Payments of NNDR 1 proportionate shares						
-	25,577	25,577		-	27,971	27,971
-	4,604	4,604		-	5,035	5,035
-	512	512		-	559	559
-	20,462	20,462		-	22,377	22,377
Distribution of previous year estimated (deficit)/surplus						
1,188	-	1,188		322	-	322
171	-	171		45	-	45
61	-	61		16	-	16
228	-	228		61	-	61
Disregarded amounts						
-	220	220		-	227	227
-	282	282		-	524	524
Other payments						
-	223	223		-	224	224
-	449	449		-	-	-
Bad and doubtful debts						
(406)	91	(315)		(487)	183	(304)
(231)	96	(135)		1,251	(45)	1,206
-	2,161	2,161		-	948	948
<b>120,471</b>	<b>54,677</b>	<b>175,148</b>		<b>129,995</b>	<b>58,003</b>	<b>187,998</b>
<b>351</b>	<b>786</b>	<b>1,137</b>	<b>(Surplus)/deficit for the year</b>	<b>(209)</b>	<b>3,707</b>	<b>3,498</b>
(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
<b>(832)</b>	<b>(1,126)</b>	<b>(1,958)</b>	<b>Accumulated (surplus)/deficit c/fwd</b>	<b>(1,041)</b>	<b>2,581</b>	<b>1,540</b>

## 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
<u>71,674</u>		<u>76,241</u>		<u>72,749</u>		<u>77,435</u>
		(1,219)	Allowance for non-collection			(1,165)
		<u>(3,916)</u>	Council tax support scheme			<u>(3,763)</u>
		<u>71,106</u>	<b>Council tax base</b>			<u>72,507</u>

### C3. Non-domestic rates

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

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

The business rates shares payable for 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYLESBURY VALE DISTRICT COUNCIL****Opinion**

We have audited the financial statements of Aylesbury Vale District Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement,
- The related notes 1 to 42,
- Collection Fund and the related notes C1 to C4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Aylesbury Vale District Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon. The Director (with responsibility for finance) is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

##### **Arrangements to secure economy, efficiency and effectiveness in the use of resources**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Aylesbury Vale District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We report to you if:

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

We have nothing to report in these respects

##### **Responsibility of the Director (with responsibility for finance)**

As explained more fully in the Statement of the Director (with responsibility for finances)'s set out on page 14, the Director (with responsibility for finance) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director (with responsibility for finance) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Aylesbury Vale District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Aylesbury Vale District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

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

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

## Certificate

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

## Use of our report

This report is made solely to the members of Aylesbury Vale District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aylesbury Vale District Council and Aylesbury Vale District Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Brittain (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Reading  
25 November 2019

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

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

**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.



# Annual Governance Statement 2018/19

## Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. AVDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However, the principles to which the Council operates are intended to be consistent with those contained in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

## What is Corporate Governance?

Corporate Governance refers to “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved” (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.*

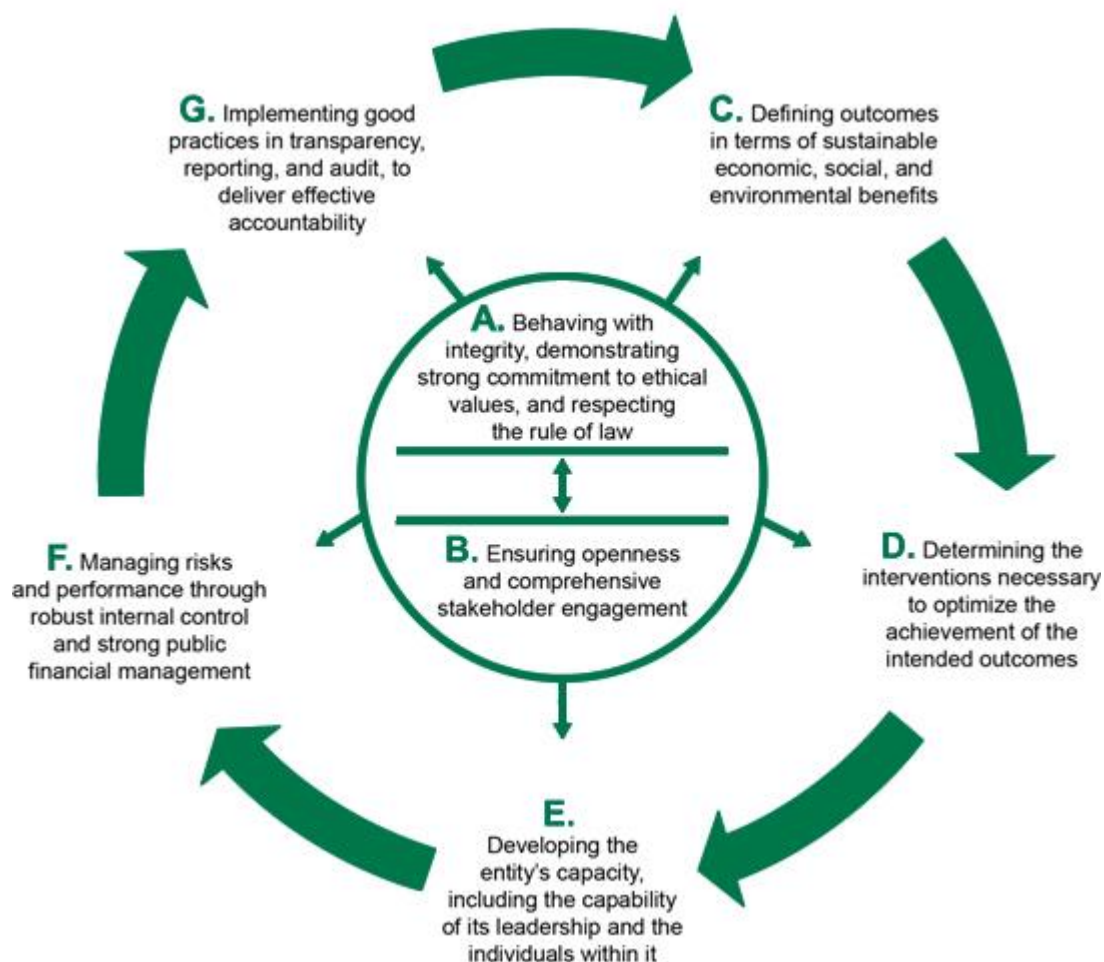
*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

## The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

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



## How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2019 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

## A

## Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

All our councillors meet regularly together as the council. Most of these meetings are open to the public who can either attend in person or view the meeting via a live webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

### Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

#### Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

#### Leader & Cabinet

Cabinet is made up of a leader and 7 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

#### Regulatory Committees

##### Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

##### Development Management

Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

##### Licensing

Carry out council's non-executive functions relating to licensing and registration.

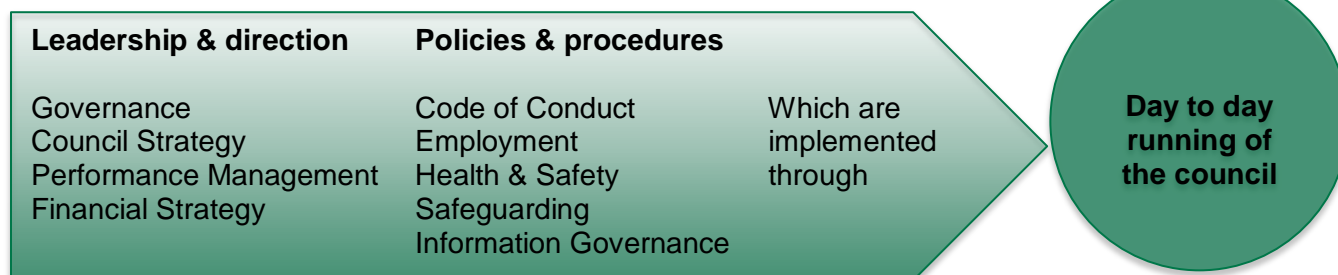
##### Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.

Our **Chief Executive** is supported by the **Senior Management Team**, comprising 2 Directors and 5 Assistant Directors.\*

The council, cabinet and committees are responsible for

Senior Management Team are responsible for



\*Since the end of the 2018/19 financial year the Chief Executive and one Director have resigned. The Head of Paid Service and Section 151 Officer posts are currently fulfilled by the remaining Director. In the context of the move to a new single council for Buckinghamshire, the vacant positions have not been filled.

## Our constitution

Our constitution is available on our website and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts are:

- Head of Paid Service
- Chief Finance Officer (Section 151)
- Monitoring Officer
- Returning Officer/Electoral Registration Officer

The constitution has been updated to reflect recent changes in senior management, including the Scheme of Officer delegations which was approved by Council in May 2018.

## Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities and pressure groups. The Code of Conduct was reviewed earlier this year having regard to the guidance issued by the Parliamentary Committee on Standards in Public Life. The revised Code was adopted by full Council on 17 April 2019.

All members of the council have completed a register of their pecuniary and personal interests. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members' planning code of good practice. The Corporate Governance Manager conducted a full review of the protocol regarding commercial companies owned by the council during the year. The revised guidance to the creation and working with companies in which AVDC has financial interest was approved by full Council in February 2019.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- Comments, Compliments and Complaints procedure
- Equality and Diversity
- Acceptable IT use
- Health and Safety
- General Data Protection Regulations
- Safeguarding

Information regarding our most up-to-date policies and procedures is also easily available to all employees and members via Workplace, our new internal communications tool. Introduced in 2019, Workplace enables easier access to information whether in the office or out and about and also encourages open discussion about policies, best practice and new ideas.



## B

## Ensuring openness and comprehensive stakeholder engagement

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- In November 2018, the Secretary of State for Housing, Communities and Local Government announced a single **unitary authority** for Buckinghamshire. We are now working in collaboration with the other Buckinghamshire councils (Buckinghamshire County, Wycombe District, South Bucks District and Chiltern District) to create a brand new council for the future. To enable the new council to provide residents, businesses and other stakeholders with the best possible service, we are continuing to work with stakeholders including Parish/Town councils and local businesses to understand what really matters to them and develop a council that meets their needs most effectively.
- **The Vale of Aylesbury Local Plan (VALP)** was submitted for examination by an independent planning inspector in February 2018 and is currently awaiting final approval. VALP will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each significant stage of the Plan has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. A summary of the key updates from the VALP process is available on the website.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status**. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided. A number of events have taken place to develop the masterplan including a pop-up exhibition to introduce the project to the wider public and gather initial feedback and workshops with employees and members.
- In 2018, we appointed a **Parish Liaison Officer** to further strengthen our relationship with the parishes within our district. We continue to communicate with the parish councils through a regular newsletter providing relevant news and updates.
- On 8 March 2019, **The Exchange** public space was officially opened. This development was conceived following extensive stakeholder consultation supported by funding from SEMLEP's Local Growth Fund. The area has been designed to be fully accessible; featuring gentle slopes for people using pushchairs, wheelchairs or other mobility aids.

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre
- Targeted literature
- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to registered residents with news from around the Vale

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.

We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2019 received over 500 responses.

To help our residents, we also work with our partners to provide additional support and/or advice. This includes:

- Running a **hoarding support group** in conjunction with Bucks and MK Fire and the Vale of Aylesbury Housing Trust
- In December 2018, AVDC became a **Friends Against Scams** organisation, helping protect and prevent people from becoming victims of scams
- Promoting local and national campaigns such as the Great British Spring Clean and the #KnowThisIsntLove campaign

## C

## Defining outcomes in terms of sustainable economic, social, and environmental benefits

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

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

### Improving customer service

The Customer Charter outlines our commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which we measure the effectiveness of the service.

As part of our commitment to continual improvement we continue to develop our customer service offering. Our online services such as Webchat and our Amazon Alexa skill are continuing to be successful, and renovations to our customer service centre have made it more welcoming and easier to access.

In October 2018, we revised and simplified our Comments, Compliments and Complaints policy. The wording of the policy has been made easier to understand and the webpage where the policy can be found has been updated with improved navigation - making it simpler for residents to find the information they're looking for.

## D

**Determining the interventions necessary to optimise the achievement of intended outcomes**

AVDC is organised into five business sectors; Business Strategy and Support, Digital and Transformation, Commercial Property and Regeneration, Community Fulfilment and Customer Fulfilment. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

Our 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 customers. The team have visited numerous councils sharing AVDC's experience, both the positive and the negative, in order to help them achieve. 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. Within the Vale, the lottery to date has raised over £235,000 which has enabled local good causes to access funding which previously would have been available through council grants. AVDC 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 Vale 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.

As part of the Digital and Transformation sector, our Connected Knowledge Technology Strategy 2017-2022 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. We are already widely acknowledged as championing this agenda within the public sector.

The November 2018 Council report, 'Connected Knowledge: Phase I and II Look Back' describes many of the achievements of the programme to date, including realised and anticipated future savings. This was all set out before the decision to move to a single Unitary authority for Buckinghamshire and it is unknown this stage how the new Buckinghamshire Council will take the Connected Knowledge programme forward from 1 April 2020.

### **Medium term financial strategy and budget planning**

Considerable effort at member and officer level has been directed at establishing a budget framework that covers future years and marries the need to identify efficiency savings and new income streams with corporate priorities. This work has once again delivered a balanced budget proposal for 2019/20.

General Fund revenue reserves and balances have been determined with full consideration of the risks identified. They are, therefore, deemed to represent a sufficient level of provision against the potential financial risk inherent within the Medium Term Financial Plan, provided the council stays focused on delivering its targets.

Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context. Every effort has been made to include all members in the financial planning process through the circulation of reports and associated information. Two members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.

Consideration has been given to corporate priorities, residents' views and the council's Risk Register in formulating the budget proposals.

The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that members have been made aware of all aspects and implications of actions when formulating the budget proposals.

Historically, in facing resource uncertainty, AVDC has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector, and against the backdrop of preserving core services this strategy is both warranted and justified.

### **Programme and project management**

In recognition of the amount of change required to deliver our strategy and continually improve customer service, during the year we have continued to invest in our project management capabilities. Our Programme Management Office (PMO) team is responsible for defining and maintaining standards for programmes and projects at AVDC. The team create, maintain and supply standard documentation, guidance and metrics to be used by the whole organisation in order to ensure good governance in delivering programmes and projects.

## E

## Developing the entity's capacity, including the capability of its leadership and the individuals within it

We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through Workplace, digital screens, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Annual staff conference
- Bite-size training sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Mental Health Week



Through the introduction of Workplace, we have also encouraged employees to share best practice or top tips with colleagues. The interactive communication tool also enables employees to easily ask for help from their colleagues from across all teams.

We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the council. This includes giving the opportunity to suggest future training and development sessions.

Apprenticeships are encouraged across the council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future. This understanding of the value of Apprentices in filling potential skill gaps has been instrumental in the development of our Town Planners Graduate Scheme, which targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning.

In 2018, we also implemented our innovative Grow Our Own programme to help us find and develop enthusiastic, commercially-minded, motivated people to help us deliver our ambitious plans. Through the programme we offer 12-month fixed term contracts for returners to work and school leavers, giving them the opportunity to work across a variety of teams while learning new skills and building confidence.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

### Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback. REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) "check-ins". Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

## F

## Managing risks and performance through robust internal control and strong public financial management

We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste and Operations Transformation Board

Performance management through regular review and reporting of real-time management information against service level and corporate targets has been further developed through 2018/19. Dashboard reports are shared regularly with the Senior Management Team and Cabinet. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

### Compliance with relevant laws and regulations, internal policies and procedures

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has been necessary for the Monitoring Officer to issue two reports for the year 2018/19. Both matters were related to Council Tax and Housing Benefit processes and measures have been taken to ensure they do not happen again.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the council. No such formal reports have been issued during the 2018/19 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working.

## Information governance and data protection

The new General Data Protection Regulation (GDPR) came into force in May 2018. In November 2017 a programme of work commenced to ensure any significant gaps in terms of compliance with the new regulations were fully addressed. Good progress has been made in completing this, including:

- Information asset registers and record retention schedules have been developed identifying the data held by teams, how long this data needs to be held for and outlining the procedures for disposing of data records.
- Privacy Notices and Terms and Conditions have been updated. These are currently being reviewed as part of the transition to the new Buckinghamshire Council.
- 100% of staff and Members had completed mandatory online training by the end of January 2019 and this now forms part of the induction process.
- Data Stewards have been appointed across the council, providing teams with the help and support they require.
- Engagement with suppliers to update terms and produce a risk assessment of the activities they carry out on our behalf.

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). The Assistant Director for Business Strategy and Support is the Data Protection Officer. This group comprises of managers from key departments who are empowered to take decisions on information management.

In October 2017, our Information Management Strategy was approved. This provides a foundation to help us continually improve by promoting better, more creative management of information, encouraging appropriate sharing and transparency, while ensuring data security and compliance with data protection legislation. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and keep it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.



## G

## Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our website. Most of our council meetings are also open to the public with agendas and minutes available to download from our website.

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

### Whistle-blowing and complaints procedures

The Whistleblowing Policy and reporting procedures are available on our website. This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports in 2018/19.

There has been no use of the Regulation of Investigatory Powers Act during 2018/19. There was an Inspection Report by the Office of the Surveillance Commissioner (dated 9 June 2016) which recommended that the council revise its RIPA Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection was due in 2019 and was in the form of a questionnaire on a risk assessed basis, there was no physical inspection.

Our updated Customer Comments, Compliments and Complaints Policy includes a public document explaining the process. There are also detailed procedures for employees who are dealing with a complaint. All employees are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our website. There were no complaints against councillors which led to a full investigation in 2018/19. There were a total of 17 councillor Code of Conduct complaints (against a total of 14 councillors – different complaints were made by the same complainant against the same member) that did not proceed beyond Stage 2 Initial Assessment (of the 14 councillors, 2 were district councillors and 12 were parish councillors). The Code of Conduct was reviewed during the course of the year to improve clarity and ease of understanding. The Code was approved by Council on 17 April 2019 after having compared it with the guidance resulting from a review by the Committee on Standards in Public Life. The Standards and Complaints process was due for review but this work has been put in abeyance pending the need for the new Buckinghamshire Council to have its own Code of Conduct and Standards Complaints process.

### Anti-fraud and corruption

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. CIPFA's 'Code of Practice on managing the risk of fraud and corruption' supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. We have assessed our level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and a high level action plan has been developed to strengthen our position. Fraud awareness training was provided for managers in summer 2017.

## Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

### Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

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

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

# Significant governance issues and action plan

During the year, internal audit reports highlighted a number of weaknesses were identified that should be reported in the Annual Governance Statement. These relate to the “high risk” findings identified in the reviews of General Ledger and Commercial Waste.

## **General Ledger Reconciliations**

Over the last few years AVDCs Connected Knowledge digital strategy has delivered a number of new cloud based systems in core service areas, including Regulatory Services and Waste. The scale and pace of system implementation has meant that plans have not always included sufficient detail on financial management and control implications. The lack of automated integration with the General Ledger at the point of go-live has resulted in the need for manual workarounds. In some areas there is either inadequate, or no evidence of, reconciliation being performed. There is therefore some risk to the accuracy and completeness of data held on the finance system. This also creates inefficiency in some of the billing processes whereby Services manually provide information from which finance raise invoices; automated interfaces between these systems and the general ledger would improve accuracy, completeness and efficiency of the billing process.

A “Finance Process Improvement Project”, is underway to implement the priority recommendations arising from this audit in the context of the transition to a Unitary authority.

## **Commercial Waste**

The Commercial Waste audit was performed during September/October 2018. At the time a high risk was identified as site risk assessments had not been completed for a large number of commercial waste customers. Each site from which commercial waste is collected should be assessed to identify any risks that may pose a threat to the safety of collection crew and the general public. This should be undertaken prior to the adoption of a new customer and at set intervals thereafter to allow mitigations to be put into place to manage any risk of physical harm. There were also no controls in place to re-assess a site at a set interval and to keep track of when these re-assessments are due.

Action was immediately taken by management to address the risks identified. Follow up work has confirmed that site risk assessments are complete for all customers and a procedure is in place to ensure they are completed before a new account is approved.

## **Action plan**

Progress in addressing the outstanding issues outlined above will be monitored by the Audit Committee through its oversight of internal audit work.

During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on overdue actions have been provided to the Audit Committee. A total of 113 audit actions have been completed during the year and progress is being made to address all outstanding actions. There are no significant issues to report regarding the follow up of any audit recommendations. Significant improvements have been made in the following areas which were highlighted in the previous year’s Annual Governance Statement:

- Housing benefits - Following the high risk audit report in 2017/18, continued improvements have been made to processes and controls. This has been demonstrated by a significant reduction in processing times for new applications and change of circumstance. There is widespread use of software to data match HMRC details for applicants and targeted projects to undertake 100% checks on identified risk areas. These improvements can be attributed to strength in management and a restructure of staff to ensure specialist benefits officers focus on higher risk cases, a further developed training plan and continued monthly quality checks.

- Management Information - A number of internal audit reports highlighted inadequacies in the level of management information, both at a corporate and service level to enable effective monitoring and oversight of both financial and non-financial performance, and to inform decisions. It is noted that significant progress has been made on capturing and reporting corporate level performance indicators and performance dashboards are regularly reviewed by the Corporate Management Team and Cabinet. Financial management information has also been further developed and the Finance Business Partner model is working well with better system reporting and monitoring by managers.
- Company Governance – In January 2019, the Audit Committee received a report confirming that all 22 recommendations arising from the June 2018 review of the Council’s governance arrangements over its investment in Aylesbury Vale Broadband (AVB) had been implemented. The “Guide to Creation and Working with Companies in which AVDC has a Financial Interest” was updated accordingly and approved by full Council in February 2019. This will be taken forward to further strengthen the governance arrangements over current and future commercial interests.

# Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

Signed:.....

Leader

Signed:.....

Head of Paid Service

On behalf of Aylesbury Vale District Council

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# Corporate Risk Register Update

The Corporate Risk Register (CRR) shows the key risks to the Council and the actions that are being taken to respond to these risks. The risk register was last reviewed by Cabinet on 4 November and by the Audit Committee on 15 July 2019. The table below shows the changing risk profile over time.

	Total	Low	Moderate	High	Extreme	Not yet assessed
<b>November 2019</b>	<b>21</b>	<b>3</b>	<b>11</b>	<b>5</b>	<b>2</b>	-
September 2019	22	3	10	7	2	-
July 2019	23	4	8	8	3	-
May 2019	23	4	8	9	2	-
March 2019	23	3	8	7	4	1
January 2019	23	3	8	7	4	1
October 2018	26	2	13	7	1	3

Since the CRR was last reported to Audit Committee in July 2019, the following risks have changed:

Risk Ref	Change	Comment
1) Fail to achieve the Medium Term Financial Plan	Increased L → M	Forecasting to balance the budget for the 2019-20 financial year but a number of risks have been identified: <ul style="list-style-type: none"> <li>- Income shortfalls including Property, Planning, Garden Waste</li> <li>- Higher than budgeted costs of waste disposal (additional costs of £440k)</li> <li>- Offset by budget underspends and largely related to Corporate Financing items and Business rates</li> </ul> Monitoring and management is ongoing to reduce risks.
2) Loss of AVDC Senior Management leadership and vision as the unitary programme progresses	Removed	The risk, consequences and actions have been captured in risk #3.
4) Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff	Increased M → E	Unitary work demands are increasing. T3 recruitment in progress, TUPE consultation commencing, pay date move, publication of revised structures; there is an increasing volume of change being felt by staff at all levels, and particularly those impacted by T3 recruitment and associated reporting lines.
6) Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives within AVDC lifetime. Lack of alignment to wider strategic / unitary authority objectives. New and existing systems/processes are not fully integrated.	Closed	CK Strategy and Programme as originally envisaged will not be achieved. Programme close-down in progress. Paper to be presented setting out final position with respect to achievements, savings identified, savings foregone (for AVDC) and opportunities for new Council to consider in future. Objective for AVDC now is to deliver robust systems that can fully showcase the benefits of AVDC digital strategy and the efficiencies this can bring to the new Council - this is reflected in the results of the "project prioritisation" exercise.
7) In-housing of Street and Horticulture service (Streetscene) is not completed by the end of the current contract	Reduced H → M	Project on track and progressing well. Need to keep on radar for Unitary and decisions regarding devolution which may have contractual / TUPE implications.



8) Depot Transformation Programme fails to deliver commercial, customer, H&S, Environmental objectives	Reduced H → M	AVDC is first LA to successfully achieve Competent Management System (CMS) (Sept 19). This removes need for reliance on key individuals to ensure compliance with EA licence requirements. Commercial business case to be revisited and engagement with Unitary workstream required.
15) Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects/partnering arrangements	Reduced H → M	Continue to monitor Brexit risk.

There are **21 risks** on the corporate risk register. The residual risk rating is summarised as follows:

Residual Risk Rating			
Low risk 3	Moderate risk 11	High Risk 5	Extreme risk 2
<p>10) Fail to manage and deliver major capital projects on budget and to time - The Exchange</p> <p>22) Fraud, corruption, malpractice by internal or external threats.</p> <p>23) Equalities is not considered in decisions resulting in Judicial Review and other litigation.</p>	<p>1) Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered</p> <p>7) In-housing of Street and Horticulture service (Streetscene) is not completed by the end of the current contracts (January 2020), and in line with AVDC Council decision.</p> <p>8) Depot Transformation Programme fails to deliver commercial, customer, H&amp;S, Environmental objectives</p> <p>12) Aylesbury Vale Estates (AVE) does not deliver capital receipts and objectives of business plan.</p> <p>13) Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.</p> <p>15) Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects//partnering arrangements</p> <p>17) Health &amp; Safety - Non-compliance with Fire and Health and Safety legislation. Failure to provide a safe place for staff and visitors on AVDC property and/or events.</p> <p>18) Fail to plan for a major or large scale incident. Risk to safety of public &amp; staff.</p> <p>19) Business interruption affecting the Council's resources and its ability to deliver critical services.</p> <p>20) Information Governance - A significant data breach, Inappropriate access, corruption or loss of data</p> <p>21) Safeguarding arrangements, internal policies and processes are not adequate to address concerns about /protect vulnerable adults &amp; children.</p>	<p>5) Lack of clarity and/or political engagement with partners hinders ability to engage in &amp; influence next round of growth including consideration of CaMKOx Corridor, HS2, housing need targets. A Bucks wide plan could result in even more housing in the Vale geography.</p> <p>9) Pembroke Road Redevelopment programme is not delivered to time or budget</p> <p>11) Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme</p> <p>14) Inadequate working with stakeholders to ensure safety of residential buildings following Grenfell.</p> <p>16) Deterioration of quality of planning service delivery, decisions and timeliness of response to applications in the face of increasing growth demand; compounded by vacancies in the planning team, reliance on consultants and the national reduction in applicants; challenge locally due to job market and growth, unitary uncertainty</p>	<p>3) Loss of Snr Officers/Key staff (external or to Unitary programme) &amp; inability to recruit high performing individuals.</p> <p>4) Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff</p>

## Risk Scoring Methodology

Impact	5	Catastrophic	5	10	15	20	25	
	4	Major	4	8	12	16	20	
	3	Moderate	3	6	9	12	15	
	2	Minor	2	4	6	8	10	
	1	Negligible	1	2	3	4	5	
Score		Rare	Unlikely	Possible	Likely	Very Likely		
		1	2	3	4	5		
		Likelihood						

1-3	Low	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals
4-6	Moderate	A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required.
8-12	High	Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures.
15-25	Extreme	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.

### Risk Rating – Likelihood

	Likelihood	Likelihood Descriptors	Numerical likelihood
1	Rare	May occur only in exceptional circumstances	Less than 10%
2	Unlikely	Do not expect it to happen/recur but it is possible it may do so	Less than 25%
3	Possible	Might happen or recur occasionally	Less than 50%
4	Likely	Will probably happen/recur but it is not a persisting issue	50% or more
5	Very Likely	Will undoubtedly happen/recur, possibly frequently	75% or more

Capacity to Manage	Description
Full	All reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered and no additional actions are proposed.
Substantial	There are sound arrangements to manage the risk with some scope for improvement. Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk.
Moderate	There are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited	There are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
None	There is a lack of clear arrangements in mitigation of the risk.

### Risk Rating - Impact

Score	Descriptor	Compliance	Finance	Health and safety	Internal Control	Political	Reputational	Staffing & Culture
1	Negligible	No or minimal impact or breach of guidance/ statutory duty	Small loss risk of claim remote	Minor injury; Unlikely to result in sick leave	Control is in place with strong evidence to support	Parties work positively together with occasional differences; Members & executive work co-operatively	Rumours; Potential for public concern	Short-term low staffing level that temporarily reduces service quality (<1 day)
2	Minor	Breach of statutory legislation; Reduced performance rating	Loss of 0.1-0.25 per cent of budget; Claim less than £20k	Moderate injuries; Likely to result in 1-7 days sick leave	Control in place with tentative evidence	Parties have minor differences of opinion on key policies; Members and executive have minor issues	Local media coverage short term reduction in public confidence;	Low staffing level that reduces the service quality
3	Moderate	Single breach in statutory duty; Challenging external or internal recommendations or improvement notice	Loss of 0.25-0.5 per cent of budget; Claims £20k - £150k.	Major injuries; More than 7 days sick leave – notifiable to HSE	Control in place with no evidence to support	Members begin to be ineffective in role; Members and Executive at times do not work positively together	Local media coverage – long term reduction in public confidence	Late delivery of key objective/service due to the lack of staff; Low staff morale; Poor staff attendance for mandatory/key training
4	Major	Enforcement action; Multiple breaches of statutory duty; Improvement notices; Low performance ratings	Uncertain delivery of key objectives/loss of 0.5 – 1.0 percent of budget; Claims £150k to £1m	Death; Single fatality	Partial control in place with no evidence	Members raise questions to officers over and above that amount tolerable; Strained relationships between Executive and Members	National media coverage with key directorates performing well below reasonable public expectation	Uncertain delivery of key objective/service due to lack of staff; Unsafe staffing level or competence; Loss of key staff; Very low staff morale; No staff attending training
5	Catastrophic	Multiple breaches in statutory duty; Prosecution; Complete system changes required; Zero performance against key priorities and targets	Non delivery of key objective/loss of >1 percent of budget	Multiple deaths; More than one Fatality	No control in place	Internal issues within parties which prevent collaborative working; Que from members shift resources away from corporate priorities	National media coverage, public confidence eroded; Member intervention/action	Non-delivery of key objective/service due to lack of staff; Ongoing unsafe staffing levels or competence; Loss of several key staff; Staff not attending training on ongoing basis

AVDC Corporate Risk Register

Last review date: 13 November 2019

Ref	Risk Owner	Delegated Manager	Risk	Potential Consequences	Inherent Risk Rating			Capacity to Manage Risk	Existing Controls & Mitigation	Residual Risk Rating			DoT (up = increasing risk)	Proposed Actions/Comment	Completion Date
					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating			
1	Andrew Small	Strategic Board	Fail to achieve the Medium Term Financial Plan. Annual sector budgets are not delivered.	Failure to meet statutory obligations and business objectives; Pressure on budgets increase; Inefficient and ineffective use of resources; Poor publicity and reputation damage; Inability to meet the demands of the future and ensure continuous improvement of services.	4	5	20	Substantial	Longer term view, still maintain 4 years balanced budget, but working towards March 2020. Strategic Board monitoring the budget; regular reporting through Cabinet. Quarterly financial digest. Budget managers review cost centre reports.	2	3	6		Forecasting to balance the budget for the 2019-20 financial year. However, a number of risks and issues have been identified and are being monitored and managed, incl: · Income shortfalls including Property, Planning, Garden Waste · Higher than budgeted costs of waste disposal (additional costs of £440k) · Offset by budget underspends and largely related to Corporate Financing items and Business rates Financial outlook is reviewed on an on-going basis to both reduce financial risks that may impact adversely on the financial forecast and to identify additional efficiencies.	
2			Removed - combined with #3			0	Limited				0				
3	Andrew Small	Strategic Board	Loss of Snr Officers/Key staff (external or to Unitary programme) & inability to recruit high performing individuals.	Core service - deterioration in delivery due to loss of key staff & inability to recruit or retain high performing staff. Competing demands of Unitary programme impacts on capacity to deliver BAU. Projects - (capital, improvement, transformation) are delayed/cancelled; Financial cost of agency staff. Snr Management - capacity is stretched, lack of support to team members, lack of day-to-day direction/leadership	5	5	25	Moderate	Additional support to Leadership Team in place. Roles & responsibilities agreed across LT. Regular monitoring or leadership p and mgmt workloads. Retention - various retention strategies in place and regular review of risk for "key posts". Project prioritisation process concluded and ongoing review. Employee Relations - Collaboration and healthy challenge with trade union and staff representatives and challenges addressed in partnership. New E'ee reps added to current group Wellbeing -Outplacement scheme implemented. Coaching programme in place. Use of contractors to cover permanent vacancies. Staff communication, smooth handover, additional support to leadership team; Ongoing monitoring of KPIs and metrics	5	4	20		Risk may further increase as recruitment into Tier 3 posts progresses and concludes. Ongoing BAU risk analysis and clear process for assessing project priorities. Member engagement in priorities and risks. Change Freeze in operation, phased from 1 November. Additional work associated with snap general election.	
4	Andrew Small	Strategic Board	Staff morale, mental, physical wellbeing deteriorates, increased demand on HR resource to support staff	increased sickness, Increase in staff stress levels; impact on service delivery	4	4	16	Moderate	Continued focus on Staff Comms. Increase in training spend, Staff Roadshows. Continued focus on Wellbeing and Mental Health including external providers for support. regular review by ADs; opportunities for recognition, additional responsibilities etc	4	4	16		Unitary demands are increasing. Staff grades 1-3 less impacted, but 4 upwards increasingly involved. T3 recruitment in progress, TUPE consultation commencing, paydate move; increasing volume of change being felt. TUPE & T&C announcements mid Nov.	
5	Andrew Small	Will Rysdale	Lack of clarity and/or political engagement with partners hinders ability to engage in & influence next round of growth including consideration of CaMKOX Corridor, HS2, housing need targets. A Bucks wide plan could result in even more housing in the Vale geography.	Lack of engagement in planning issues impacting the Vale geography; expose district to "planning by appeal"; developer challenge; Government sanctions; lack of ability to secure strategic infrastructure; additional housing growth absorbed by Aylesbury Vale.	4	4	16	Moderate	AVDC interests represented in the Bucks Growth Board rather than separately as AVDC.	2	4	8		AVDC is part of Econ & Regen Unitary workstream looking at how to tackle Bucks wide growth after 1 April 2020 - incl. CaMKOX, HS2 and response to consultation. 18 Sept Council resolved to "Oppose the expressway project and support the electrification of the East-West Rail route..." Need focus on delivering local plans as a priority (refer risk #13) - Growth Board paper sets out our position. E-W paper due in Autumn. Clarity on comms with external partners and key stakeholders. Visibility of AVDC and "seat at the table" important to maintain. Remain in SEMLEP.	
6	Andrew Small	Maryvonne Hassall	Failure to deliver the Connected Knowledge Strategy and achieve the Council's Digital objectives within AVDC lifetime. Lack of alignment to wider strategic / unitary authority objectives. New and existing systems/processes are not fully integrated.	Unitary - AVDC achievements and plans for digitisation of services is not pursued. Operational - New systems lack robust business processes and controls; poor integration between systems; failure to comply with GDPR and other legislative requirements exposing the Council to potential breaches; Data sharing of personal & sensitive information, cyber risk. Financial - VFM & unbudgeted costs Reputational - damage to reputation and standing as a "Digital Council", relationship with suppliers, disengage community through lack of access to digital services. Staff - capacity issues to implement changes whilst still delivering "day job" - flight risk of key people.	4	4	16	Moderate	CK Programme Board combined with wider Project Board (May19) to ensure prioritisation of all projects considering capacity and unitary. Funding agreed for 2019/20 Programme governance arrangements, steering group Project prioritisation process complete and there are a number of projects which were not yet started which will not be delivered. The scope and scale of others has been reviewed inline with resources capacity and alignment to Unitary. AVDC Digital programme lead is engaged with Unitary Workstream.			Closed		CK Strategy and Programme as originally envisaged will not be achieved. The risk has materialised and will now be moved to "closed". Programme close-down in progress. Paper to be presented (Nov19) setting out final position wrt achievements, savings identified, savings foregone (for AVDC) and opportunities for Buckinghamshire Council to consider in future. Overriding goal for AVDC is to deliver robust systems that can fully showcase the benefits of AVDC digital strategy and the efficiencies this can bring to the new Council - this has been reflected in the "project prioritisation" exercise.	
7	Andrew Small	Will Rysdale	Inhousing of Street and Horticulture service (Streetscene) is not completed by the end of the current contracts (January 2020), and in line with AVDC Council decision.	Failure to deliver services, financial costs, damage to AVDC reputation.	3	3	9	Substantial	Full Council approval, Project Manager, Operations Board for oversight & governance, budget approved, Project plan developed and work has commenced.	2	3	6		Project on track and progressing well. Review of indicative TUPE info complete and request to bring forward to allow more time before Christmas. Need to keep on radar for Unitary wrt Localism agenda and decisions re devolution which may have contractual / TUPE implications .	Jan-20

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8	Andrew Small	Will Rysdale	Waste & Operations Transformation Programme fails to deliver commercial, customer, H&S, Environmental objectives.	Inability to deliver services to public; death or injury to public or staff; regulatory fines; criminal prosecution or civil litigation; reputational damage; financial cost.	3	5	15	Moderate	Programme of works to March 2019 mapped out. Dedicated programme manager. Monthly Programme Board oversight; quarterly updates to Strategic Board	2	3	6		First LA to successfully achieve Competent Management System (CMS) (Sept 19) - remove need for reliance on key individuals to ensure compliance with EA licence requirements. Commercial business case for Workshop to be revisited and engagement with Unitary workstream required. Need to assess ROI for new Authority.	
9	Andrew Small	Teresa Lane /Will Rysdale	Pembroke Road Redevelopment programme is not delivered to time or budget,	Delay to the scheme, and potential to fail to deliver part/all of scheme. This would allow us to maintain our current service provision but could cause a reduction of service linked to the level of growth in the district. Costs exceed budget; inability to expand services and generate commercial income (e.g. HGV MOTs); damage relationships with future/existing tenants; Reputation damage	3	5	15	Substantial	External specialist consultant and programme manager recruited to help assess appropriate mitigation measures. Working with the Env Agency to understand their requirements and re-designing scheme where appropriate. Major Capital Projects Member group – Highlight reports, challenge from legal, finance and risk; Project teams with external contractors in place with established governance processes.	3	3	9		Governance processes being strengthened between Operations and Capital Projects to ensure alignment. Paper presented to cabinet 1 July 19 to update and confirm priority in light of Unitary decision. Plans redesigned to meet FPP requirements within original £9.2m budget window. Updated FPP plans approved by EA Nov19.	Nov-19
10	Andrew Small	Teresa Lane	Fail to manage and deliver major capital projects on budget and to time - The Exchange	Costs exceed budget; damage relationships with future/existing tenants; Reputation damage; impact on wider Town Centre Regeneration programme and ability to enhance existing assets.	3	3	9	Substantial	Major Capital Projects Member group – Highlight reports, challenge from legal, finance and risk; Project teams with external contractors in place with established governance processes.	1	3	3		Exchange opened 8 March. 3/4 of the F&B units have been let with interest in fourth. More positive outcomes of recent negotiations with potential tenants. Commercial units let on Long Lionel. Financial impact (2019/20) being monitored through budget pressures	
11	Andrew Small	Teresa Lane	Decline in retail sector reduces ongoing viability of AVDCs Town Centre assets and limits success of regeneration programme	Decline in town centre investment, vacant property, reduced return on investment, increasing unemployment, reduction in business rates income.	4	4	16	Moderate	Aylesbury Town Centre plan and regeneration programme; joint Officer Steering Group (AVDC, BCC, ATC) monitors progress against action plan and receives new ideas/challenges. AGT Board and Project Team is overseeing & reviewing the masterplan for the Garden Town which includes the town centre.	3	3	9		Need to consider future Regeneration plans in line with staff capacity and prioritise activities during AVDC transition year. AVDC investment in The Exchange will deliver new public space, restaurants, businesses, helping to change the town centre offering. AGT Masterplan will provide further opportunities to bid for funding and progress with small and major projects. AVDC&BCC mtg to discuss future strategy for Ayl Town Centre.	
12	Andrew Small	Teresa Lane	Aylesbury Vale Estates (AVE) does not deliver capital receipts and objectives of business plan.	Inability to achieve expected distribution from the partnerships and grow AVDC's investments; security of loans. Satisfaction/relationship with existing customers/community deteriorates; Reputational damage to Council and Members if high profile ventures fail; negative impact of "commercial" decisions on Council's wider strategic & community objectives.	4	4	16	Moderate	Internal audit review of AVE governance arrangements (Jan19). Partnership Agreement in place, business plan process in place and plan subject to scrutiny and cabinet approval. AVDC representatives on AVE abreast of issues. On-going monitoring and monthly meetings taking place. Asset Managers have been directly advised of performance concerns.	3	2	6		Private sector uncertainty may place dividend at risk. Continue to monitor	
13	Andrew Small	Will Rysdale	Fail to deliver a sound Vale of Aylesbury Local Plan before the transition to new unitary council.	Opportunistic planning applications; Loss of local control; Government send in own planning team; Loss of New Homes Bonus.	3	3	9	Moderate	VALP approved by Council 18 October. Project manager in place. Weekly action plans and progress monitoring. Regular engagement and communication with CLG to discuss timeframes. Early engagement of QC. Support from the Planning Officers Society; Advice from Planning Inspectorate; Working with the Bucks Planning Officers Group.	2	3	6		Consultation on main modifications commenced Nov 19. Once done hopefully we will take the plan forward for adoption(refer also risk #5).	Mar-20
14	Andrew Small	Will Rysdale	Inadequate working with "responsible parties" to ensure safety of residential buildings following Grenfell.	Death or injury to public; loss of public trust; damage to reputation	2	5	10	Substantial	Liaising with MHCLG, working with leaseholder and housing association	2	4	8		Friars House in Aylesbury is over 18 meters tall and is fitted with ACM cladding. We are working closely with Moreland Estate Management, the Vale of Aylesbury Housing Trust (VAHT), Bucks Fire and Rescue and MHCLG to ensure the safety of residents. New government guidance and powers issued January 2019 and in May Government announced £200m fund to remove cladding from private blocks . Buckinghamshire Fire Service. 5.9.19 mtg with BFS; keeping them informed of our enforcement activity in respect of the ACM.	TBA
15	Andrew Small	Andy Barton	Impact of BREXIT - financial (eg fuel costs), procurement, employment, regulatory, environmental, major projects/partnering arrangements	Impacts all areas of Council activities	4	4	16	Substantial	Detail risk register and action plan, working group monitoring	2	2	4		Brexit deadline now 31 Jan2020. Planning for "no deal" Brexit ongoing, inline with MHCLG guidance. Engaged with BCC and LRF. Continue to monitor Brexit risk.	Ongoing
16	Jeff Membery	Hazel Hutt	Deterioration of quality of planning service delivery, decisions and timeliness of response to applications in the face of increasing growth demand; compounded by vacancies in the planning team, reliance on consultants and the national reduction in applicants; challenge locally due to job market and growth, unitary uncertainty	Damage to reputation, customer complaints/appeals, delayed applications, status as Planning Authority.	4	4	16	Moderate	Planning Advisory Authority workshop and review. Planning performance report to Audit Committee October 18; customer journey analysis, member case load, planning updates & communications etc., range of recruitment strategies	3	4	12		Planning improvement is a priority as part of Transition year and plan in progress to deliver Performance Improvement, incl. case load management, proactive contact etc. . Still vacant posts and challenges to recruit. 2 resignations (Sept 19) . Exploring Bucks wide recruitment through Unitary. Decision not to go live with new Built Env system given resource challenges - work now progressing to update and extend Uniform contract - negotiating taken forward through Unitary.	

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					Likelihood	Impact	Overall Risk Rating			Likelihood	Impact	Overall Risk Rating			
17	Andrew Small	Andy Barton	Health & Safety - Non compliance with Fire and Health and Safety legislation. Failure to provide a safe place for staff and visitors on AVDC property and/or events.	Death or injury to public or staff; criminal prosecution or civil litigation; Service stopped; Loss of public trust; Action by Health and Safety Executive or Bucks Fire and rescue, e.g. fine up to £4m, corporate manslaughter charges; Insurance claims/ financial loss	2	4	8	Moderate	Revised H&S policy & strategy approved Sept 17. Fire Risk Assessments performed for all property (Apr17) and reviewed (Dec17). Strategic Health and Safety Board monitor risk and performance. H&S Committee meets every 3 months. Management of contractors procedure in place and training provided. Ongoing training planned throughout 2018. New M&E service provider selected (Apr18) which will see a more uniformed and monitored approach to pre-planned maintenance and reactive work. New lone working devices and 3 year contract purchased.	2	3	6	→	Sept 19 full H&S team in place (3xFTE): Corp H&S manager, Operations H&S Manager, H&S Officer. Now need to reprioritise work plan. 1. Management of asbestos & legionella currently being reviewed in line with new M&S service contract. 2. Statutory programme to be followed - ongoing. 3. Sector risk assessments and risk profiling in progress 3. Review vulnerability assessment action plan general security of the building (Set 19).	Oct-19
18	Andrew Small	Will Rysdale	Fail to plan for a major or large scale incident (accident, natural hazard, riot or act of terrorism). Risk to safety of public & staff	Public safety. Service delivery disruption and impact on the Council's ability to deliver critical services. Reputational damage to the council.	2	4	8	Moderate	Community Safety Manager appointed (Apr17) with responsibility for Emergency Plan and Community Resilience. Table top exercise run Dec2018. Public Events Management steering group set up & Duty holders established. Security contract in place and Silver command. Crowd Safety Management consultancy review. Resilience workshop with Local Resilience Forum to focus on long term response planning. Thames Valley Local Resilience Plan in place,	2	3	6	→	Events Safety Management Framework agreed to ensure consistent approach and accountability. Crowd Safety consultancy has advised on Safety Plans prior to WhizzFizz. Future events will build on this.	
19	Andrew Small	Andy Barton	Business interruption affecting the Council's resources and its ability to deliver critical services. Loss of IT due to failure or cyber attack.	Service delivery disruption and impact on the Council's ability to deliver critical services. Reputational damage to the council.	2	4	8	Moderate	EP & BC Steering Group established to ensure coordination. Increased use of cloud technology, less paper documents.	2	3	6	→	All the BCPs being reviewed and updated to ensure fit for purpose. Work is aligning with Unitary work streams. Need to ensure plans tested in view of potential Brexit no deal scenario.	Sep-19
20	Andrew Small	Andy Barton	Information Governance - Non compliance with legislation, a significant data breach, Inappropriate access, corruption or loss of data.	Exposure of confidential information or corruption of data; Prosecution or fine for statutory breach; Loss of public trust	3	4	12	Substantial	Data Governance Officer with responsibility for DP and info governance. IGG monitors specific risks and has its own action plan. Information Management Strategy has been revised in readiness for GDPR. Mandatory training; Investigations into data breaches. Periodic data sweep. HB Law supporting. Information Asset Registers, identified Information Asset Owners, retention schedules in place. Privacy Impact Assessments for all projects. Dual factor sign in.	2	3	6	→	GDPR programme targets achieved for compliance by May2018. Post GDPR programme to complete remaining tasks. No further work will be done on Policy Review as this all now falls under Unitary workstreams. Customer Data processes project commenced to address system issues and cleanse data prior to unitary	
21	Andrew Small	Will Rysdale	Safeguarding arrangements are not adequate to effectively address concerns about vulnerable adults & children who may be at risk of significant harm. Requirements of "Prevent" are not implemented and applied. Internal processes and controls are inadequate to effectively prevent dangerous individuals from gaining access to opportunities where that may place vulnerable adults and children at harm (e.g. Taxi licensing/Housing).	Failure to refer concerns to the appropriate agency for investigation; Damage to reputation; Harm to vulnerable adult or child as a result of failure to refer. Reputational damage to the council should perpetrator of terrorism be living or radicalised within the borough. A known sex offender is not prevented from having access to vulnerable adults and children.	2	4	8	Moderate	Internal AVDC safeguarding board with membership across all sectors. Mandatory training rolled out to all staff. Use self reporting template/ RAG framework (\$11); Meeting with Chair of Bucks safeguarding board – questions asked about current safeguarding arrangement and recommendations made; AVDC Chairs Community Safety Partnership (Prevent). Check applications for taxi licenses with disclosure Scotland. Whistleblowing policy in place and Managing volunteers policy in place. Members training on Prevent (WRAP) (Oct17). Internal audit (May17). Member training on Safeguarding 2018.	2	3	6	→	Training needs assessment for different roles is complete. Training for level 2,3,4, booked in. With onset of winter, implement severe weather emergency protocol actions for Housing/Homelessness.	
22	Andrew Small	Andy Barton	Fraud, financial impropriety or improper business practices. Potential for fraud, corruption, malpractice or error, by internal or external threats.	Immediate financial loss; reputational harm; inquiry costs and penalties.	2	3	6	Substantial	Compliance team focus on CT liability, Housing Benefit, Tax Reduction entitlement, exemptions and discounts. New Fin Regs & Procedures update financial controls. Internal audit reviews and oversight of fraud action plan. Fraud Awareness session provided at Manager Training.	1	3	3	→	Fraud risk assessment to be undertaken as part of 2019/20 internal audit plan	Dec-19
23	Andrew Small	Andy Barton	Equalities - Decisions taken by the Council do not consider equalities resulting in Judicial Review and other litigation	Reputational risk to the authority and inability to progress with strategic objectives of the organisation; potential cost to the Council if decisions made against the authority.	2	3	6	Moderate	Equalities steering group. Equality Impact Assessments performed. Annual Equalities report to Cabinet Jan18Post restructure, AVDC profile has been reviewed and is broadly consistent.	1	2	2	→		

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**Audit Committee**  
**25 November 2019**

## **AUDIT COMMITTEE WORK PROGRAMME**

### **1 Purpose**

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

### **2 Recommendations/for decision**

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

### **3 Supporting information**

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

### **4 Reasons for Recommendation**

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

### **5 Resource implications**

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

Contact Officer

Kate Mulhearn – Corporate Governance Manager  
Tel: 01296 585724

Background Documents

None

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## AUDIT COMMITTEE WORK PROGRAMME 2018-19 &amp; 2019-20

Item	Contact Officer	15 July	25 Nov	27 Jan	24 Mar
		2019	2019	2020	2020
Audit Committee Work Programme	Kate Mulhearn	X	X	X	X
Member Training / Briefing Sessions (TBC)	Kate Mulhearn	X	X	X	X
Audit Committee Annual Report	Kate Mulhearn		X		
Audit Committee Review of Effectiveness	Kate Mulhearn				
External Audit Plan & fee letter	Nuala Donnelly			X	
External Audit - Audit Results Report (ISA 260)	Nuala Donnelly		X		
External Audit Annual Letter	Nuala Donnelly		X		
External Audit AGR for Grant Claims	Nuala Donnelly			X	
External Audit Update / Progress Report	Nuala Donnelly	X	X	X	X
Annual Internal Audit Strategy and Plan	Kate Mulhearn	X			
Internal Audit Annual Report	Kate Mulhearn	X			X
Annual Governance Statement	Kate Mulhearn		X		
Internal Audit Progress & Internal Audit Review Reports	Kate Mulhearn	X	X	X	X
Risk Management Report	Kate Mulhearn	X	X	X	X
Fraud Update Report (as required)	Kate Mulhearn				
Statement of Accounts (pre audit)	Andrew Small	X			
Post Audit Statement of Accounts	Andrew Small		X		
Working Balances	Andrew Small				X

\* Reports will be prepared and presented by External Audit Manager, Sue Gill (EY)

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