

## Regulatory and Audit Committee 26 July 2017

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Final Statement of Accounts for BCC including briefing note outlining changes since first published	



# Regulatory and Audit Committee

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<b>Title:</b>	<b>Statement of Accounts for the year ended 31 March 2017</b>
<b>Date:</b>	26 July 2017
<b>Author:</b>	Richard Ambrose –Director of Assurance
<b>Contact officer:</b>	Rachael Martinig – Accountant Telephone (01296) 387883
<b>Electoral divisions affected:</b>	All

## Summary

To present Grant Thornton's draft report on any significant findings from its audit of the Council's Statement of Accounts and Pension Fund.

On 24 May 2017 this Committee received the Unaudited Statement of Accounts for the Council and Pension Fund. At that stage the audit of the accounts had not commenced. Grant Thornton has now completed this work. Representatives from Grant Thornton will provide an update on their findings at the meeting as detailed in their Audit Findings Report for 2016-17.

Subject to the satisfactory resolution of the normal audit processes, we anticipate that Grant Thornton will provide **an unqualified opinion** on the financial statements for the Council and Pension Fund.

## Value for money conclusion

The Council is responsible for putting in place proper arrangements to:

- secure economy, efficiency and effectiveness in the use of resources;
- ensure proper stewardship and governance; and
- review regularly the adequacy and effectiveness of these arrangements.

Grant Thornton provide a VFM conclusion based on whether the Council has proper arrangements in place for securing financial resilience and whether the Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness in the prioritisation of resources.



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Due to the forthcoming Ofsted review we have decided to delay the Value for Money conclusion. This will be brought to the September Regulatory and Audit Committee meeting.

### **Recommendation**

**That the Committee considers its response to the matters raised by Grant Thornton in their Audit Findings Report 2016-17 and agrees that the Statement of Accounts for Buckinghamshire County Council and Pension Fund for the financial year ended 31 March 2017 can be signed by the Chairman of this Committee.**

**That the Committee approves the Letters of Representation on behalf of the Council and Pension Fund and agrees that they can be signed by the Chairman of this Committee.**

**That the Committee agrees the response to the proposed action plan within the Audit Findings Reports for the Council and Pension Fund.**

## **Statement of Accounts – Buckinghamshire County Council**

Four adjustments have been made to the Accounts as a consequence of the audit and been agreed with Grant Thornton:

- Beechview School had not been identified as converting to Academy status during 2016-17. This has resulted in the value of the school, £2.822m, being adjusted as an in-year disposal within Note 15 Property, Plant and Equipment. This correction also feeds through to the CIES, MiRS and Note 26 Unusable Reserves.
- An asset within Note 15 Property, Plant and Equipment was revalued upwards in error. This has resulted in an error of £2.054m. This correction has reduced the Revaluation increases recognised in the Revaluation reserves line. This correction also feeds through to the CIES, MiRS and Note 26 Unusable Reserves.
- The Energy from Waste site was made operational during 2016/17. Within Note 15 Property, Plant and Equipment the Energy from Waste site had been categorised as 'Other Land and Buildings'. As detailed in a valuation report of the Energy from Waste site £111m of the total valuation of this site relates to plant, therefore should be re-categorised from 'Other Land and Buildings' to 'Vehicles, Plant and Equipment'.
- Information that was sent to the Actuary to calculate the assets and liabilities in relation to the Local Government Pension Scheme included unfunded benefits in the Teachers Scheme. This was in error. The Actuary has provided new figures which are reflected in the final accounts. Please see briefing note for further information.

There was no overall impact on the General Fund balance. A small number of other disclosure items have also been amended as listed within the Audit Findings Report. A copy of the Statement of Accounts as amended and to be approved is included as part of the papers. It should be noted that the audit has not yet concluded and further adjustments may be identified.

## **Statement of Accounts - Pension Fund**

Grant Thornton audited the Pension Fund Accounts recently and are proposing to issue an unqualified audit opinion on the Pension Fund's financial statements. As a consequence of the audit, changes to the fair value hierarchy disclosures (Note 12) and contractual commitments (Note 19) of the Accounts were agreed. Following the adoption of IFRS13 for Pension Fund Accounts this year the Note 12 fair value hierarchy disclosure should be limited to investments. Dividend income receivable, current assets and current liabilities have been removed from the fair value hierarchy table and the 2015-16 comparator figures have been restated. For Note 19 there were some small changes to the amount paid as at 31 March 2017 for Partners Group contractual commitments. The Audit Findings Report also recommends that the reconciliation of monthly returns from scheduled and admitted bodies in respect of their contributions to the scheme is updated on a regular basis and all significant reconciling differences appropriately resolved. Management has agreed this recommendation. The Pensions Finance Officer role responsible for reconciling monthly contributions was vacant for 3 months from December 2016 to February 2017. The vacancy was filled but the new post holder handed in their notice after 6 weeks in the role citing workload volumes as one of the reasons for leaving. As the number of employers within the Fund has increased the reconciliation of employer contributions has become increasingly onerous. An additional post has been created and two Pensions Finance Officers were appointed with effect from 3 July 2017. It is envisaged that they will quality check each other's work in addition to providing cover for each other during short term absences. It is estimated that the contributions monitoring backlog will be up to date by the end of September.

**Supporting information to include the following if a decision is being requested:**

**Resource implications**

The overall position on the General Fund reserve is an increase of £7.124m to £24.506m. Earmarked reserves have reduced by £12.812m to £84.640m. The overall outturn and level of General Fund reserves has not changed following the audit.

**Legal implications**

None

**Other implications/issues**

None

**Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

None

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**Background Papers**

Statement of Accounts for the year ended 31 March 2017 – BCC and Pension Fund

Letter of Representation – BCC

Letter of Representation – Pension Fund

Draft Audit Findings Report 2016-17 - BCC (provided by Grant Thornton)

Draft Audit Findings Report 2016-17 - Pension Fund (provided by Grant Thornton)

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## Briefing Note

## Buckinghamshire County Council Statement of Accounts 2016/17

BCC's obligation to fund the unfunded element of the Teachers' Pension Scheme was included in error in figures sent to the Actuary to calculate BCC's asset and liabilities in relation to the Local Government Pension Scheme. This has resulted in incorrect figures being presented in the draft BCC's accounts. Below are details of the main changes.

- £3.030m Employer Contributions included in error. The effect is an additional charge to the Comprehensive Income and Expenditure Statement. This effects each Service line to a total of £3.030m due to the Employer Contributions being less than the Current Service cost (see table below). This charge is then reversed out through Note 3 – Adjustments between Accounting Basis and Funding basis under Regulations. This is an accounting adjustment and does not have an effect on the General Fund.

Final Statement of Accounts		Draft Statement of Accounts		Change
administration expenses	514.00	administration expenses	514.00	-
IAS19 Current Service cost	30,758.00	IAS19 Current Service cost	30,758.00	-
Employer contrib	29,894.00	Employer contrib	32,924.00	3,030.00
<b>Net debit charge to the services</b>	<b>1,378.00</b>	<b>Net credit charge to the services</b>	<b>- 1,652.00</b>	<b>- 3,030.00</b>

- Remeasurement of the net assets/ (defined liability). Amended from £248.738m to £195.373m, a change of £53.365m. This affects the lower half of the Comprehensive Income and Expenditure Statement on the Remeasurement of the defined benefit liability / asset line. This is then reversed out through Note 3 – Adjustments between Accounting Basis and Funding basis under Regulations. This is an accounting adjustment and does not have an effect on the General Fund.
- Net interest of the defined liability / asset. Amended from £18.712 to £18.766, a change of £0.054m. This affects the lower half of the Comprehensive Income and Expenditure Statement on the Financing and Investment Income and Expenditure line. This is then reversed out through Note 3 – Adjustments between Accounting Basis and Funding basis under Regulations. This is an accounting adjustment and does not have an effect on the General Fund.
- The above changes have had a net impact of £50.281m on the Pensions Liability, reducing the liability of £804.224m presented in the draft accounts to £753.943m presented in the final accounts. This is reversed through the unusable reserves which results in a nil effect to the Balance Sheet.
- The notes that have been amended due to this change are as follows:-
  1. Comprehensive Income and Expenditure Statement
  2. The Balance Sheet
  3. Note 1 – Expenditure and Funding Analysis
  4. Note 2 – Expenditure and Income analysed by Nature
  5. Note 3 – Adjustments between Accounting Basis and Funding Basis under Regulations
  6. Note 6 – Financing and Investment Income and Expenditure
  7. Note 14 – Defined Benefit Pension Schemes
  8. Note 26 – Unusable Reserves





# Buckinghamshire County Council

## Statement of Accounts

For the year ended 31<sup>st</sup> March 2017



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## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance & Assets;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts, delegated to the Regulatory and Audit Committee.

## The Director of Finance & Assets Responsibilities

The Director of Finance & Assets is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2016-2017 (the Code).

In preparing this Statement of Accounts, the Director of Finance & Assets has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Certificate of the Director of Finance & Assets

I certify that this Statement of Accounts for the year ended 31 March 2017 gives a true and fair view of the financial position of the Council as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

**Richard Ambrose**

Date: 26 July 2017

Director of Finance & Assets

## Approval of the Statement of Accounts

In accordance with **Section 8 of the Accounts and Audit Regulations 2015** I confirm that the Statement of Accounts was approved by the Regulatory and Audit Committee at its meeting held on 26 July 2017.

**David Martin**

Date: 26 July 2017

Chairman of the Regulatory and Audit Committee

## Introduction

This Section has been compiled to provide a summary of the development and performance of the Council over the financial year, outline planned future developments in service delivery, including revenue and capital investment plans and to provide assistance in understanding the financial statements and the Council's financial position.

## Strategic Plan

### Our Vision

In 10 years' time Buckinghamshire will still be a great place to live and work and our economy will be one of the strongest in the country. The role of the County Council will have changed radically. Residents will take greater responsibility for meeting their own needs, and those of their families and their communities. Aspiration, rather than dependency, will be valued, and everyone will play their part in the success of the County. Within this context, the Councils' resources will be focused on enabling the conditions in which our communities can prosper. Working with our partners, we will continue to find new and innovative ways of securing services so that we deliver value for all residents in the County.

### Our Values

As a Council we have 3 core values which shape all we do:

- to protect our most vulnerable and those unable to help themselves
- to promote opportunities for all of our residents to live their lives to their full potential
- to encourage and support ambition and self-determination for all our residents and local communities

### Our Aims

Our plan is focused on delivery of three themes:

- Safeguarding Our Vulnerable
- Creating Opportunities and Building Self Reliance
- Ensuring Buckinghamshire Thriving and Attractive

Throughout all our work, we are committed to achieving the best possible value for money. We will continue to focus on delivering all of our services as efficiently as possible.

### Our Aims

**Safeguarding Our Vulnerable**



**Creating Opportunities & Building Self Reliance**



**Ensuring Buckinghamshire is Thriving & Attractive**



## Review of 2016/17

We have kept delivering vital frontline services to Buckinghamshire's 212,000 households and 528,000 residents, despite unprecedented financial, demographic and demand pressures alongside fundamental policy changes. Essential to our success is working with our partners. We have made real progress towards working in a radically different way with our customers, partners and providers, but we know there is more to do. Below is an extract from our draft Annual Report detailing our key achievements over the last 12 months.

## Working with our partners, our key achievements from our Draft Annual Report in the last 12 months are:



### *Safeguarding Our Vulnerable*

- Ofsted have noted the 'steady progress' to improve children's services which includes improving the timeliness of assessments and ensuring children's views are heard in decision making.
- Over 9000 children were supported by children's services and we have introduced 'Mind of My Own' app to enable children to give their views, wishes and feelings in their Looked After Reviews. This work has led to being nominated for an award.
- We designed an interactive 'roundabout' tool with children to enable them to navigate their way through Early Help and Children's Social Care services.
- We have improved the recruitment and retention of foster carers so more children could be fostered locally. Throughout the year we have held regular information sessions including one specifically for people from the lesbian, gay, bisexual and transgender (LGBT) community.
- The Swan team, a multi-agency team of professions, helped secure 12 convictions related to child sexual exploitation.
- Successful targeted recruitment of social means we now have one of the lowest rates of agency in the country.
- Our Quality in Care service worked with 120 adult care homes (74% of county bed spaces). There was an 8% increase in service users feeling more safe and secure. Over 6,000 people aged over 65 received home care support so they could stay in their own homes.
- BCC terminated its contract with adults social care provider Bucks Care after recognising the quality of services needing improving. Services have now been brought in-house and focus remains on ensuring high quality care.
- 1422 people received direct payments (DP) to help them plan their social care. The Virtual Wallet is our new approach to managing DP's more efficiently.
- We launched a website to promote men's mental health [thisisheadsup.org](http://thisisheadsup.org)
- 225 people from 53 different agencies signed up to the Bucks Domestic Abuse Champion's Network. Champions help identify the most appropriate agency which ensures people get help and support quickly and early.
- A LGBT Domestic Abuse Group improved several issues for LGBT victims to encourage them to report domestic abuse. The group's work was nationally recognised and contributed significantly to the Council jumping 59 places in the Stonewall Workplace Equality Index.



### *Creating Opportunities and Building Self Reliance*

- We launched the 'Find My Child a School Place' website to help parents research, locate and evaluate accessing schools. Many of our application processes have been updated and are now available online.
- Over 82% of our Early Years Providers are rated good or better. 88% of our children attend a good or outstanding school that means almost 9 out of every 10 children attend a good or outstanding school.
- For the September 2017 reception admission, 86.5% of children were offered their preferred school. At Secondary transfer, 87% of children were allocated to their highest preference.
- We have developed our Education and Skill Strategy and are consulting schools to build capacity across the school system to support improved outcomes.
- 71 schools in Buckinghamshire won national acclaim for their work in getting pupils back on their feet. They have achieved accreditation for encouraging children and young people to walk, pedal and scoot to school.
- We launched a new and flexible way to brush up on English and/or maths skills. 'Blended Learning' helps people fill in individual skill gaps for free.
- There have been 1.3m visits to our libraries and over 1.8m book loans. Congratulations to Marlow Library for winning the Marlow FM Hidden Gems Award for "Services to the Community" by public vote.
- Our registrar service has been very busy registering 6140 births, 3500 deaths and conducting 1700 ceremonies including 85 citizenship ceremonies.
- We have 32,050 local business and we have supported small local businesses to work in partnership with us. We have also supported over 100 local projects helping communities address local priorities.
- Another successful year for Active Bucks, offering a range of activities such as boot camps, junior park runs, bush craft, Quidditch, dog agility and NERF games. With over 3,000 participants in first 3 months, activity levels increased by 56%.
- Our annual sponsored cycle ride took residents on a thrilling 35 mile or a mammoth 75 mile route. Both routes started and finished in Aylesbury and went through the scenic beauty of Chiltern Hills.
- We launched a young people sexual health phone app 'Dom the condom'.



## *Ensuring Buckinghamshire is Thriving and Attractive*

- Our zero tolerance approach reduced flytipping by 90%. The team have been busy with environmental investigations and prosecutions including landmark £31,000 fine issue for a planning enforcement breach.
- This year we have maintained 3199 km of roads, 2461 km of pathways and fixed over 17,000 dangerous potholes. We also developed 5.6 miles of new shared pedestrian cycleway connecting Winslow and Buckingham.
- We have launched an online reporting system to make it easier for residents to inform us of potholes and defective street lights.
- We have recycled, reused or composted 58% of waste. We have opened our energy from waste plant which treats up to 300,000 tonnes of waste each year and generates 174,947 megawatts of electricity - enough energy to power 36,000 homes.
- We have generated £28,000 income per year through new solar PV projects.
- Our country parks recorded a million annual visitors and have a record 2750 followers on social media.
- We lobbied HS2 for a mitigation package for Great Missenden worth £1.25m which includes safety and road improvements
- We have worked with the LEP and successfully received over £20m of government funding for essential infrastructure including a new South East Aylesbury Link Road. Together we have successfully promoted 3 enterprise zones in the north of the county which will bring business, economic and social benefits to Buckinghamshire.
- England's Economic Heartland (EEH), a partnership of 8 councils who work together to release the economic potential of the geographical area between Oxford and Cambridge, is a finalist in the Excellence in Governance and Scrutiny category. EEH recently secured £625 of government funding to take the partnership forward; the County Council takes a lead role and hosts the team working on the project.
- EEH held their first regional conference in March which highlighted how the delivery of roads and infrastructure is vital to the area fulfilling its potential and unlocking development.
- Given a helping hand to small firms converting the disused Victorian Porters' Lodge to encourage entrepreneurs.

## *Value for Money*

- Established an HR shared service with the London Borough of Harrow which produces savings and greater expertise.
- Achieved a balanced budget and Medium Term Financial Plan. Ensuring resources are targets to our priorities. We have strengthened our income generation and commercialised approach and now generate around £70m in fees and charges every year.
- Submitted a comprehensive business case for modernising local government, evidencing the need for change and the benefits of a single unitary council.
- Developed a new Council website following best practice principles set out by the Government Digital Service.
- Won the Guardian's Public Servant of the Year award for our Bucks Life Skill Centres, which provide post-16 education to disabled young people.
- BCC employee Helen Backus was crowned The Guardian's Public Servant of the Year. Helen setup Bucks' Life Skills Centres in Aylesbury and Flackwell Heath in response to a 90% of disabled young people having to leave the county to continue their post-16 education. Five years later the figure is just 10%, with the centres having helped more than 200 young people.
- In partnership with our property consultants, Carter Jonas, we have joined Apple, Google and UBS on the shortlist for a national award after a project to make public services more efficient. Our approach to property has made us a finalist in the Commercialism in the Property Estate MJ Awards.
- Established a joint Trading Standards service with Surrey County Council which has won several national awards for efficiency and returned over £400,000 to consumers in 2016/17.
- Thrift Farm won the National Farm Attractions Network award for Food and Beverage.
- BCC employee Yvette Thomas was recognised at the Show Racism the Red Card special 20th Anniversary celebration and Hall of Fame event. Her work includes events where over 1000 children delivered and participated in anti-discrimination workshops.
- Representatives from the LGBT Domestic Abuse Task & Finish Group were invited to the Stonewall National Conference in April 2017 as 'inclusion specialists.'

## Revenue budget

2016/17 saw strong financial performance with an overall revenue underspend of £6.02m. This comprises portfolio overspends of £4.088m, offset by underspends in Corporate Costs of £10.108m. The most significant variances fall in the Education & Skills portfolio (£2.19m) relating to Home to School transport; the Health & Wellbeing portfolio (£1.82m) resulting from the insourcing of Bucks Care and the Children's Services portfolio (£1.50m) due to the cost of external placements and agency staff. The significant underspend in Corporate Cost reflects contingencies not released (-£6.01m), and the impact of the revised Minimum Revenue Provision policy (-£3.90m) which relates to the amount the Council sets aside to repay debt.

The revenue outturn is summarised below:

Portfolio Area	Outturn	Budget	Variance	Variance
	£000	£000	£000	%
Leader	6,262	6,385	(123)	(1.9%)
Community Engagement	10,083	10,070	13	0.1%
Health and Wellbeing	129,130	127,315	1,815	1.4%
Children's Services	58,012	56,509	1,503	2.7%
Education and Skills	32,809	30,621	2,188	7.1%
Resources	23,743	24,943	(1,200)	(4.8%)
Planning and Environment	11,113	11,175	(62)	(0.6%)
Transportation	27,322	27,368	(46)	(0.2%)
<b>Subtotal - Portfolios</b>	<b>298,474</b>	<b>294,386</b>	<b>4,088</b>	<b>1.4%</b>
Corporate Costs (Non Portfolio)	(304,494)	(294,386)	(10,108)	3.4%
<b>Overall BCC</b>	<b>(6,020)</b>	<b>0</b>	<b>(6,020)</b>	

In addition to the overall underspend; the budget includes a planned contribution to the General Fund of £1.105m. As a result the overall surplus and increase to the General Fund balance is £7.124m.

## Operating deficit

The Comprehensive Income and Expenditure Statement (CIES) p26 shows the net surplus or deficit in the provision of services on an accounting basis. An operating deficit of £21.387m (2015/16 £21.258m) is reported in the CIES as the Council is funded through Council Tax and government grants on a different basis to the accounting basis. The Movement in Reserves Statement (MiRS) p24 represents the actual impact of income and expenditure during the year on the funds available to the Council. This shows the General Fund surplus of £7.124m (2015/16 deficit of £3.660m) as reported to Members in the outturn report.

The Expenditure Funding Analysis statement on p29 provides a direct reconciliation between the operating deficit and the overall surplus reported in outturn; the main differences being the inclusion of depreciation, revaluation gains and losses and other capital adjustments required under the accounting basis but not charged to the General Fund or Council Tax.

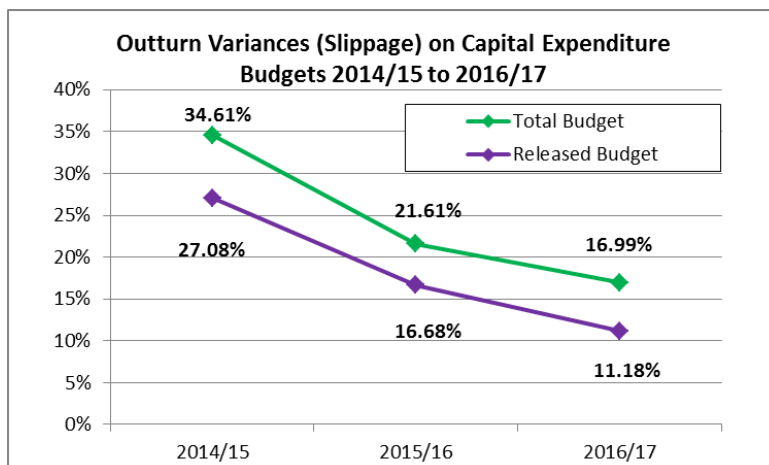


## Capital budget

There is an overall underspend / slippage of £13.9m (4.6%) on the 2016/17 Capital programme. This includes £5.9m unreleased capital budget across the Authority, reflecting schemes which have yet to satisfy criteria for the release of funding

Portfolio Area	Outturn	Budget	Variance	Variance
	£000	£000	£000	%
Leader	11,561	14,790	(3,229)	(21.8%)
Community Engagement	216	482	(267)	(55.3%)
Health and Wellbeing	37	814	(777)	(95.5%)
Children's Services	53	62	(9)	(14.0%)
Education and Skills	34,352	35,873	(1,521)	(4.2%)
Resources	48,287	50,216	(1,929)	(3.8%)
Planning and Environment	175,289	175,038	251	0.1%
Transportation	20,206	26,649	(6,443)	(24.2%)
<b>Subtotal - Portfolios</b>	<b>290,001</b>	<b>303,924</b>	<b>(13,923)</b>	<b>(4.6%)</b>

Excluding the exceptional items of the Energy from Waste (EfW) Plant and the Investment Properties, which together account for approximately £205m of Capital expenditure, the budget was £89.5m and expenditure £74.4m, giving slippage of £15.1m (16.99%). A comparison of slippage over the last 3 years is shown below.



## Operational performance

The Council's performance management framework focuses on four key elements of performance: Finance, Business Improvement, Service to Customers and HR. The Business Improvement Performance Indicators provides information on the progress in achieving the Council's priorities as detailed in the Strategic Plan.

Performance as at Quarter 3 against the Business Improvement indicators and in relation to Service to Customers is shown below.

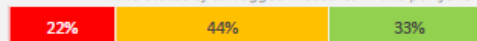
Quad 3 - Business improvement (performance)

- Leader Portfolio - RAG's for strategic plan priorities**
  - (Green) Buckinghamshire residents are skilled and ready for employment
  - (Amber) The creation of more jobs for local people \*
  - (Green) Improved access to high speed broadband
- Community Engagement & Public Health Portfolio - RAG's for strategic plan priorities**
  - (Amber) Improved health and wellbeing for all of our residents
  - (Amber) Buckinghamshire communities are safe places to live
  - (Green) Buckinghamshire communities are supported to help themselves
- Health and Wellbeing Portfolio - RAG's for strategic plan priorities**
  - (None) Vulnerable Adults are safe and protected from harm
  - (Green) Vulnerable adults are supported to lead independent lives
- Children's Services Portfolio - RAG's for strategic plan priorities**
  - (Red) Vulnerable children are safe and protected from harm
- Education & Skills Portfolio - RAG's for strategic plan priorities**
  - (Amber) Vulnerable children are supported to fulfil their potential
  - (Green) Buckinghamshire young people achieve excellent results throughout their education
- Resources Portfolio - RAG's for strategic plan priorities**
  - (Green) Achieving best value for money and delivering services as efficiently as possible
- Planning & Environment Portfolio - RAG's for strategic plan priorities**
  - (Green) Protecting our high quality natural \*\*
- Transportation Portfolio - RAG's for strategic plan priorities**
  - (Green) Improved condition of roads and footpaths
  - (Amber) Improved road and rail connectivity
  - (Green) Sufficient school places for Buckinghamshire pupils

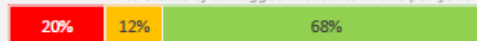
\* This RAG is made up of measures from the leader and transportation portfolio's

\*\* This RAG is made up of measures from the leader, planning & environment and transportation portfolio's

RAG status of all ragged measures in this portfolio



RAG status of all ragged measures in this portfolio



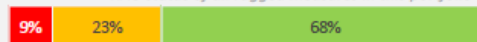
RAG status of all ragged measures in this portfolio



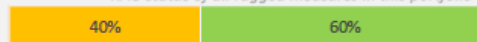
RAG status of all ragged measures in this portfolio



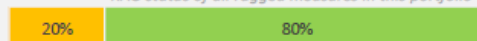
RAG status of all ragged measures in this portfolio



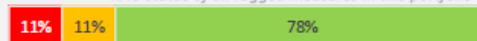
RAG status of all ragged measures in this portfolio



RAG status of all ragged measures in this portfolio



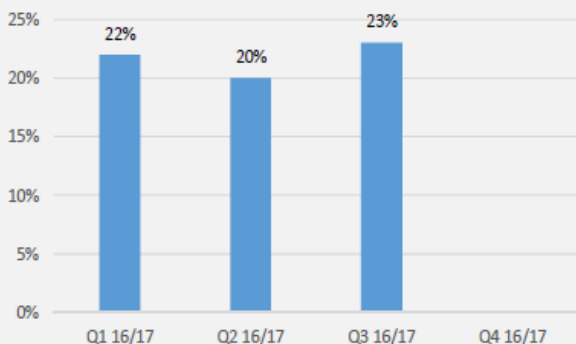
RAG status of all ragged measures in this portfolio



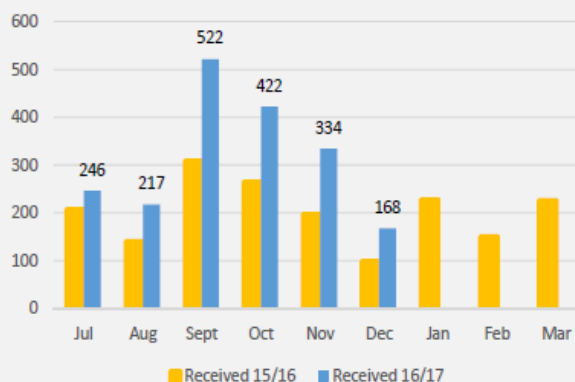
Red Amber Green

(None) = data not due

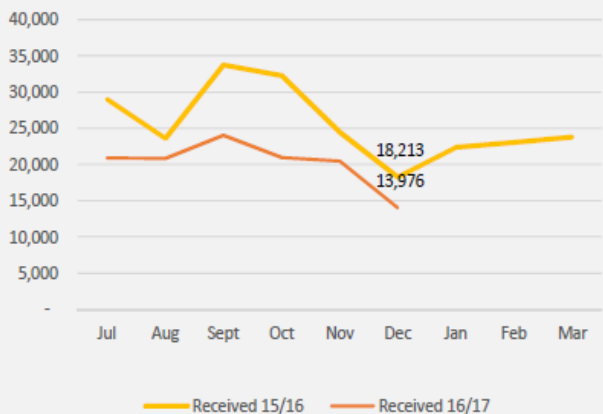
• % of people who phone when they could have used digital



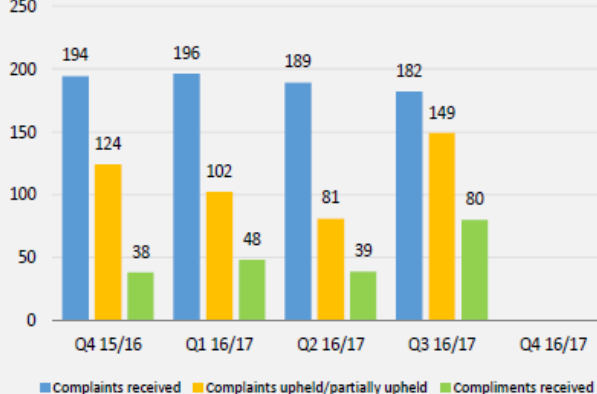
• People who contact us via Webchat



• Number of contact centre phone calls & emails (inbound & outbound)



• Complaint numbers, number upheld (stage 1&2) and compliment numbers



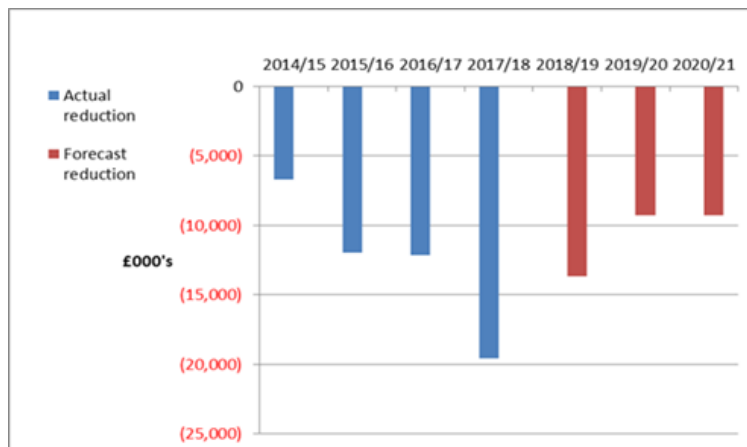
Quad 2 - Customer service

## Medium Term Financial Plan (MTFP)

The wider economic picture has been relatively stable recently; even after the referendum to leave the EU, however the outlook for local authority budgets continues to be challenging. The Chancellor's Autumn Statement, whilst recognising that the national deficit will not be removed within the lifetime of the current Parliament, continued to reduce central funding for public expenditure. The local government finance settlement is a clear manifestation of this.

The chart shows the decrease in the funding settlement for the last few years on a like for like basis, despite steadily increasing demands on services mainly due to demographic changes. The funding reductions for 2017/18 to 2019/20 have now been announced. In the 2016/17 Local Government Settlement the offer of a 4 year settlement to 2019-20 was made. Buckinghamshire County Council accepted this offer and as a result there is an expectation that these future years will not change materially.

**Change in funding settlement**

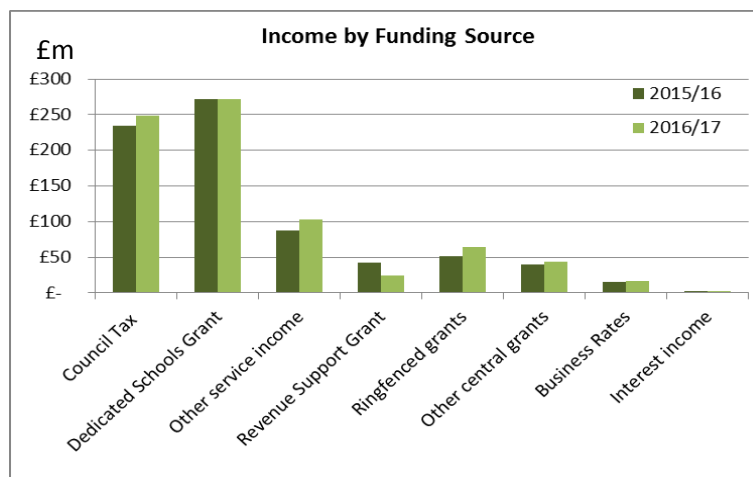


The Government continue to follow the approach to the funding of local authorities focussing on 'Spending Power', or the overall resources available to an authority. As a result the finance settlement continues to reduce the Revenue Support Grant (main Government grant) to Buckinghamshire by a larger degree than for other authorities due to the resources the Council can generate for itself through Council Tax, from its relatively large tax base. There will be zero Revenue Support Grant from 2018/19.

To some extent the Government have recognised the increasing pressures building within social care. Local authorities with social care responsibilities were given the ability to raise Council Tax by an additional 2% from April 2016, known as the 'Social Care Precept'. This 'precept' had been capped at 2% per annum. However, a new flexibility was recently announced which allowed the 'precept' to be raised by up to 3% as long as the total increase over the next 3-years does not exceed 6%. This flexibility allows the Council to receive the 'precept' income earlier than previously planned, supporting an increased pace of change, without changing the final Council Tax receipts figures by 2019/20. The Spring budget also announced some further transitional funding for Adult Social Care over the next three years, in recognition of the pressures facing Local Authorities.

With financial support from Central Government falling, the Council increasingly has to look at other means of generating resources and managing and responding to demand. In part this can be done through increasing the Council Tax, but the Council is also looking to generate income from other sources. One such strategy being pursued is purchasing commercial property for a return and exploring the income generating potential of surplus assets rather than defaulting to disposal. Increasing trading activity is another potential source. It is recognised that there are risks associated with the Council looking to expand its commercial approach, especially as income generation becomes a higher proportion of overall funding.

The Council is increasingly looking at other means of generating resources, in part through increasing the Council Tax, but also by expanding its commercial approach to income generation. The chart shows the income by funding source for 2016/17 and 2015/16.



The Government has set out plans to move most schools to academies and prior to that to introduce a national formula for funding schools. These changes could have a significant impact on the shape of local government and will require active change management.

The care of an ageing population remains a significant challenge for both national and local government and also for our wider society. Whilst the main elements of the Care Act have been put on hold for the time being due to considerable affordability issues, initiatives to create a far stronger join up between social care and health care remain and will be a significant influence on workload for the Council over the coming months and years.

### Key Financial Risks

Given the reductions in government grant levels, the growing unavoidable expenditure pressures and the scale of reductions required, the MTFP inevitably contains a degree of risk. The key risks include: -

- **Achievability of Reductions** – The Council has a good track record of successfully delivering significant efficiency savings and service reductions. Further budget reductions have been included within the MTP (£46m over the next 4 years). This includes some ambitious proposals to radically change the way services are delivered. It will also require greater integration of services with partners, particularly health, to deliver more efficient public services beyond the boundary of the Council itself. Continuing to achieve this level of further savings, whilst maintaining service levels with reduced management capacity, is likely to become harder and harder for services.
- **Global Economic Turbulence** – Although the reductions in local government are already severe there is some risk that global issues such as economic slow-down, the impact of the Brexit negotiations, or the oil price may cause the Chancellors growth forecasts to be disrupted. In these circumstances the Government may decide to impose further cuts in funding on local government;
- **Demand Led Budgets** – Client numbers and levels of need for statutory services are notoriously difficult to control. Buckinghamshire has a growing elderly population (especially 85+) and growing numbers of people with disabilities, which have increasingly complex needs. Furthermore, we have an increasing birth rate, particularly in some of the more deprived wards and a high number of statemented children. Although best efforts have been made to accurately forecast budget requirements and contain escalating demand there will always be a degree of uncertainty. Some contingency budget has been included for those most volatile service areas.
- **National Living Wage** – The Council has made provision for the National Living Wage which will mainly fall directly on our social care providers on the basis that these contracts will absorb a proportion of those costs. However, with at least part of the care market under financial strain already there is some risk that the costs falling on the Council will be larger than allowed for.
- **Managing Public Expectations** – The additional flexibilities that the Government has provided in terms of the Social Care Precept, along with a radical shift of emphasis away from suppressing Council Tax increases, has meant that local tax increases are much larger than recently experienced at the same time as cuts to services are more severe. This could stimulate some public resistance to the change programme that the Council needs to implement in order to live within it means;

- **Changes in Legislation/Responsibilities** – The Government has stated that it intends to increase responsibilities for local government as part of the move to full business rates retention. By contrast it is seeking to shift an increasing number of schools toward academy or free status. There is inevitably a risk that the changes in responsibility are not matched by appropriate changes in funding;
- **Capital** – During 2016/17 the Asset Strategy Board has used the new gateway process to strengthen governance in this area. As a result slippage has been greatly reduced and risks of escalations in costs have been mitigated to an extent. Nonetheless, in the current climate construction costs are starting to rise which could drive costs up if projects do slip. There are also risks in respect of the delivery of school places (including early years), which is going to require us to actively seek the best solutions to the growing demand for places.

### Future Developments in Service Delivery

#### Unitary Authority

The council has submitted a Business Case to the Department for Communities and Local Government, for consideration by the Secretary of State for the creation of a single unitary authority for Buckinghamshire. A separate Business Case has also been submitted by the Buckinghamshire District Councils proposing a two-unitary approach. An announcement on these proposals is still awaited from the Secretary of State.

### Financial Position

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#### Net Asset Position

The Council has net assets of £340.027m (2015/16 £431.664m) backed by usable reserves of £125.865m (2015/16 £136.656m) and unusable reserves of £214.162m (2015/16 £295.008m). This is shown in the Balance Sheet p27 which shows how the resources available are held in the form of assets and liabilities. There have been a number of significant movements within assets and liabilities that are detailed below.

#### Pensions Liability

Pensions Liability shows the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net liability has increased to £753.943m as at 31 March 2017 (2015/16 £538.394m). The main factors impacting on this are:

- £284.7m increase, due to changes in actuarial assumptions. The main assumption being due to a reduction in the discount rate from 3.6% to 2.7%. The discount rate is used to translate future costs into today's prices and a higher discount rate reduces the value of future cashflows for the impact of items such as inflation. The discount rate used is the annualised yield at the 18 year point on the Merrill Lynch AA-rated corporate bond yield curve. During 2016/17 corporate bond rates have hit an all-time low; should bond rates rise again the impact of this change would be reversed.
- The pension increase assumption has also increased by 0.3% (from 2.3% to 2.6%) which has also increased the estimated liability.
- This has been a strong year in relation to asset growth with a net increase in assets of £88.0m.
- 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. The triennial revaluation of the Pension Fund undertaken during 2016/17 has resulted in employer contribution rates increasing from 22.8% to 26.4% to recover the underlying deficit over 15 years.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

## Revaluations of Property, Plant & Equipment

Land and Buildings are held in the Council's balance sheet based on valuations arrived at by Carter Jonas, the Council's qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. These valuations can vary depending on changes to market conditions. In 2016/17 an increase of £168.213m in the value of Schools Land & Buildings has been identified as part of the cyclical valuation programme impacting on assets last valued in 2011/12 and 2012/13. This is the main factor in the £178.880m increase in asset values, as reported in Other Comprehensive Income and Expenditure.

The valuers have also advised of an error in the reporting of land held at Academy Schools under 125 year leases. Following the transfer of schools to Academy status, the Council retains a freehold interest in both Land and Buildings subject to a standard 125 year lease at a peppercorn rent only. The land element is retained on balance sheet; however due to the nature of the lease the Council's valuers have advised that the land should have been recorded at notional value only (of £1,000 for each school) as the freehold value of the land should be deferred for the unexpired residual term of the lease. The impact of this error is to reduce the value of Property, Plant & Equipment reported in the balance sheet as at 31 March 2016 by £89.5m. In order to correct this error, the Council has restated the prior year balance sheet, prepared a third balance sheet and restated the Notes to the Accounts. The details of this restatement are shown in Note 32.

## Adequacy of Reserves

As well as a contingency budget, to enable those more uncertain budgets to be managed, general reserves (non-schools) are also held to meet unforeseen spending requirements and to provide stability in Medium Term Financial Planning. The level of reserves takes into account the strategic, operational and financial risks facing the Council and, as such, a review of the level of reserves is undertaken each year as part of the budget formulation. In the last few years reserves have fallen faster than previously planned in order to fund a number of the time limited initiatives for example the Children's Services improvement plan and Roads programme.

In 2016/17 there was a planned increase in general fund reserves of £1.105m. Due to the overall underspend in year, the level of general fund reserves has increased by £7.124m to £24.5m (equating to 7.5% of the net cost of services). The current MTFP does not assume any further use of general fund reserves.

There is an overall decrease in usable reserves of £10.789m (2015/16 decrease of £47.2m). This decrease comprises:

- a net General fund increase of £7.124m as detailed above;
- a net deficit on schools balances of £4.235m (2015/16 surplus of £2.7m);
- a net use of earmarked reserves of £12.812m reflecting the use of the Waste Reserve to fund the completion of the EfW Plant; and
- the application of £0.867m (2015/16 £10.7m) of capital reserves to finance the capital programme.

The table below summarises the Council's usable general fund reserves:

	31/03/2017	31/3/2016
	£m	£m
General Fund	24.5	17.4
Schools balances	15.0	19.2
Earmarked reserves	84.6	97.5
<b>Total</b>	<b>124.1</b>	<b>134.1</b>

## Treasury Management

The Council's Treasury Management Strategy sets out the Council's aims and objectives in relation to the management of the Council's investments and cash flows, its banking, money market and capital market transactions and borrowings or loan portfolio.

### Borrowing Strategy

The Council's borrowing objectives are:

- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio;
- To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments;
- To maintain a view on current and possible future interest rate movements and borrow accordingly;
- To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and the Prudential Indicators.

During the year the Council has managed its cashflow requirements through undertaking temporary borrowing. The total temporary borrowing as at 31 March 2017 was £72.5m. The mix of temporary and fixed borrowing is constantly reviewed in co-ordination with the Council's Treasury advisors.

### Gross External Borrowing and the Capital Financing Requirement

The table below shows the extent that gross external borrowing is less than the capital financing requirement (CFR). This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year. The figures for 2017/18 onwards are based on estimates:

	Actual 2016/17 £000	Estimates 2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Gross borrowing	224,342	340,000	330,000	320,000	310,000
Capital Financing Requirement	362,872	357,805	354,597	352,968	350,338

During 2016/17 £11.732m of debt was repaid (2015/16 £26.913m).

The Cash Flow Statement p28 shows how the movement in resources has been reflected in cash flows. The net increase in cash and cash equivalents during the year was £5.659m (2015/16 net decrease of £2.831m).



## Capital programme

The four year capital programme has been developed following an assessment and prioritisation of aspirations against the Council's key priorities. 2016/17 has seen the final delivery of the Energy from Waste plant, which is delivering significant revenue benefits. The Council has managed to find the resources to continue its road improvement programme for 2017/18 and 2018/19 but, thereafter, resources are reduced although should at least sustain the status quo in the condition of the road network overall. Although the Council continues to commit significant resources to its school build programme it remains unclear whether this will be sufficient to deal with the rate of growth in the school population and relies on significant developer contributions.

There is increasing complexity as the Council works in partnership with other bodies to develop projects, such as the LEP on infrastructure projects, Districts Councils on town centre regeneration and national bodies on East-West Rail. The capital programme includes a relatively small contingency budget in each of the four years. This provides some flexibility to respond to emerging issues and uncertainties that may arise.

Service / Project	Year 1 2017/18 £000's	Year 2 2018/19 £000's	Year 3 2019/20 £000's	Year 4 2020/21 £000's	Grand Total £0000's
<b>Capital Expenditure</b>					
Primary School Places	14,576	24,814	11,950	4,950	56,290
Secondary School Places	9,450	32,950	27,450	16,950	86,800
School Property Maintenance	7,886	3,750	2,950	2,750	17,336
Other Education & Skills	2,267	6,644	2,200	2,200	13,311
A355 Improvement Scheme (Wilton Park)	3,204	2,136	-	-	5,340
High Wycombe Town Centre & Transport Strategy	4,661	5,051	-	-	9,712
Other Leader Projects	1,459	2,699	500	-	4,658
Biowaste Treatment	900	5,399	60	120	6,479
ICT investment	1,580	1,580	1,530	1,330	6,020
Property investment	10,586	11,230	4,524	1,575	27,915
Strategic Highway Maintenance	15,871	13,546	11,496	11,496	52,409
Other Transportation schemes	6,945	8,942	5,820	4,850	26,557
All other schemes	3,295	6,168	1,073	619	11,155
<b>Total Expenditure</b>	<b>82,680</b>	<b>124,909</b>	<b>69,553</b>	<b>46,840</b>	<b>323,982</b>
<b>Capital Funding</b>					
Unringfenced Capital Grants	(31,819)	(41,406)	(35,608)	(29,608)	(138,442)
Ringfenced Capital Grants	(6,236)	(1,836)	(304)	-	(8,375)
Capital receipts	(7,434)	(10,553)	(3,367)	(8,191)	(29,545)
Prudential borrowing	(1,809)	(5,382)	(2,949)	-	(10,140)
Use of Reserves	(8,879)	-	-	-	(8,879)
Revenue Contributions	(8,070)	(7,488)	(3,088)	(3,088)	(21,734)
Developer Contributions	(24,838)	(24,615)	(6,050)	(51,400)	(106,903)
<b>Total Funding</b>	<b>(89,085)</b>	<b>(91,279)</b>	<b>(51,366)</b>	<b>(92,287)</b>	<b>(324,018)</b>
<b>Net Funding (surplus) / or gap</b>	<b>(6,405)</b>	<b>33,630</b>	<b>18,187</b>	<b>(45,447)</b>	<b>(36)</b>

### Sources of Funds for Capital Expenditure

The Council can finance capital schemes in a variety of ways including:

- The application of capital grants and usable capital receipts;
- A direct charge to revenue or by use of earmarked revenue reserves. The balance of the Revenue Contributions to Capital Reserve and the Waste Reserve can be seen in the Earmarked Reserves Statement (Note 4);
- Contributions received from another party, including Developer Contributions;
- Borrowing



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUCKINGHAMSHIRE COUNTY COUNCIL

We have audited the financial statements of Buckinghamshire County Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Director of Finance & Assets and auditor**

As explained more fully in the Statement of Responsibilities, the Director of Finance & Assets 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

### **Opinion on other matters**

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement the financial year for which the financial statements are prepared is consistent with the audited financial statements.

## **Matters on which we are required to report by exception**

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed our work to give our conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources. We are unable to issue our conclusion until we have completed our consideration of matters arising to assess their impact on the value for money of service delivery. We are satisfied that these matters do not have a material effect on the financial statements.

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2017. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Paul Grady  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square  
London  
EC2A 1RR

## General Accounting Principles

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The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year end of 31 March 2017. The Accounts have been prepared in accordance with the statutory framework established by the Accounts and Audit (England) Regulations 2015; with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods or from the provision of services is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- where income and expenditure have been recognised but cash has not been received or paid, a trade receivable or trade payable for the relevant amount is recorded in the Balance Sheet;
- VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The specific Accounting Policies that explain how transactions and other disclosures are recognised and measured in the accounts are shown alongside the relevant note. Only accounting policies that have a material impact on the Accounts are disclosed. Those specific to the Pension Fund are set out in the Pension Fund accounts.

## Telling the Story - changes in the 2016-17 CIPFA Code

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The key change introduced by CIPFA in the 2016/17 Code is to remove the link in the CIES to the standard SeRCOP (Service Reporting Code of Practice) headings. Income and Expenditure is now reported on the basis of the Council's organisational structure in line with financial reporting to Cabinet. Reporting on the basis of organisational structure, rather than reporting "total cost" under SeRCOP headings, removes the need to apportion overheads. Support service functions (such as ICT, Finance, HR and Property) are now reported under the 'Resources' portfolio.

The Net Cost of Services is still presented on a proper accounting practice basis including capital charges and the accrued cost of employees benefits such as pensions benefits, even though it is not reported to Cabinet in this way. The new Expenditure & Funding Analysis (EFA) provides a direct reconciliation between the way the Council reports financial performance to Cabinet (which is in line with the way local authorities are funded) and the accounting measure of financial performance as shown in the CIES.

The figures for 2015/16 have also been restated to follow the new format of reporting and details of this restatement are shown in Note 32.

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**Prior Period Error**

The Council has discovered an error in the reporting of land held at Academy Schools under 125 year leases. Following the transfer of schools to Academy status, the Council retains a freehold interest in both Land and Buildings subject to a standard 125 year lease at a peppercorn rent only. In accordance with IAS17 *Leases*, the land is held on balance sheet; however due to the nature of the lease the Council's valuers have advised that the land should have been recorded at notional value only (of £1,000 for each school) as the freehold value of the land should be deferred for the unexpired residual term of the lease. The impact of this error is to reduce the value of Property, Plant & Equipment reported in the Balance Sheet in as at 31 March 2016 by £89.5m. In order to correct this error, the Council has restated the prior year Balance Sheet, prepared a third Balance Sheet and restated the Notes to the Accounts. The details of this restatement are shown in Note 32. There is no impact of this error on the General Fund balance.

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**Material and Unusual Charges or Credits in the Accounts****Significance of the Pensions Liability**

The pensions liability shows the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £753.943m (2015/16 £538.394m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. A loss of £248.738m has been recorded in year due primarily to a reduction in the discount rate from 3.6% to 2.7% increasing the present value of the defined benefit obligation by £284.58m; offset by a net increase in assets of £88.0m.

**Revaluation of Property Plant and Equipment**

Land and Buildings are held in the Council's Balance Sheet based on valuations arrived at by the Council's qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. These valuations can vary depending on changes to market conditions. In 2016/17 an increase of £168.213m in the value of Schools Land & Buildings has been identified as part of the cyclical valuation programme impacting on assets last valued in 2011/12 and 2012/13. This is the main factor in the £178.880m increase in asset values, as reported in Other Comprehensive Income and Expenditure.

**Energy from Waste**

On 17 April 2013 the Council signed a 30-year contract for circa £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. The facility was completed and became fully operational in June 2016, when payment of the Facilities Payment sum of £181.479m was made. The asset is now held at value within Property Plant and Equipment.

**Investment Property**

The Council increased and diversified its investment property portfolio during the year by investing £42.763m in commercial investment properties including High Wycombe Business Park and the Vale Retail Park in Aylesbury.

## Interests in Companies and Other Entities

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### **Buckinghamshire Care**

On 1 October 2013 Buckinghamshire Care (comprising Buckinghamshire Support Ltd and Buckinghamshire Care Ltd), a wholly owned subsidiary of Buckinghamshire County Council commenced trading. The Company was established to provide Day Care, Employment, Respite and Reablement Services. On 31 December 2016 the Companies ceased trading and the services were brought back in-house due to financial difficulties and safeguarding issues.

The estimated consolidated loss on trading that has been incorporated into Council's financial statements for Buckinghamshire Care totals £2.2m including the Council's assessment of the fair value of assets and liabilities. The overall position remains subject to finalisation and audit of the 2016/17 Buckinghamshire Care accounts. The loss is reported within the Health & Wellbeing portfolio in the CIES, along with three months operations of these services as in-house services. The Council has not prepared Group Accounts (in respect of the 9 months trading as Buckinghamshire Care) on the grounds that there would be no material difference to the Single Entity Accounts.

### **Buckinghamshire Learning Trust**

On 1 August 2013, Buckinghamshire Learning Trust commenced trading. Services to the value of around £8.9m per annum transferred to the Trust from the Council including the School Improvement Service, Early Years Improvement Service, Schools Workforce Development and Business Development. The Trust is an independent charity and does not sit within the Council Group for accounting purposes.

### **Buckinghamshire County Museum Trust**

On 1 July 2014, the operational running of the County Museum in Church Street, Aylesbury and the Museum Resource Centre in Halton transferred to the new Buckinghamshire Museum Trust. The Council is represented on the Trust Board. In line with the Charity Commission's rules around the independence of trustees, members of the Board must act solely in the interests of the Charity. The Trust is an independent charity and does not sit within the Council Group for accounting purposes.

### **Buckinghamshire Law Plus**

On the 24th November 2014 Buckinghamshire Law Plus commenced trading. Buckinghamshire Law Plus was the first public sector enterprise to be granted a licence by the Solicitors Regulation Authority as an 'Alternative Business Structure' (ABS). Following the Council's decision to enter into an Inter Authority Agreement with London Borough of Harrow for Support Services (comprising both Legal and HR services), the decision was taken to wind-up Buckinghamshire Law Plus in favour of the new operating model. Buckinghamshire Law Plus ceased trading on the 31 March 2017.

The Company was 95% owned by the Council and 5% owned by Bucks and Milton Keynes Fire Authority. The Council has not prepared group accounts on the grounds that there would be no material difference to the single entity accounts in respect of this enterprise.

### **Adventure Learning Foundation**

On the 1st November 2013 the Council entered in to a Partnership Agreement with The Adventure Learning Foundation, a charitable trust developed to run the Council's two outdoor education centres, Green Park in Aston Clinton and Shortenills in Chalfont St Giles, in partnership with Marlow-based Longridge Activity Centre.

### **Group Accounts**

For all entities that fall within the Councils group boundary, cumulatively there would be no material difference from the single entity accounts, if group accounts were prepared.

## Accounting for Schools

The single entity financial statements are defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the Council maintained schools in England and Wales within the control of the Council.

## Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (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 2017/18 Code relate to the reporting of Pension Fund Scheme transactions and have no impact.

### IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments has been issued by the IASB with an effective date of the 1 January 2018. This will become effective within the 2018/19 statement of accounts. IFRS 9 includes:-

- a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed
- a forward looking 'expected loss' model for impairment rather than the 'incurred loss' model under IAS 39
- new provisions on hedge accounting

Overall this standard is not expected to have a material impact on the Statement of Accounts.

### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers has been issued by the IASB with an effective date of the 1 January 2018. This will become effective within the 2018/19 statement of accounts. IFRS 15 provides a comprehensive standard for revenue recognition to address inconsistent practices. The core principle in IFRS 15 is that entities should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Overall this standard is not expected to have a material impact on the Statement of Accounts.

### IFRS 16 - Leases

IFRS 16 Leases has been issued by the IASB with an effective date of the 1 January 2019. This will become effective within the 2019/20 statement of accounts. IFRS 16 establishes a new accounting model for lessees in which all leases result in an entity (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. The standard eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 *Leases* and, instead, introduces a single lessee accounting model.

### CIPFA Code of Practice on Transport Infrastructure Assets

**Infrastructure Assets (including Highways)** are currently recognised in the Balance Sheet on a depreciated historical cost basis at £359.979m (2015/16 £340.509m). The CIPFA Code of Practice on Transport Infrastructure Assets includes a proposal to measure the Highways Network Asset on a Depreciated Replacement Cost (DRC) basis. Implementation of this change had been planned for the 2016/17 Code of Practice; however it has now been indefinitely delayed. It is estimated that should the Depreciated Replacement Cost valuation basis be brought into effect it would result in significant increase to on the Council's net asset position.

## Critical Judgements in Applying Accounting Policies

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In applying the accounting policies set out throughout these accounts, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Schools Non-current Assets** are currently recognised in the Balance Sheet based on the extent to which the Council or School controls the service potential of the asset, rather than the ownership of the underlying assets. In relation to Voluntary Aided and Voluntary Controlled Schools, where no substantive evidence has been identified that would give either the Council or the School rights to the assets that would override the rights of ownership, these assets are not recognised in the Balance Sheet. The value of these assets is estimated at £111m.
- **Group Accounts** the Council has not prepared Group Accounts on the basis that there would be no material difference to the Single Entity Accounts. Details of the Councils interests in other companies and other entities are on page 21.

### 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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation (and amortisation of intangible assets)	Useful lives of assets are estimated and components are only recognised and depreciated separately where the asset value is greater than £1m. The Council relies on the expertise of a qualified valuer to provide these estimates based on his professional opinion and experience.	Any increase or decrease in component values and useful lives will affect the level of depreciation and the carrying value of the assets. Since each asset has a different remaining useful life, it is not practicable to quantify the potential impact of any changes on the figures that appear in the Statement of Accounts. The carrying amount of assets subject to depreciation is £1.285bn.
Valuations/Impairments	Valuations and impairments are arrived at by a qualified valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. Actual values may be higher or lower depending on variations in market conditions.	It is impracticable to quantify. Assumptions are standard recommended practice for valuation of properties. The carrying amount of assets subject to revaluation and impairment is £1bn inclusive of investment properties.
Pensions Liability	The valuation of the liability is prepared in accordance with International Accounting Standard 19, by the Councils Actuary. Actual values may be higher or lower depending on variations in market conditions	The value of the liability may increase/decrease. Sensitivity to some of the key assumptions is provided in Note 14. The carrying amount of the liability is £753.943m.
Fair Value	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where there is no observable data judgement is required in establishing fair values. Changes in the assumptions used could affect the fair value of the Councils assets and liabilities.	The Council uses discounted cash flow (DCF) to measure the fair value of Long-term Trade and Other Receivables. The significant unobservable inputs used in the fair value measurement include assumptions regarding rent growth and discount rates. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets. The carrying amount of these assets is £101.497m.

### Events after the Balance Sheet Date

The Draft Statement of Accounts was authorised for issue by the Director of Finance & Assets on 24<sup>th</sup> May 2017. 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 2017, the figures in the Financial Statements and Notes have been adjusted in all material respects to reflect the impact of this information.



## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure (revenue or capital), or reduce local taxation) and unusable reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. Authorities raise taxation to cover expenditure in accordance with regulations. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The unusable reserves hold unrealised gains and losses (for example the Revaluation Reserve) and account for differences under regulations between accounting basis and funding basis which are detailed in Note 3.

	General Fund Balance £000	Earmarked Schools Balances £000	Earmarked General Fund Reserves £000	Total General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 1 April 2016 as restated</b>	(17,383)	(19,202)	(97,452)	(134,037)	-	(2,619)	(136,656)	(295,008)	(431,664)
<b>Movement in reserves during 2016/17</b>									
(Surplus) or deficit on the Provision of Services	27,295	-	-	27,295	-	-	27,295	-	27,295
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	18,938	18,938
<b>Total Comprehensive Income and Expenditure</b>	<b>27,295</b>	<b>-</b>	<b>-</b>	<b>27,295</b>	<b>-</b>	<b>-</b>	<b>27,295</b>	<b>18,938</b>	<b>46,233</b>
Adjustments between accounting basis & funding basis under regulations (Note 3)	(17,370)	-	-	(17,370)	-	867	(16,503)	16,503	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>9,925</b>	<b>-</b>	<b>-</b>	<b>9,925</b>	<b>-</b>	<b>867</b>	<b>10,792</b>	<b>35,441</b>	<b>46,233</b>
Transfers to/(from) Earmarked Reserves (Note 4)	(17,048)	4,236	12,812		-	-		-	
<b>(Increase) / Decrease in 2016/17</b>	<b>(7,123)</b>	<b>4,236</b>	<b>12,812</b>	<b>9,925</b>	<b>-</b>	<b>867</b>	<b>10,792</b>	<b>35,441</b>	<b>46,233</b>
<b>Balance at 31 March 2017</b>	<b>(24,505)</b>	<b>(14,966)</b>	<b>(84,640)</b>	<b>(124,112)</b>	<b>-</b>	<b>(1,752)</b>	<b>(125,864)</b>	<b>(259,566)</b>	<b>(385,430)</b>

## Comparative Figures 2015/16

	General Fund Balance £000	Earmarked Schools Balances £000	Earmarked General Fund Reserves £000	Total General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 1 April 2015 as restated</b>	(21,043)	(16,571)	(132,947)	(170,561)	(3,261)	(10,097)	(183,919)	(180,684)	(364,603)
<b>Movement in reserves during 2015/16</b>									
(Surplus) or deficit on the Provision of Services	21,258	-	-	21,258	-	-	21,258	-	21,258
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(88,317)	(88,317)
<b>Total Comprehensive Income and Expenditure</b>	<b>21,258</b>	<b>-</b>	<b>-</b>	<b>21,258</b>	<b>-</b>	<b>-</b>	<b>21,258</b>	<b>(88,317)</b>	<b>(67,060)</b>
Adjustments between accounting basis & funding basis under regulations (Note 3)	15,267	-	-	15,267	3,261	7,478	26,006	(26,006)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>36,525</b>	<b>-</b>	<b>-</b>	<b>36,525</b>	<b>3,261</b>	<b>7,478</b>	<b>47,263</b>	<b>(114,323)</b>	<b>(67,060)</b>
Transfers to/(from) Earmarked Reserves (Note 4)	(32,864)	(2,631)	35,495	-	-	-	-	-	-
<b>(Increase) / Decrease in 2015/16</b>	<b>3,660</b>	<b>(2,631)</b>	<b>35,495</b>	<b>36,524</b>	<b>3,261</b>	<b>7,478</b>	<b>47,263</b>	<b>(114,323)</b>	<b>(67,060)</b>
<b>Balance at 31 March 2016 as restated</b>	<b>(17,383)</b>	<b>(19,202)</b>	<b>(97,452)</b>	<b>(134,037)</b>	<b>-</b>	<b>(2,619)</b>	<b>(136,656)</b>	<b>(295,008)</b>	<b>(431,664)</b>

# 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. The statutory General Fund position is shown in both the Expenditure and Funding Analysis (Note 1) and in the Movement in Reserves Statement.

2015/16 As restated				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
192,274	(60,494)	131,780	Health & Wellbeing	196,857	(65,016)	131,842
66,006	(6,144)	59,862	Children's Services	64,480	(5,734)	58,746
411,137	(325,093)	86,044	Education & Skills	395,508	(326,654)	68,854
14,870	(2,518)	12,352	Community Engagement	13,846	(2,763)	11,083
9,480	(2,443)	7,038	Leader	14,602	(1,775)	12,826
23,899	(3,511)	20,388	Planning & Environment	24,458	(11,004)	13,454
41,555	(6,857)	34,698	Resources	36,677	(7,303)	29,375
45,023	(6,577)	38,446	Transportation	47,233	(7,957)	39,277
(193)	(824)	(1,017)	Corporate Costs	3,794	(1,047)	2,748
<b>804,052</b>	<b>(414,461)</b>	<b>389,591</b>	<b>Cost of Services</b>	<b>797,455</b>	<b>(429,252)</b>	<b>368,203</b>
12,673	-	12,673	Other Operating Expenditure (Note 5)	26,385	-	26,385
30,012	(32,189)	(2,177)	Financing and Investment Income and Expenditure (Note 6)	31,106	(5,429)	25,677
-	(378,829)	(378,829)	Taxation and Non-Specific Grant Income (Note 7)	-	(392,971)	(392,971)
<b>846,737</b>	<b>(825,479)</b>	<b>21,258</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>854,946</b>	<b>(827,652)</b>	<b>27,295</b>
		(15,785)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 26)			(176,826)
		(610)	Surplus or deficit on revaluation of available-for-sale financial assets* (Note 21)			391
		(71,922)	Remeasurement of the defined benefit liability/ (asset) (Note 14)			195,373
		<b>(88,317)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>18,938</b>
		<b>(67,059)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>46,232</b>

\* Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services

# Comprehensive Income and Expenditure Statement

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 (assets less liabilities) are matched by the reserves held by the council.

As Restated 1 April 2015 £000	As Restated 31 March 2016 £000		Notes	31 March 2017 £000
1,065,691	1,102,451	Property, Plant & Equipment	15	1,280,150
7,550	7,524	Heritage Assets	17	7,524
-	44,773	Investment Property	19	83,820
2,141	1,392	Intangible Assets	18	2,389
18,875	5,738	Long Term Investments	21	506
19,767	18,059	Long Term Trade and Other Receivables	24	15,170
<b>1,114,024</b>	<b>1,179,937</b>	<b>Long Term Assets</b>		<b>1,389,559</b>
100,186	80,745	Short Term Investments	21	5,108
1,145	1,546	Temporary Loans	21	26
3,573	671	Assets Held for Sale	20	1,071
262	191	Inventories		228
51,794	44,656	Short Term Trade and Other Receivables	24	50,433
76,369	85,791	Available for Sale Financial Assets	21	17,678
1,015	-	Cash and Cash Equivalents	23	3,843
<b>234,344</b>	<b>213,600</b>	<b>Current Assets</b>		<b>78,387</b>
-	(1,816)	Cash and Cash Equivalents	23	-
(28,250)	(13,069)	Short Term Borrowing	21	(85,342)
(86,930)	(91,079)	Short Term Trade and Other Payables	24	(97,289)
-	(159,691)	Service Concession Arrangements	30	-
<b>(115,180)</b>	<b>(265,655)</b>	<b>Current Liabilities</b>		<b>(182,631)</b>
(7,438)	(7,092)	Provisions and Long Term Liabilities	25	(6,941)
(162,464)	(150,732)	Long Term Borrowing	21	(139,000)
(115,675)	-	Service Concession Arrangements	30	-
(583,008)	(538,394)	Pension Liability	14	(753,943)
<b>(868,585)</b>	<b>(696,218)</b>	<b>Long Term Liabilities</b>		<b>(899,884)</b>
<b>364,603</b>	<b>431,664</b>	<b>Net Assets</b>		<b>385,431</b>
(183,920)	(136,656)	Usable Reserves	MiRS*	(125,865)
(180,683)	(295,008)	Unusable Reserves	26	(259,566)
<b>(364,603)</b>	<b>(431,664)</b>	<b>Total Reserves</b>		<b>(385,431)</b>

\*MiRS - Movement in Reserves Statement (see Page 24)

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents 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 from 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 (lenders) to the Council.

<b>Restated 2015/16 £000</b>		<b>2016/17 £000</b>
21,258	Net (surplus) or deficit on the provision of services	27,295
(91,270)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(92,163)
57,609	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	66,952
<b>(12,403)</b>	<b>Net cash flows from operating activities (note 28)</b>	<b>2,084</b>
69,299	Purchase of property, plant and equipment, investment property and intangible assets	110,172
908,872	Purchase of short-term and long-term investments	1,040,513
(10,340)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,968)
(932,240)	Proceeds from short-term and long-term investments	(1,190,624)
(47,269)	Other receipts from investing activities	(60,984)
<b>(11,678)</b>	<b>Net cash flows from investing activities</b>	<b>(106,891)</b>
-	Cash receipts of short and long-term borrowing	121,922
(26,913)	Repayments of short and long-term borrowing	(61,381)
-	Cash payments for the reduction of the outstanding liabilities relating to on-Balance-Sheet Service Concessions	(159,691)
<b>26,913</b>	<b>Net cash flows from financing activities</b>	<b>99,150</b>
<b>2,832</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(5,657)</b>
1,015	Cash and cash equivalents at the beginning of the reporting period	(1,816)
<b>(1,816)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,842</b>

## 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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.

	Net expenditure per outturn	Transfers (to) / from earmarked reserves (Note 4)	Net expenditure chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
Health & Wellbeing	129,130	(902)	128,229	3,613	131,842
Children's Services	58,012	425	58,437	309	58,746
Education & Skills	32,809	2,208	35,018	33,835	68,853
Community Engagement	10,083	162	10,246	837	11,083
Leader	6,262	2,606	8,868	3,958	12,826
Planning & Environment	11,113	1,966	13,078	376	13,454
Resources	23,743	2,910	26,653	2,722	29,375
Transportation	27,322	(275)	27,047	12,230	39,277
Corporate costs	2,078	98	2,177	571	2,748
<b>Net Cost of Services</b>	<b>300,553</b>	<b>9,199</b>	<b>309,752</b>	<b>58,450</b>	<b>368,202</b>
Other Income and Expenditure in CIES	(323,588)	(363)	(323,952)	(16,957)	(340,908)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(23,035)</b>	<b>8,835</b>	<b>(14,200)</b>	<b>41,493</b>	<b>27,294</b>
Adjustments under Regs	15,911	8,212	24,123	(41,493)	(17,370)
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(7,124)</b>	<b>17,048</b>	<b>9,924</b>	<b>-</b>	<b>9,924</b>
Transfers to / (from) earmarked reserves	-	(17,048)	(17,048)	-	(17,048)
<b>(Increase) / Decrease in 2016/17</b>	<b>(7,124)</b>	<b>-</b>	<b>(7,124)</b>	<b>-</b>	<b>(7,124)</b>
General Fund Balance as at 31 March 2016					(17,383)
<b>General Fund Balance as at 31 March 2017</b>					<b>(24,507)</b>
Planned Use of General Fund	(1,105)				
<b>Net Budget (surplus) / deficit</b>	<b>(6,020)</b>				

## Comparative Figures 2015/16 restated

	Net expenditure per outturn	Transfers (to) / from earmarked reserves (Note 4)	Net expenditure chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the CIES
	£000	£000	£000	£000	£000
<b>Comparative figures 2015/16 restated</b>					
Health & Wellbeing	126,828	3,447	130,275	1,504	131,780
Children's Services	58,285	250	58,535	1,327	59,862
Education & Skills	36,482	(2,053)	34,429	51,615	86,044
Community Engagement	10,800	345	11,144	1,207	12,352
Leader	5,680	1,083	6,763	275	7,038
Planning & Environment	18,207	597	18,803	1,585	20,388
Resources	23,504	1,609	25,112	9,586	34,698
Transportation	27,245	416	27,661	10,785	38,447
Corporate costs	1,689	(550)	1,139	(2,158)	(1,017)
<b>Net Cost of Services</b>	<b>308,719</b>	<b>5,143</b>	<b>313,862</b>	<b>75,727</b>	<b>389,591</b>
Other Income and Expenditure in CIES	(323,010)	1,071	(321,940)	(47,011)	(368,951)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(14,291)</b>	<b>6,213</b>	<b>(8,078)</b>	<b>28,716</b>	<b>20,639</b>
Adjustments under Regs	18,231	26,371	44,602	(28,716)	15,885
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>3,940</b>	<b>32,584</b>	<b>36,524</b>		<b>36,524</b>
Transfers to / (from) earmarked reserves	(280)	(32,584)	(32,864)	-	(32,864)
<b>(Increase) / Decrease in 2015/16</b>	<b>3,660</b>	<b>-</b>	<b>3,660</b>	<b>-</b>	<b>3,660</b>
General Fund Balance as at 31 March 2015					(21,043)
<b>General Fund Balance as at 31 March 2016</b>					<b>(17,383)</b>
Planned Use of General Fund	(3,298)				
<b>Net Budget (surplus) / deficit</b>	<b>362</b>				

## Note to the Expenditure and Funding Analysis

### Adjustments from General Fund to arrive at the CIES amounts

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund and reported to Cabinet and the amounts in the Comprehensive Income and Expenditure Statement.

2015/16 Restated					2016/17			
Capital adjustments	Pensions Adjustments	Other differences	Total Adjustments		Capital adjustments	Pensions Adjustments	Other differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
620	895	(10)	1,504	Health & Wellbeing	3,458	132	23	3,613
145	1,196	(14)	1,327	Children's Services	155	154	(1)	309
46,589	5,794	(768)	51,615	Education & Skills	31,163	722	1,951	33,835
687	525	(5)	1,207	Community Engagement	766	64	7	837
1	277	(2)	275	Leader	3,912	40	6	3,958
314	301	969	1,585	Planning & Environment	(253)	42	587	376
7,945	1,657	(15)	9,586	Resources	1,658	193	871	2,722
10,665	121	(1)	10,785	Transportation	12,309	31	(110)	12,230
-	(2,158)	-	(2,158)	Corporate costs	-	32	539	571
<b>66,966</b>	<b>8,608</b>	<b>153</b>	<b>75,727</b>	<b>Net Cost of Services</b>	<b>53,167</b>	<b>1,410</b>	<b>3,873</b>	<b>58,450</b>
(37,020)	18,700	(28,072)	(46,392)	Other Income and Expenditure in CIES	(37,889)	18,712	(657)	(19,834)
<b>29,946</b>	<b>27,308</b>	<b>(27,919)</b>	<b>29,335</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>15,278</b>	<b>20,122</b>	<b>3,216</b>	<b>38,616</b>

**Capital adjustments** incorporate depreciation, impairment, and revaluation gains and losses in the Portfolio or services line. In 'other income and expenditure' line it includes adjustments to record the profit or loss on disposal of assets; the reversal of the statutory charges for capital financing i.e. Minimum Revenue Provision and the inclusion of capital grants.

**Pension's adjustments** show the impact of the removal of actual pension contributions replaced by the IAS 19 Employee Benefits pension related expenditure and income.

**Other differences** relate to the inclusion of the accrual for accumulated absences (employee annual leave); the difference between the accrual for future surpluses and deficit on the Collection Fund and the amounts chargeable under regulations for council tax and NDR; and the removal of interest & investment income (including Investment Properties) recorded in the Portfolio or Service Line to report instead under Other Income and Expenditure in the CIES.



## 2 - Expenditure and Income analysed by Nature

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

<b>Restated 2015/16 £000</b>		<b>2016/17 £000</b>
(95,000)	Fees, charges & service income	(103,148)
(30,015)	Interest and investment income	(1,470)
(249,365)	Income from Council Tax, NDR	(265,131)
(452,556)	Government Grants and contributions	(454,117)
<b>(826,936)</b>	<b>Total Income</b>	<b>(823,866)</b>
317,454	Employee benefit expenses	314,808
439,735	Other Service Expenses	446,514
-	Support Service recharges	-
9,139	Interest expenses	8,381
69,193	Depreciation, amortisation and impairment	55,070
463	Precepts & Levies	467
12,210	Gain & loss on disposal of non-current assets	25,918
<b>848,194</b>	<b>Total Expenditure</b>	<b>851,159</b>
<b>21,258</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>27,293</b>

Voluntary Aided and Foundation School employees are not employees of the Council but are required to be consolidated into the single entity financial statements. Included in the total for Employee benefit expenses is £55.012m (2015/16 £52.046m) relating to employees of Voluntary Aided and Foundation Schools.

### Segmental income

Income received on a segmental basis is analysed below:

<b>2015/16 £000</b>	<b>Revenues from external customers</b>	<b>2016/17 £000</b>
(21,740)	Health & Wellbeing	(20,926)
(2,818)	Children's Services	(1,358)
(21,263)	Education & Skills	(20,698)
(1,917)	Community Engagement	(2,049)
(772)	Leader	(654)
(2,857)	Planning & Environment	(7,876)
(6,583)	Resources	(8,803)
(5,482)	Transportation	(5,961)
(260)	Corporate costs	(511)
<b>(63,691)</b>		<b>(68,835)</b>

### 3 - Adjustments between Accounting Basis and Funding Basis under Regulations

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This note analyses the differences between the CIES compiled in accordance with proper accounting practice and the resource specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

#### **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. The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

#### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets. The reserve is restricted by statute from being used other than to fund new capital expenditure or to repay debt. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

#### **Capital Grants Unapplied Reserve**

The Capital Grants Unapplied Reserve 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.

2016/17

	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Charges for depreciation and impairment of non-current assets	(29,872)	-	-	29,872
Revaluation losses on Property, Plant and Equipment	(4,712)	-	-	4,712
Fair Value gains / losses on Investment Properties	(3,072)	-	-	3,072
Amortisation of Intangible Assets	(431)	-	-	431
Capital grants and contributions applied	59,633	-	-	(59,633)
Revenue Expenditure Funded from Capital Under Statute	(20,138)	-	-	20,138
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(30,766)	-	-	30,766
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment (minimum revenue provision)	4,035	-	-	(4,035)
Capital expenditure financed from the General Fund	19,883	-	-	(19,883)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>				
Capital grants and contributions unapplied credited to the CIES	1,351	-	(1,351)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	2,218	(2,218)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	6,166	(6,166)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	7,495	-	(7,495)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	(198)	198	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,527)	-	1,527
Write Down of deferred capital receipts	(1,358)	-	-	1,358
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	128	-	-	(128)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	160	-	-	(160)
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(50,070)	-	-	50,070
Employer's pension contributions and direct payments to pensioners payable in the year	29,894	-	-	(29,894)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and NNDR income credited to the CIES is different from Council Tax and NNDR income calculated for the year in accordance with statutory requirements	2,306	-	-	(2,306)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,269)	-	-	2,269
<b>Total Adjustments</b>	<b>(17,370)</b>		<b>867</b>	<b>16,503</b>

## Comparative Figures 2015/16 as Restated

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Movement in Unusable Reserves £000
<b>2015/16 Restated</b>				
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Charges for depreciation and impairment of non-current assets	(30,526)	-	-	30,526
Revaluation losses on Property, Plant and Equipment	(24,568)	-	-	24,568
Fair Value gains / losses on Investment Properties	27,101	-	-	(27,101)
Amortisation of Intangible Assets	(1,258)	-	-	1,258
Capital grants and contributions applied	44,696	-	-	(44,696)
Revenue Expenditure Funded from Capital Under Statute	(12,841)	-	-	12,841
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(21,991)	-	-	21,991
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment (minimum revenue provision)	7,833	-	-	(7,833)
Capital expenditure financed from the General Fund	41,939	-	-	(41,939)
Voluntary minimum revenue provision	1,961	-	-	(1,961)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>				
Capital grants and contributions unapplied credited to the CIES	2,572	-	(2,572)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	10,050	(10,050)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the CIES	10,440	(10,440)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	15,145	-	(15,145)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	(100)	100	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,544)	-	1,544
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	160	-	-	(160)
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(50,679)	-	-	50,679
Employer's pension contributions and direct payments to pensioners payable in the year	23,371	-	-	(23,371)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(3,661)	-	-	3,661
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	818	-	-	(818)
<b>Total Adjustments</b>	<b>15,267</b>	<b>3,261</b>	<b>7,478</b>	<b>(26,006)</b>

## 4- Transfer To/From Earmarked Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

	Balance at 31 March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31 March 2016 £000	Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 31 March 2017 £000
<b>Earmarked General Fund Reserves</b>							
Health & Wellbeing	(8,243)	13,437	(9,261)	(4,067)	18,839	(17,498)	(2,726)
Children's Services	(2,091)	422	(223)	(1,891)	1,130	(835)	(1,596)
Education & Skills	(6,241)	5,297	(1,393)	(2,336)	770	(2,732)	(4,299)
Community Engagement	(889)	462	(181)	(609)	298	(136)	(446)
Leader	(12,796)	4,563	(8,981)	(17,214)	4,203	(9,610)	(22,621)
Planning & Environment	(48,283)	32,115	(6,596)	(22,763)	25,535	(7,241)	(4,469)
Resources	(15,138)	4,007	(2,658)	(13,789)	4,835	(3,091)	(12,045)
Transportation	(3,975)	662	(918)	(4,231)	403	(2,161)	(5,990)
Corporate Costs	(35,291)	14,180	(9,441)	(30,551)	10,938	(10,835)	(30,448)
<b>Subtotal</b>	<b>(132,948)</b>	<b>75,146</b>	<b>(39,651)</b>	<b>(97,452)</b>	<b>66,951</b>	<b>(54,139)</b>	<b>(84,640)</b>
<b>Earmarked for Schools</b>							
Earmarked Schools Revenue Balances	(14,135)	14,236	(16,937)	(16,836)	16,941	(13,055)	(12,949)
Earmarked Schools Devolved Formula Capital	(2,436)	2,437	(2,367)	(2,366)	2,366	(2,017)	(2,017)
<b>Subtotal</b>	<b>(16,571)</b>	<b>16,673</b>	<b>(19,304)</b>	<b>(19,202)</b>	<b>19,307</b>	<b>(15,072)</b>	<b>(14,966)</b>
<b>Total</b>	<b>(149,519)</b>	<b>91,819</b>	<b>(58,954)</b>	<b>(116,654)</b>	<b>86,258</b>	<b>(69,211)</b>	<b>(99,607)</b>

The General Fund Reserve for Schools contains the balances held by schools under delegated schemes that are ring-fenced. Further details of the balances earmarked for schools are shown in the table below:

	Balance at 31 March 2016	Balance at 31 March 2017
Devolved Formula Capital carried forward	(2,366)	(2,017)
Surpluses carried forward*	(18,344)	(14,608)
Deficits carried forward*	1,508	1,659
<b>Total</b>	<b>(19,202)</b>	<b>(14,966)</b>

\*Excluding Academy Schools

**Health & Wellbeing** including the Public Health Reserve, holding grant funding of £1.3m that will be used in future years. It also includes a new reserve in respect of the recently ended POHWER contract where unspent monies were returned to the Council against which further commitments are expected.

**Children's Services** including Families First grant funding to be used in future years (£0.8m)

**Education & Skills** including SEND Reform monies of £0.9m; the Learning Skills Council (LSC) reserve (£0.7m) which is used as a mechanism for equalising under and overspends on the adult learning budgets as these budgets are monitored on an academic year basis rather than a financial year; and £2.7m relates to unused Dedicated Schools Grant (DSG) not delegated directly to schools.

**Leader** including funds held on behalf of other bodies such as the Buckinghamshire Thames Valley Local Enterprise Partnership (£21.1m). Also included is the Election Expenses Reserve (£0.5m) which has been set up to fund the expenses for the full Council elections which occur every four years.

**Planning & Environment** including a Waste reserve of £3.3m to smooth the effect of volatility in third party income and selling electricity.

**Resources** including the Insurance Reserve (£5.6m) which relates to the estimated liabilities in respect of insurance claims not yet notified. Also included is the Energy Efficiency & Salix Reserve (£1.3m) which is called on to finance initial expenditure on projects that will lead to longer-term savings; the repayment of Salix loans is recycled to fund further projects. The Strategic Asset Development Reserve of £2.4m enables the Council to invest in existing or new assets in order to generate an income stream. The Renewals Reserve (£1.4m) is used for the financing of capital expenditure and the balance represents amounts set aside to fund future purchases, particularly vehicles and computers. The Support Services Options Appraisal Reserve (£0.7m) is used to fund upfront work required to achieve future savings resulting from the Council's service transformation activities.

**Transportation** including monies set aside for Adverse Weather (£2.0m), revenue contribution to East West Rail (£1.8m), Fleet Renewals (£0.9m) and Commuted Sums (£0.6m) which is made up of payments from private developers to compensate the Council for additional costs incurred in maintaining infrastructure associated with new developments.

**Corporate Costs** including the Revenue Contribution to Capital Reserve (£28.7m) which is used for the financing of capital expenditure and receives appropriations from the revenue account; the balance largely represents slippage from prior year capital schemes. Also included is the Doubtful Debt Reserve (£0.9m) which relates to the amounts that the Council is setting aside to mitigate the risk of bad debts.

## 5 - Other Operating Expenditure

Restated 2015/16		2016/17
£000		£000
5,932	(Gain)/losses on the disposal of non-current assets	1,012
6,278	Loss on de-recognition of Academies non-current assets	24,906
463	Levies - Environment Agency	467
9	(Gain)/losses on the disposal of Financial Assets Held for Sale	-
<b>12,682</b>	<b>Total</b>	<b>26,385</b>

## 6 - Financing and Investment Income and Expenditure

2015/16		2016/17
£000		£000
9,139	Interest payable and similar charges	8,381
18,700	Net interest on the defined pension liability	18,766
(1,943)	Interest receivable and similar income	(2,774)
(28,072)	Investment Properties Income and expenditure and changes in Fair Value	1,304
<b>(2,176)</b>	<b>Total</b>	<b>25,677</b>

## 7 - Taxation and Grant Income

Council tax and business rates are collected by the four District Councils ('billing authorities') on behalf of the County Council ('a major preceptor') and themselves under an agency arrangement. Transactions and balances are allocated between the billing authorities and the major preceptors. The income included in the CIES is the accrued income for the year (i.e. it reflects the Council's proportion of the net billing authorities' surplus or deficit). The difference between the income included in the CIES and the amount required under Regulations to be credited to the General Fund is taken to the Collection Fund Adjustment Account. The Balance Sheet reflects the attributable share of Council Tax and business rates trade receivable, overpaid Council Tax, business rates trade payable, and the net trade receivable / payable between the Council and the billing authorities.

Government grants and third party contributions and donations are credited to the CIES where:

- The grant has been received (or there is reasonable assurance that the grant will be received) and no specific conditions or stipulations are attached ('Non-ringfenced grants'), or
- the Council has complied with the conditions attached to the payments

Conditions are stipulations that specify that the grant or contribution must be applied as specified, or returned to the transferor. Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as trade payables.

Where capital grants are credited to the CIES, 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. Where it has been applied, it is posted to the Capital Adjustment Account.

The Council credited the following from taxation, grants, contributions and donations to the CIES in 2016/17.

### Taxation and Non Specific Grant Income

2015/16		2016/17
£000	<b>Grants Held Centrally</b>	£000
(233,751)	Council Tax	(248,700)
(41,823)	Revenue Support Grant	(23,713)
(15,614)	Locally Retained Non Domestic Rates	(16,431)
(25,181)	NNDR Top up Grant	(25,391)
(15,191)	Non-ringfenced Government Grants *	(17,752)
(47,269)	Capital Grants and Contributions	(60,984)
<b>(378,829)</b>	<b>Total</b>	<b>(392,971)</b>

\* Non ringfenced government grants detailed below

2015/16		2016/17
£000	<b>Non-ringfenced Government Grants</b>	£000
(343)	Local Service Support Grant	-
-	Transition Grant	(4,635)
(5,615)	Education Service Grant	(5,145)
-	Independent Living Fund	(1,128)
(3,024)	New Homes Bonus	(3,711)
(309)	SEN / SEND Reform Grants	(583)
(1,132)	Small Business Rates Relief	(1,038)
(2,662)	Care Act Implementation	-
(2,106)	Total of other grants below £1m each	(1,512)
<b>(15,191)</b>	<b>Total</b>	<b>(17,752)</b>

2015/16		2016/17
£000	<b>Grants Credited to Services</b>	£000
(271,697)	Dedicated Schools Grant	(270,721)
(19,058)	Public Health Grant	(21,614)
(5,573)	Education Funding Agency 16-19	(5,698)
(3,573)	Skills Funding Agency	(3,667)
(1,723)	PE and Sports Grant	(1,540)
(465)	Department of Transport Grant	(465)
(5,231)	Universal Free School Meals	(6,055)
(8,864)	Pupil Premium	(8,864)
(1,126)	Devolved Formula Capital Grant	(1,109)
(1,499)	Disabled Facilities Grant	(2,777)
(4,283)	Total of other grants below £1m each	(3,767)
<b>(323,092)</b>	<b>Total</b>	<b>(326,278)</b>



## 8 - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of DSG is recouped by the DfE to fund academy schools in the Council's area.

DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2016/17 are as follows:

	<b>Central Expenditure</b>	<b>Individual Schools Budgets</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Final DSG for 2016/17 before Academy recoupment			397,898
Academy figure recouped for 2016/17			(127,177)
<b>Total DSG after Academy recoupment for 2016/17</b>			<b>270,721</b>
Brought forward from 2015/16			460
Carry-forward to 2017/18 agreed in advance			(44)
<b>Agreed initial budgeted distribution in 2016/17</b>			<b>271,137</b>
Final budgeted distribution for 2016/17	67,148	204,032	271,181
Less Actual central expenditure	(65,138)		(65,138)
Less Actual ISB deployed to schools		(203,354)	(203,354)
Plus agreed carry-forward for 2017/18			44
<b>Carry Forward to 2017/18</b>	<b>2,010</b>	<b>678</b>	<b>2,732</b>

## 9 - Members Allowances

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
539	Salaries	546
94	Employer Contributions	98
337	Allowances	344
<b>970</b>	<b>Total</b>	<b>988</b>

## 10 - Related Parties

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 and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax). Grants received from Government Departments are set out in Note 7 Taxation and Grant Income.

### Pension Fund

The Council charged the Fund £1.45m in 2016/17 (2015/16 £1.38m) for expenses incurred in administering the Fund.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2016/17 is shown in Note 9. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at County Hall during office hours.

### TWK Transit

One of the Council's members is a senior manager in TWK Transit, a specialist transport management company that has both private and public sector contracts providing transport services. The firm is owned by a close family member. TWK Transit is part of the Khattak Group of companies including Redline Buses, Red Eagle Buses Ltd and Red Rose Buses. During 2016/17 TWK Transit provided the Council with transport services to the value of £1.54m (2015/16 £1.35m). Collectively the Khattak Group have provided services to the value of £3.67m (2015/16 £3.34m).

### Interests in Companies and Other Entities

#### Buckinghamshire Care Ltd

The Council had 100% ownership of Buckinghamshire Care Ltd and Buckinghamshire Support Ltd (jointly known as 'Buckinghamshire Care') until Buckinghamshire Care ceased trading on 31<sup>st</sup> December 2016. In 9 months of 2016/17 the Council made payments to Buckinghamshire Care totalling £6.97m (2015/16 £9.88m). Income received by the Council from Buckinghamshire Care in 2016/17 was £0.30m (2015/16 £0.82m.) The estimated cumulative trading loss for Bucks Care of £2.2m has also been incorporated into the Accounts, which includes the write-off of any outstanding loans between the Council and Buckinghamshire Care.

#### Buckinghamshire Learning Trust (BLT)

The BLT is an educational charity delivering a comprehensive range of services to schools and early years' settings, including school and early years' improvement, specialist teaching, continuous professional development and other key support services. The Trust received £8.01m from the Council in 2016/17 (2015/16 £8.89m) including grant funding of £6.9m (2015/16 £7.19m). Income received by the Council from the BLT in relation to a support services buy-back agreement was £0.58m (2015/16 £0.47m). As at 31<sup>st</sup> March 2017 the outstanding amount owed to Buckinghamshire County Council by Buckinghamshire Learning Trust is £0.61m.

### **Adventure Learning Foundation (ALF)**

The ALF is a registered charity and a company limited by guarantee. Its aim is to provide high quality, affordable outdoor education, activity and sports services for young people. In 2013/14, the Council leased the Green Park Centre, Aston Clinton and the Shortenills Centre, Chalfont St Giles to the ALF for a period of 25 years. Overall responsibility for the strategic direction of the organisation sits with the board of trustees who delegate operational responsibility to the CEO. The Trustees include representatives from the founding centres, a Council representative and key stakeholders. The Council has made a £0.765m loan to ALF to cover initial investment, to be repaid after 5 years. An assessment of the recoverability of loans due to operating losses currently being incurred by ALF has resulted in a provision being held against this loan. The Council has purchased services of £0.40m during the year from ALF (2015/16 £0.54m).

### **Buckinghamshire County Museum Trust**

The Buckinghamshire County Museum Trust is a registered charity and a company limited by guarantee. The Trust was established on 1 August 2014 to provide a museum and arts service previously provided by the Council. During 2016/17 the Trust received funding from the Council totalling £0.43m (2015/16 £0.239m).

### **Buckinghamshire Law Plus**

Buckinghamshire Law Plus is a private limited company established in a joint venture between the Council and Buckinghamshire & Milton Keynes Fire Authority. The Council made payments to Buckinghamshire Law Plus in 2016/17 totalling £0.042m and received income totalling £0.030m (2015/16 £0.13m). Buckinghamshire Law Plus ceased trading on 31st March 2017 with an estimated net cumulative profit of £7k. There are no outstanding loans with Bucks Law Plus as at 31 March 2017.

### **Local Authority Companies**

The following company is regulated under the Local Authorities (Companies) Order 1995, by virtue of the Council's interest and any other interest held by other local authorities:

### **Buckinghamshire Advantage Ltd**

Buckinghamshire Advantage is an independent company limited by guarantee, and owned by the Council, the four District Councils and Bucks Business First. The company acts as the operational arm of Buckinghamshire Thames Valley Local Enterprise Partnership (BTVLEP) on the delivery of BTVLEP funded capital schemes, ensuring local growth funds are invested to maximum effect. It also promotes and delivers capital projects helping Buckinghamshire's economy develop sustainably. The Council has made a contribution towards operating costs of Buckinghamshire Advantage Ltd of £0.179m in 2016/17 (2015/16 £0.094m). As at 31<sup>st</sup> March 2017 the balance outstanding between Buckinghamshire County Council and Buckinghamshire Advantage is £0.125m.

### **Partnerships**

#### **Buckinghamshire Thames Valley Local Enterprise Partnership ('BTVLEP')**

The BTVLEP purpose is to provide direction and co-ordination for economic development interventions across the region. The Board consists of five nominated Council Leaders / Deputy Leaders and five business leaders. The BTVLEP is not a legally constituted entity and the Council is the accountable body. The Council has made a contribution of £0.15m (2015/16 £0.12m) and been reimbursed £0.08m (2015/16 £0.15m) for services provided to the BTVLEP. In addition BTVLEP funding had available funds to be used to pump prime of £17.492m (2015/16 £11.02m) for strategic capital infrastructure projects. As at 31 March 2017 £20.52m (2015/16 £6.69m) was held on behalf of the BTVLEP.

### **Youth Offending Service (YOS)**

The YOS is a support service for 8-18 year olds. It supports offenders and provides positive action to prevent offending. In addition to funding from the Council it is funded externally by the Police, Probation Service and Health. Buckinghamshire County Council's element of the funding in 2016/17 was £0.68m (2015/16 £0.68m).

### **Trading Standards**

A Buckinghamshire and Surrey Joint Trading Standards service was formed on 1st April 2015, bringing together the two separate trading standards service of Buckinghamshire County Council and Surrey County Council. The joint service is hosted by Surrey County Council, and provides trading standards services across the two counties. During 2016/17 the joint service fee paid by BCC to SCC totalled £1.017m. As at 31<sup>st</sup> March 2017 the balance outstanding between Buckinghamshire County Council and Surrey County Council for the trading standards service is £0.228m.

### **HR and Legal Shared Service arrangement**

The Council has entered into an Inter Authority Agreement with London Borough of Harrow for the provision of HR and Legal Services. BCC provide both Councils with HR services and Harrow provide Legal Services to both Council's under this agreement, which also involve the sharing of the Head of Legal Services and the Head of People and OD. There is a Shared Services Joint Governing Board with Harrow to cover both of these arrangements. During 2016/17 BCC paid fees of £2.506m and received income of £0.310m under this arrangement. As at 31<sup>st</sup> March 2017 the outstanding amount owed to Buckinghamshire County Council is £0.024m.

## **11 - Officers Remuneration**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled 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 (eg cars) for current employees and are recognised as an expense in the year in which employees render service to the Council.

The remuneration paid to the Council's senior employees during 2016/17 was as follows:

	<b>Employee Name</b>	<b>Salary, Fees and Allowance £</b>	<b>Pension Contrib'ns £</b>	<b>2016/17 Total £</b>	<b>2015/16 Total £</b>
Chief Executive (Sept - to date)		113,750	44,684	158,434	263,966
Chief Executive (Interim Apr-Aug)	Neil Gibson	82,231	18,749	100,980	-
Assistant Chief Executive (Monitoring Officer)		102,414	23,350	125,764	116,639
Director of Finance and Assets (s151 Officer)		127,660	29,106	156,766	145,790
Director of Public Health		126,017	18,020	144,037	141,878
<b>Business Enterprise &amp; Business Services Plus</b>					
Managing Director	Gillian Quinton	151,472	34,536	186,008	187,390
<b>Transport Economy and Enterprise</b>					
Managing Director (Sept-Mar)	Neil Gibson	89,455	20,396	109,851	187,290
Managing Director (Interim Apr-Aug)		95,400	-	95,400	
<b>Children's Social Care &amp; Learning</b>					
Managing Director		145,040	33,069	178,108	172,294
<b>Communities, Health &amp; Adult Social Care</b>					
Managing Director (Apr-Dec)		107,594	24,531	132,125	179,935
Managing Director (Interim Jan-Feb)		49,238		49,238	
Managing Director (Feb-Mar)		12,054	2,748	14,802	-
		<b>1,202,323</b>	<b>249,189</b>	<b>1,451,513</b>	<b>1,395,180</b>

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

	2015/16			2016/17		
	Non Schools	Schools	Total	Non Schools	Schools	Total
£50,000 - £54,999	47	64	111	71	79	150
£55,000 - £59,999	31	50	81	37	61	98
£60,000 - £64,999	24	34	58	27	35	62
£65,000 - £69,999	16	22	38	14	21	35
£70,000 - £74,999	8	12	20	11	11	22
£75,000 - £79,999	6	5	11	6	11	17
£80,000 - £84,999	5	2	7	8	3	11
£85,000 - £89,999	3	2	5	1	4	5
£90,000 - £94,999	1	2	3	2	2	4
£95,000 - £99,999	3	1	4	-	2	2
£100,000 - £104,999	5	-	5	4	-	4
£105,000 - £109,999	3	-	3	4	-	4
£110,000 - £114,999	-	-	-	1	-	1
£115,000 - £119,999	1	-	1	-	-	-
£120,000 - £124,999	1	1	2	-	-	-
£125,000 - £129,999	-	-	-	3	-	3
£130,000 - £144,999	-	-	-	-	1	1
£145,000 - £149,999	2	-	2	1	-	1
£150,000 - £154,999	2	-	2	1	-	1
£170,000 - £174,999	-	-	-	1	-	1
£175,000 - £214,999	-	-	-	-	-	-
£215,000 - £219,999	1	-	1	-	-	-
	<b>159</b>	<b>195</b>	<b>354</b>	<b>192</b>	<b>230</b>	<b>422</b>

**12 - 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 to the appropriate service line in the CIES 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.

The Council terminated the contracts of a number of employees in 2016/17, incurring liabilities of £0.801m (2015/16 £0.624m). The table below details the total number of exit packages and total cost per band.

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £000	2016/17 £000
£0 - £19,999	17	11	34	38	51	49	371	322
£20,000 - £39,999	5	3	4	2	9	5	253	151
£40,000 - £59,999	-	2	-	1	-	3	-	135
£150,000-£199,999	-	-	-	1	-	1	-	193
	<b>22</b>	<b>16</b>	<b>38</b>	<b>42</b>	<b>60</b>	<b>58</b>	<b>624</b>	<b>801</b>

**13 - Pension Schemes Accounted for as Defined Contributions Schemes**

The Teachers' Pension Scheme is an unfunded multi-employer defined benefit scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. In 2016/17, the Council paid an estimated £15.054m (2015/16 £14.074m) to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.7% (2015/16 15.6%) of pensionable pay. The expected contribution to be paid by the Council in relation to Teachers Pensions for 2017/18 is estimated around £13m. This is charged to the Education and Skills line in the CIES. There were no contributions remaining payable at the year-end. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis.

The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme administered by NHS Pensions that covers NHS employers. In 2016/17 the Council paid an estimated £0.038m to NHS Pensions in respect of public health staff retirement benefits (2015/16 £0.159m). The expected contribution to be paid by the Council in relation to the NHS Pension Scheme for 2017/18 is estimated around £0.040m. This is charged to the Health & Wellbeing line in the CIES.

The arrangements for the teachers' scheme and NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

## 14 - Defined Benefit Pension Schemes

### Post-Employment Benefits

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. Employees of the Council are members of three separate pension schemes:

- **Local Government Pension Scheme**

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

- **Teacher's Pension Scheme** (see Note 13)
- **NHS Pension Scheme** (see Note 13)

### 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, 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 appropriations 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.

### Discretionary Benefits

The Council 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 (including teachers) 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. The amounts recognised in the CIES relating to LGPS are as follows:

2015/16		2016/17
£000	Cost of Services	£000
31,489	Service Cost (comprising)	30,790
33,647	- current service cost	30,758
956	- past service costs	880
(3,114)	- settlements and curtailments	(848)
490	Administration expenses	514
	<b>Financing and Investment Income and Expenditure</b>	
18,700	Net interest on the defined liability	18,766
<b>50,679</b>	<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>50,070</b>



2015/16	<b>Other Comprehensive Income and Expenditure</b>	2016/17
£000	<b>Remeasurement of the defined benefit liability, comprising:</b>	£000
(8,977)	Return on plan assets in excess of interest	88,026
-	- Actuarial gains and losses	17,627
80,682	Change in Financial assumptions	(278,847)
-	- Change in demographic assumptions	19,445
217	Experience gain/loss on defined benefit obligation	(41,624)
<b>71,922</b>	<b>Total Post Employment Benefit charged to the CIES</b>	<b>(195,373)</b>

2015/16	<b>Movement in Reserves Statement</b>	2016/17
£000	<b>Movement in Reserves Statement</b>	£000
	Reversal of net charges made to the Surplus/Deficit for the	
(50,679)	Provision of Services for post employment benefits in accordance with the Code	(50,070)
23,371	Actual amount charged against the General Fund balance employers' contributions payable in year to the scheme	29,894

The change in financial assumptions has resulted in a loss of £284.580m in respect of pensions liabilities (as shown above). This is due to a reduction in the discount rate by 0.9% p.a. The pension increase assumption has also increased by 0.3% p.a. which has also increased the liability.

## Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Councils obligation in respect of its defined benefit plans and discretionary benefits is as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(972,781)	(1,043,725)	(1,211,823)	(1,168,307)	(1,511,758)
Fair value of plan assets	568,197	597,615	655,142	654,147	783,865
<b>Net liability on Fund</b>	<b>(404,584)</b>	<b>(446,110)</b>	<b>(556,681)</b>	<b>(514,160)</b>	<b>(727,893)</b>
Present value of unfunded obligation	(24,833)	(24,999)	(26,327)	(24,234)	(26,050)
<b>Net liability in Balance Sheet</b>	<b>(429,417)</b>	<b>(471,109)</b>	<b>(583,008)</b>	<b>(538,394)</b>	<b>(753,943)</b>

## Reconciliation of present value of the defined benefit obligation

The liabilities of the Buckinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (2015/16 3.6%) based on the annualised yield at the 18 year point on the Merrill Lynch AA rated corporate bond curve. This is consistent with the approach used at the last accounting date.

The change in the net pensions' liability is analysed into six components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked;
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to Corporate Costs in the CIES;
- Net interest on the net defined benefit liability – the net interest expense that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability at the beginning of the period, adjusted for any changes in the net defined benefit liability during the period resulting from contribution and benefit payments;
- Contributions paid to the Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities, not accounted for as an expense;
- Re-measurements - 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.

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
(1,238,150)	<b>Opening balance at 1 April</b>	(1,192,541)
(33,647)	Current service cost	(30,758)
(956)	Past service costs, including curtailments	(880)
(39,918)	Interest cost	(42,179)
(6,793)	Contributions by scheme participants	(7,734)
	<b>Remeasurement gains and losses:</b>	
80,682	- change in financial assumptions	(278,847)
	- change in demographic assumptions	19,445
217	- experience loss/(gain) on defined benefit obligation	(41,624)
6,125	Liabilities extinguished on settlements	(1,819)
38,090	Estimated benefits paid net of transfers in	37,260
1,809	Unfunded pension payments	1,869
<b>(1,192,541)</b>	<b>Closing balance at 31 March</b>	<b>(1,537,808)</b>

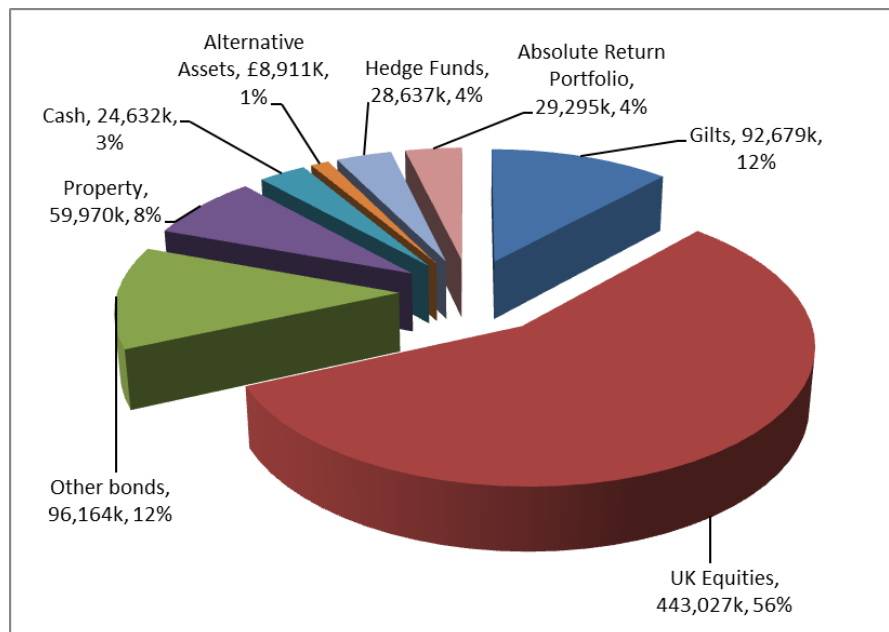
## Reconciliation of the movement in the fair value of the scheme (plan) assets

The Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unitised securities – current bid price
- property – market value.

2015/16 £000		2016/17 £000
655,142	<b>Opening balance at 1 April</b>	654,147
21,218	Interest on assets	23,413
	Remeasurement gains and losses:	
(8,977)	- return on plan assets less the amount included in net interest expense	88,026
	- other actuarial gains/(losses)	17,627
(490)	Administration expenses	(514)
23,371	Employer contributions	29,894
6,793	Contributions by scheme participants	7,734
(39,899)	Estimated benefits paid plus unfunded net of transfers in	(39,129)
(3,011)	Settlement prices received/(paid)	2,667
<b>654,147</b>	<b>Closing balance at 31 March</b>	<b>783,865</b>

## The Scheme Assets comprise:



**Actuarial methods and assumptions**

Both the Local Government Pension Scheme liabilities and unfunded obligation have been estimated by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2016. The significant assumptions used by the actuary have been:

<b>2015/16</b>	<b>Mortality assumptions:</b>	<b>2016/17</b>
	Longevity at 65 for current pensioners:	
23.8 years	■ Men	23.8 years
26.2 years	■ Women	26 years
	<b>Longevity at 65 for future pensioners:</b>	
26.1 years	■ Men	26.1 years
28.5 years	■ Women	28.3 years
	<b>Other assumptions:</b>	
3.2%	RPI Increases	3.5%
2.3%	CPI Increases	2.6%
4.1%	Rate of increase in salaries	4.1%
2.3%	Rate of increase in pensions	2.6%
3.6%	Rate for discounting scheme liabilities	2.7%
10.0%	Take-up option to convert annual pension into retirement lump sum	10.0%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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.

<b>Sensitivity analysis</b>		<b>Present value of total obligation £000</b>	<b>Projected service cost £000</b>
Current assumption	0.0%	1,537,808	46,862
Adjustment to discount rate	+0.1%	1,510,754	45,713
	-0.1%	1,565,373	48,041
Adjustment to long term salary increase	+0.1%	1,540,610	46,862
	-0.1%	1,535,028	46,862
Adjustment to pension increases and deferred revaluation	+0.1%	1,562,570	48,041
	-0.1%	1,513,482	45,711
Adjustment to mortality age rating assumption	+ 1 year	1,597,381	48,357
	- 1 year	1,480,525	45,414

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks:-

- **Investment risk:-** The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real return over the long-term, the short term volatility can cause additional funding to be required if a deficit emerges;
- **Interest Rate Risk:-** The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value to the assets and liabilities may not move in the same way;
- **Inflation Risk:-** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation;
- **Longevity Risk:-** In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Councils Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

### **Other defined benefit plan information**

Employees of the Council make contributions on a variable scale depending on their pensionable salary. The remaining contribution is funded by the Council. Based on historical data, the Council expects to make contributions of £30.880m in 2017/18. The estimated duration of the Employer's liability is 18 years.

### **Pension guarantees**

In accordance with the terms of the Admission Agreement with Buckinghamshire Learning Trust and the Adventure Learning Foundation, the Council has provided the Administering Authority a guarantee to meet any pension deficit should the Trust become insolvent due under the terms of the Admission Agreement and under the LGPS Regulations. No liability is currently recognised in respect of this guarantee.

## 15 - Property, Plant and Equipment

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Where additions on any single suite of works falls below the de-minimis level of £10,000 this expenditure will be charged to revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The Council does not capitalise borrowing costs.

Separate components are recognised where the individual gross replacement cost of the component exceeds 10% of the gross replacement cost of the whole asset (with a minimum of £200,000) and where the cost or Net Book Value of the whole asset is equal to or greater than £1,000,000.

The recognition of the non-current assets is based on the extent to which the Council controls the future service potential of the asset, rather than the ownership of the underlying assets. In respect of schools:

- Community Schools and Foundation Schools are recognised where either the Council or the School controls the service and economic potential of these assets;
- The Council recognises only the value of land it owns in relation to Voluntary Aided Schools and Voluntary Controlled Schools. Assets used by Schools under mere licences where the underlying rights to the property are held by the Dioceses are not recognised where the control of the asset has not passed to the school;
- The transfers of assets to Academies are subject to a formal lease agreement. The building element is not recognised in the Balance Sheet in accordance with the requirements of IAS 17. The land element is retained on balance sheet but at notional value only, to reflect the unexpired residual term of the lease. Where a school transfers to Academy status assets held in the Balance Sheet are de-recognised, the loss on disposal is reversed out of the General Fund as it is not chargeable to Council Tax.

### Measurement

Assets are initially measured at cost, comprising the purchase price, any costs attributable to bringing the asset to the location and condition necessary for operation. Components are measured at gross replacement cost. Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- operational assets providing service potential for the Council – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). Where there is no market-based evidence of current value because of the specialist nature of an asset, or the assets have short useful lives or low values, depreciated replacement cost (DRC) is used as an estimate of current value;
- All other assets – fair value, the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date in accordance with IFRS 13.

Assets included in the Balance Sheet with a value (individually or collectively) of £50,000 or more, are revalued every five years by an external valuer in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors (RICS). Components of assets enhanced or revalued are valued at gross replacement cost. Building Cost Information Service (BCIS) indices are applied to the gross replacement cost to calculate the net book value of the component.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. assets under construction). No depreciation is charged in the year of acquisition however a full years charge is made in the year of disposal.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the Valuer;
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer;
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are depreciated in the year of revaluation, except where there has been a material movement in the asset balance, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### Disposals and De-recognition

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES. When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and derecognition takes place regardless of whether the replaced part has been depreciated separately. Any revaluation gains accumulated for the asset or component in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal 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 Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement.

Where the amount due in relation to the asset (including leased assets) is contingent on payments in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement and a long term trade receivable is created in the Balance Sheet. 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 future payments are received, the element of the capital receipt for the disposal of the asset is used to write down the long-term trade receivable. At this point, the Deferred Capital Receipts are transferred to the Capital Receipts Reserve.

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 appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

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

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

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible 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 minimum revenue provision (MRP) towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement. The MRP charge for 2016/17 is £4.035m (2015/16 £7.833m). The basis was amended during 2016/17 as follows:

- Debt relating to capital expenditure incurred prior to 1 April 2008 is written down on a straight line basis over 50 years from 1 April 2016;
- Debt relating to capital expenditure incurred from 1 April 2008 is calculated on the annuity asset life method.



## Property, Plant and Equipment

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Restated Cost or Valuation</b>						
<b>At 1 April 2016</b>	<b>676,270</b>	<b>12,611</b>	<b>415,476</b>	<b>4,274</b>	<b>166,325</b>	<b>1,274,956</b>
Additions	23,220	1,213	27,591	61	13,807	65,891
Revaluation increases recognised in the Revaluation Reserve	127,844	-	-	207	-	128,051
Revaluation (decreases) recognised in the Revaluation Reserve	(2,590)	-	-	(160)	-	(2,750)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4,013)	-	-	(651)	-	(4,664)
Derecognition - disposals	(31,838)	(269)	-	-	-	(32,108)
Derecognition - other	(3,773)	-	-	-	-	(3,773)
Assets reclassified	64,886	111,104	3,196	(10)	(179,484)	(308)
<b>At 31 March 2017</b>	<b>850,004</b>	<b>124,659</b>	<b>446,263</b>	<b>3,721</b>	<b>648</b>	<b>1,425,295</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2016	<b>(85,744)</b>	<b>(10,327)</b>	<b>(74,968)</b>	<b>(1,467)</b>	-	<b>(172,506)</b>
Depreciation charge	(17,818)	(727)	(11,315)	-	-	(29,861)
Depreciation written out to the Revaluation Reserve	51,485	-	-	-	-	51,485
Derecognition - disposals	5,315	238	-	-	-	5,553
Derecognition - other	153	-	-	-	-	153
Assets reclassified	31	-	-	-	-	31
<b>At 31 March 2017</b>	<b>(46,577)</b>	<b>(10,816)</b>	<b>(86,283)</b>	<b>(1,467)</b>	-	<b>(145,144)</b>
<b>Net Book Value</b>						
as at 31 March 2017	803,427	113,843	359,979	2,254	648	1,280,150
as at 1 April 2016	590,526	2,284	340,508	2,807	166,325	1,102,451

The main movements include revaluation increases of £179.536m (made up of gross valuation of £128.051m and accumulated depreciation of £51.485m), mainly due to Schools assets revaluation increase of £166.159m. Other main movements include the reclassification of the Energy from Waste plant (£173.229mm) on completion from Assets under Construction to Other Land and Buildings and Vehicles, Plant and Equipment.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Restated Cost or Valuation</b>						
<b>At 1 April 2015 as Restated</b>	<b>713,652</b>	<b>25,080</b>	<b>380,227</b>	<b>4,035</b>	<b>122,194</b>	<b>1,245,188</b>
Additions	27,037	1,113	35,249	795	47,743	111,937
Revaluation increases recognised in the Revaluation Reserve	13,962	-	-	110	-	14,073
Revaluation (decreases) recognised in the Revaluation Reserve	(21,446)	-	-	(200)	-	(21,646)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(22,777)	-	-	(1,665)	-	(24,442)
Derecognition - disposals	(7,118)	(4,409)	-	(582)	-	(12,108)
Derecognition - disposals previous years*	-	(9,173)	-	-	-	(9,173)
<b>Derecognition - other</b>	<b>(7,760)</b>	<b>-</b>	<b>-</b>	<b>(364)</b>	<b>-</b>	<b>(8,125)</b>
<b>Assets reclassified</b>	<b>(19,281)</b>	<b>-</b>	<b>-</b>	<b>2,146</b>	<b>(3,612)</b>	<b>(20,748)</b>
<b>At 31 March 2016</b>	<b>676,270</b>	<b>12,611</b>	<b>415,476</b>	<b>4,274</b>	<b>166,325</b>	<b>1,274,956</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2015</b>	<b>(92,873)</b>	<b>(21,938)</b>	<b>(64,530)</b>	<b>(155)</b>	<b>-</b>	<b>(179,497)</b>
Depreciation charge	(18,233)	(1,817)	(10,437)	(17)	-	(30,504)
Depreciation written out to the Revaluation Reserve	23,383	-	-	-	-	23,383
Derecognition - disposals	433	4,255	-	-	-	4,688
Derecognition - disposals previous years*	-	9,173	-	-	-	9,173
Assets reclassified	1,546	-	-	(1,295)	-	251
<b>At 31 March 2016 as restated</b>	<b>(85,744)</b>	<b>(10,327)</b>	<b>(74,968)</b>	<b>(1,467)</b>	<b>-</b>	<b>(172,505)</b>
<b>Net Book Value</b>						
as at 31 March 2016 as restated	590,526	2,283	340,509	2,808	166,325	1,102,451
as at 1 April 2015 as restated	620,779	3,142	315,697	3,880	122,194	1,065,691

## Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value £000
Great Marlow School - AA Block	Construction	Life Build Solutions	3,007
Berryfields 2 Primary School	Construction	Kier Construction	2,850
Holtspur School	Construction	LIFE Build Solutions Limited	1,910
ReFit	Construction	Engie FM	531
South East Aylesbury Link Road	Construction	AECOM Infrastructure and Environment UK Ltd	320
			<b>8,619</b>

At 31 March 2017, the Council has £8.619m capital commitments for the construction or enhancement of Property, Plant, Equipment and Intangible Assets. Commitments as at 31 March 2016 were £10.399m.

## Revaluations

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations for 2016/17 have been carried out by RICS qualified external company, Carter Jonas. The effective date of valuation for the current year was 1 April 2016.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000
<b>Carried at historical cost:</b>		2,739	359,979	
<b>Valued at fair value as at:</b>				
31 March 2013	108,238			
31 March 2014	147,060			
31 March 2015	159,360			
31 March 2016	159,192			2,010
31 March 2017	345,881			2,247
<b>Total Cost or Valuation</b>	<b>919,731</b>	<b>2,739</b>	<b>359,979</b>	<b>4,257</b>

The significant assumptions applied in estimating fair values are:

- Unless otherwise stated, the title of the properties is free from onerous and unusual restrictions;
- No structural surveys or internal inspections have been carried out;
- The properties are not affected by deleterious or hazardous materials, land contamination or adverse ground conditions, and no investigation has been carried out to determine the presence of any such contamination;
- Assets are unaffected by flooding, subsidence and any matters which would be revealed by local search;
- Fair Value in Existing Use is based on the 'modern equivalent asset'.

## Academy Schools

The total value of Academy Schools that are now held under finance leases (note 30) was £217.131m as at 31 March 2017 (£195.031m as restated at 31 March 2016).

**Revenue expenditure funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. This relates mainly to Schools where the Council funds capital developments but the School is not recognised on balance sheet. 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. Amounts charged to REFCUS are detailed in note 16 below.

**16 - Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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. The CFR is analysed in the second part of this note.

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
319,334	Opening Capital Financing Requirement	325,827
	<b>Capital Investment</b>	
111,972	Property, plant and equipment	65,891
834	Investment properties	42,763
509	Intangible assets	1,517
12,841	Revenue Expenditure Funded from Capital Under Statute	20,138
	<b>Source of Finance</b>	
(15,145)	Capital receipts	(7,495)
(54,747)	Government grants and other contributions	(61,851)
(11,608)	Direct revenue contributions	(2,261)
(30,331)	Waste reserve contributions	(17,622)
(7,833)	Minimum revenue provision	(4,035)
<b>325,827</b>	<b>Closing Capital Financing Requirement</b>	<b>362,872</b>
	Explanation of movements in year	
(7,833)	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	37,045
14,325	Assets acquired under PFI/Service Concession Arrangements	-
<b>6,492</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>37,045</b>

## 17 - Heritage Assets

Heritage Assets are those assets (either tangible or intangible) with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Where information is held on the cost or value of a Heritage Asset, the asset is recognised and measured (including the treatment of revaluation gains and losses and impairments) in accordance with the policy for Property, Plant and Equipment in respect of tangible heritage assets or in accordance with the policy in respect of intangible heritage assets. Where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised in the Balance Sheet. No depreciation or amortisation is charged on heritage assets which have indefinite lives.

### Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	<b>Historic Sites and Monuments</b>	<b>Kederminster Library and Pew</b>	<b>Museum Collections and Paintings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valuation				
1 April 2015	847	1,022	5,681	7,550
Additions	-	34	-	34
Disposals	(60)	-	-	(60)
<b>31 March 2016</b>	<b>787</b>	<b>1,056</b>	<b>5,681</b>	<b>7,524</b>
1 April 2016	787	1,056	5,681	7,524
<b>31 March 2017</b>	<b>787</b>	<b>1,056</b>	<b>5,681</b>	<b>7,524</b>

All heritage assets recognised in the balance sheet are tangible assets.

#### Historic Sites and Monuments

The Council has identified five Heritage Assets sited within Country Parks and Green Spaces, managed and maintained by Countryside Services;

- Cholesbury Camp
- Whiteleaf Cross and Woods
- Coombe Hill Monument
- The John Hampden Memorial
- Gott's Monument

#### Kederminster Library and Pew

Kederminster Library and the adjoining aisle and family vault were acquired by the Council in 1945 as part of the Langley Park estate. The Library contains a collection of 300 theological works and is housed in a highly-ornate room provided by Sir John Kederminster in 1623.

### County Museum Collections and Paintings

Buckinghamshire County Museum cares for more than 130,000 items, which represent the heritage of the county in collections built up over the last 150 years. The museum is accredited through the National Museum Accreditation programme, entrance is free and opening times are published on the website.

The Council also holds a series of paintings and portraits within the Judges Lodgings. These are reported at insurance value and are not normally open to the public.

### Centre for Buckingham Studies

The Centre for Buckinghamshire Studies is located in the County Offices, Aylesbury, and provides the archive service covering the historical county of Buckinghamshire. The Centre holds the Council's own archive, dating from 1889, and archives inherited from other bodies. Due to the diverse nature of the collections and lack of comparable market values, the collections are not included in the Balance Sheet.

### 18 - Intangible Assets

Expenditure on non-monetary assets that do not have physical substance (e.g. software licences) is capitalised as Intangible Assets when it is expected that future economic benefits or service potential will flow to the Council, and to the extent that the asset is not an integral part of Property, Plant and Equipment.

Intangible assets are measured initially at cost. Amounts are not revalued as their fair value cannot be determined by reference to an active market. All software is given a finite useful life, which has been assessed as between 1 and 6 years, based on the period that it is expected to be used. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.431m charged to revenue in 2016/17 is absorbed as an overhead across all the service headings in the CIES. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement of Intangible Asset balances during the year is as follows:

2015/16		2016/17
£000		£000
	<b>Balance at start year:</b>	
10,790	Gross carrying amounts	8,812
(8,649)	Accumulated amortisation	(7,420)
	<b>Net carrying amount at start of year</b>	
509	Purchases	1,517
(2,487)	Disposals	(1,157)
2,487	Accumulated amortisation written out on disposal	1,068
(1,258)	Amortisation for the period	(431)
<b>1,392</b>	<b>Net carrying amount at end of year</b>	<b>2,389</b>
	Comprising:	
8,812	Gross carrying amounts	9,172
(7,420)	Accumulated amortisation	(6,783)
<b>1,392</b>		<b>2,389</b>

## 19 - Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use taking into account a market participant's ability to generate economic benefits or by selling it to another market participant that would use the asset in its highest and best use and assuming that market participants act in their economic best interest. The highest and best use is assessed to be their current use. The fair value measurement assumes that the transaction to sell the asset takes place in the principal market for the asset.

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 CIES. The same treatment is applied to gains and losses on disposal.

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

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

2015/16		2016/17
£000		£000
(588)	Rental income from Investment Property	(2,396)
34	Direct operating expenses arising from Investment Property	632
241	Revaluation gains and losses	3,155
(658)	Profit or loss on disposal of Investment Property	(87)
<b>(971)</b>	<b>Balance outstanding at year end</b>	<b>1,304</b>

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

2015/16		2016/17
£000		£000
-	Balance at start of the year	44,773
834	Additions	42,763
(5,037)	Disposals	(504)
27,101	Net gains / loses from fair value adjustments	(3,072)
21,875	Transfers to / from Property, Plant and Equipment	(142)
<b>44,773</b>	<b>Balance outstanding at year end</b>	<b>83,819</b>

## Valuation Process for Investment Properties

All valuations are carried out by Carter Jonas, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting on a regular basis regarding all valuation matters.

## Fair Value Hierarchy

The Council uses valuation techniques that are appropriate for investment property and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value for the investment properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between Levels 1 (quoted prices (unadjusted) in active markets for identical assets) and Level 2 during the year.

Other Significant Fair Value as Observable at 31 March Inputs (Level 2) 2016	Other Significant Fair Value as Observable at 31 March Inputs (Level 2) 2017
42,367	41,469
2,407	42,350
<b>44,773</b>	<b>83,819</b>
42,367 Residential Property (market rental)	
2,407 Commercial Units	
<b>44,773 Total</b>	<b>83,819</b>

## 20 - Assets Held for Sale

When it becomes probable that the carrying amount of a non-current asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. 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 Expenditure line in the CIES. 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. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

2015/16 £000		2016/17 £000
3,573	<b>Balance outstanding at start of the year:</b>	671
	<b>Assets newly classified as held for sale:</b>	
-	Property, Plant and Equipment	371
(260)	Revaluation losses	-
108	Revaluation gains	40
(23)	Depreciation	(12)
	<b>Assets declassified as held for sale:</b>	
(1,378)	Property, Plant and Equipment	-
(1,349)	Assets sold	-
<b>671</b>	<b>Balance outstanding at year end</b>	<b>1,071</b>



## 21 - Financial Instruments

### Financial Assets

Financial assets are classified into two types:

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

### Loans and Receivables

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

### Available for Sale Assets

Available for sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions and are initially measured and carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the CIES when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Premiums and discounts on the early redemption of loans are charged to the CIES when incurred, however Regulations allow the impact on the General Fund to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000
<b>Investments</b>				
<b>Loans and Receivables:</b>				
Cash and Cash Equivalents	-	-	-	3,843
Temporary Loans	-	-	1,546	26
Loans to Local Authority companies and other entities	683	185	388	-
Investments	5,055	321	80,357	5,108
Available-for-sale Financial Assets	-	-	85,791	17,678
<b>Total Investments</b>	<b>5,738</b>	<b>506</b>	<b>168,082</b>	<b>26,655</b>
<b>Trade and Other Receivables</b>				
Loans and Receivables	18,059	15,169	44,656	50,434
<b>Total Trade and Other Receivables</b>	<b>18,059</b>	<b>15,169</b>	<b>44,656</b>	<b>50,434</b>
<b>Less Statutory Items to be Excluded</b>				
Payments in Advance	-	-	(4,874)	(4,214)
Collection Fund Adjustment	-	-	(8,582)	(10,375)
Her Majesty's Revenue and Customs (HMRC)	-	-	(9,999)	(5,803)
<b>Total to be Deducted from Loans and Receivables</b>	<b>-</b>	<b>-</b>	<b>(23,455)</b>	<b>(20,392)</b>
<b>Total Value of Assets</b>	<b>23,797</b>	<b>15,675</b>	<b>189,283</b>	<b>56,697</b>
<b>Borrowings</b>				
Cash and Cash Equivalents	-	-	(1,816)	-
Financial Liabilities at Amortised Cost	(150,732)	(139,000)	(13,069)	(85,342)
<b>Total Borrowings</b>	<b>(150,732)</b>	<b>(139,000)</b>	<b>(14,885)</b>	<b>(85,342)</b>
<b>Other Liabilities</b>				
Service Concession Arrangements	-	-	(159,691)	-
<b>Total Other Liabilities</b>	<b>-</b>	<b>-</b>	<b>(159,691)</b>	<b>-</b>
<b>Trade and Other Payables</b>				
Financial Liabilities at Amortised Cost	-	-	(91,079)	(97,289)
<b>Total Trade and Other Payables</b>	<b>-</b>	<b>-</b>	<b>(91,079)</b>	<b>(97,289)</b>
<b>Less Statutory Items to be Excluded</b>				
Receipts in Advance and Deferred Income	-	-	14,951	16,081
Collection Fund Adjustment	-	-	5,329	5,022
HMRC	-	-	2,354	4,365
<b>Total to be Deducted from Liabilities</b>	<b>-</b>	<b>-</b>	<b>22,634</b>	<b>25,468</b>
<b>Total Value of Liabilities</b>	<b>(150,732)</b>	<b>(139,000)</b>	<b>(243,021)</b>	<b>(157,163)</b>

## Income, Expenditure, Gains and Losses

	2015/16				2016/17			
	measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total	measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest Expense	9,139	-	-	9,139	8,381	-	-	8,381
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>9,139</b>	<b>-</b>	<b>-</b>	<b>9,139</b>	<b>8,381</b>	<b>-</b>	<b>-</b>	<b>8,381</b>
Interest Income	-	(1,308)	(635)	(1,943)	-	(2,069)	(705)	(2,774)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(1,308)</b>	<b>(635)</b>	<b>(1,943)</b>	<b>-</b>	<b>(2,069)</b>	<b>(705)</b>	<b>(2,774)</b>
Gains on revaluation	-	-	(650)	(650)	-	-	-	-
Losses on revaluation	-	-	40	40	-	-	408	408
Amounts recycled to the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	(17)	(17)
<b>Surplus / Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(610)</b>	<b>(610)</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>391</b>
<b>Net loss/(gain) for the year</b>	<b>9,139</b>	<b>(1,308)</b>	<b>(1,245)</b>	<b>6,586</b>	<b>8,381</b>	<b>(2,069)</b>	<b>(314)</b>	<b>5,997</b>

## Fair Value of Financial Assets

Available for Sale Financial Assets are measured at fair value on a recurring basis. The valuation techniques used to measure them maximise the use of relevant observable inputs and minimise the use of unobservable inputs and are categorised as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

	2015/16			2016/17				
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2016	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£000	£000	£000	£000	£000	£000	£000	£000
Available for Sale Financial Assets	80,776	5,015	-	85,791	5,911	11,767	-	17,678
<b>Total</b>	<b>80,776</b>	<b>5,015</b>	<b>-</b>	<b>85,791</b>	<b>5,911</b>	<b>11,767</b>	<b>-</b>	<b>17,678</b>

Money Market Funds have been transferred from Level 1 to Level 2 following the clarification of the requirements under the hierarchy; valuations are based on the externally set interest rates. There has been no change in the valuation technique used during the year. The fair values are based on public price quotations where there is an active market for the instrument.

#### The Fair Values of financial assets and financial liabilities that are not measured at fair value (but for which Fair Value disclosures are required)

Except for Available for Sale financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets, loans and receivables and long-term trade receivables 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:

- The fair value of PWLB loans as at 31 March 2017 is the repayment cost calculated using the repayment interest rates at 31 March 2017. The relevant interest rates are published on the Debt Management Office website
- The fair value of the Lender Option, Borrower Option loans (LOBOs) are based on calculations using the market interest rates available for similar loans from similar lenders at 31 March 2017
- The fair values for the LOBO and PWLB loans are calculated by Arlingclose, in their role as an external valuation specialist
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- Other long-term debtors are valued by calculating the present value of the cash flows that will take place over the remaining life of the contracts.
- No fair value disclosures are provided for trade receivables and payables as the carrying amount is a reasonable approximation of fair value.

The fair values calculated are as follows:

	31 March 2016		31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	(163,801)	(238,856)	(224,342)	(332,102)
Other liabilities (Service Concession Arrangements)	(159,691)	(159,691)	-	-

## Notes to the Accounts

The fair value of financial liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2016		31 March 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	80,745	86,579	5,535	5,548
Long-term Trade and Other Receivables	18,058	18,058	15,169	15,169

The fair value of loans and receivables is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate investments where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

### Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	Other significant observable inputs (level 2)		Total	Other significant observable inputs (level 2)		Total
	£000	Significant unobservable inputs (level 3)		£000	Significant unobservable inputs (level 3)	
<b>Financial liabilities</b>						
Loans/borrowings	(238,856)	-	(238,856)	(332,102)	-	(332,102)
<b>Total</b>	<b>(238,856)</b>	<b>-</b>	<b>(238,856)</b>	<b>(332,102)</b>	<b>-</b>	<b>(332,102)</b>
<b>Financial assets</b>						
Other loans and receivables	85,357	-	85,357	5,429	-	5,429
Soft Loans	-	1,222	1,222	-	532	532
Other Long-term Debtors	-	18,059	18,059	-	15,169	15,169
<b>Total</b>	<b>85,357</b>	<b>19,281</b>	<b>104,638</b>	<b>5,429</b>	<b>15,701</b>	<b>21,130</b>

Other long-term debtors and Soft loans are categorised as a Level 3 as there are no observable market inputs. The value of long-term debtors recorded in the balance sheet is based on the present value of the cash flows to the Council from access to below-market bed-spaces over the 30 year contracts in respect of a number of Care Homes as a result of Adult Social Care re-provisioning. The most significant inputs are the discount rate of 3.5% and rental inflation rate of 2.5%. Soft loans represent loans to lower-tier authorities, voluntary organisations, employees, Local authority companies and related parties at less than market rates or where the credit rating of the body would make access to funding prohibitive.

## 22 - Nature and Extent of Risks Arising from Financial Instruments

The Council's overall treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Treasury risk management is carried out by a central Treasury team, under policies approved by the Council in the annual Treasury Management Strategy. 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.

### Credit Risk

A country is assigned a sovereign rating which signifies the country's ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is AAA; AA+ is the next strongest.

The Council invests in the UK or specified AAA and AA+ sovereign rated countries, the total maximum that can be invested in an individual AAA sovereign rated country is £20m and the total maximum that can be invested in an individual AA+ sovereign rated country is £10m. Sovereign credit rating criteria and foreign country limits will not apply to investments in multilateral development banks (e.g. the European Investment Bank and the World Bank) or other supranational organisations (e.g. the European Union).

### Creditworthiness

The Council follows the rating issued by the three main agencies (Fitch, Moodys and Standard and Poor) and defines the following as being of "high credit quality" for making investments, subject to the monetary and time limits shown.

<b>Cash Limits (per counterparty)</b>			
<b>Credit Rating</b>	<b>Banks Unsecured</b>	<b>Banks Secured</b>	<b>Government</b>
UK Govt	n/a	n/a	£ Unlimited 50 years
AAA	£5m 5 years	£10m 20 years	£10m 50 years
AA+	£5m 5 years	£10m 10 years	£10m 25 years
AA	£5m 4 years	£10m 5 years	£10m 15 years
AA-	£5m 3 years	£10m 4 years	£10m 10 years
A+	£5m 2 years	£10m 3 years	£5m 5 years
A	£5m 13 months	£10m 2 years	£5m 5 years
A-	£5m 6 months	£10m 13 months	£5m 5 years
BBB+	£3m 100 days	£3m 6 months	£3m 2 years
BBB	£3m next day only	£3m 100 days	n/a
None	£3m 6 months	n/a	£10m 25 years
Pooled Funds	£25m per fund		

### Group Limits

The maximum amount invested with a connected group of counterparties is £10m (although the maximum investment with a single counterparty within any group is dependent on the bank's credit rating)). Investments in part nationalised and nationalised banks are not subject to a government group limit.

## Credit Watch / Outlook Overlay

From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch so that it is likely to fall below the above criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced.

## Exposure to Credit Risk

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

	Amount at 31 March 2017 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2017 %	Estimated maximum exposure to default and uncollectability at 31 March 2017 £000	Estimated maximum exposure at 31 March 2016 £000
	A	B	C	(A x C)	
Deposits with banks and financial institutions	16,797	0.06%	0.086%	14	147
Customers	15,954	0.72%	8.650%	1,380	734
				<b>1,394</b>	<b>881</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.

Of the £15.954m (2015/16 £19.339m) balance £13.803m (2015/16 £13.3m) of trade receivables were individually assessed for impairments. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess. This review resulted in a required provision of £1.380m (2015/16 £0.734m) to be made in respect of these trade receivables. £2.68m of the Councils debt is secured against properties of Adult Social Care clients.

The Council does not generally allow credit for customers, such that £8.683m of the £13.8m balance is past its due date for payment. The past due amount can be analysed by age as follows:

31 March 2016		31 March 2017	
£000		£000	
4,752	Less than three months	2,430	
1,038	Three to six months	740	
1,866	Six months to one year	1,538	
3,896	More than one year	3,975	
<b>11,551</b>		<b>8,683</b>	

## Liquidity Risk

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The profile of debt falling due is shown below.

31 March 2016		31 March 2017
£000		£000
13,069	Less than one year	85,324
11,732	Between one and two years	10,000
17,000	Between two and five years	7,000
122,000	More than five years	122,000
<b>163,801</b>		<b>224,324</b>

## Market Risk

### Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the CIES will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the CIES will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so notional gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the CIES and affect the General Fund pound for pound.

The Council has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. If interest rates had been 1% higher with all other variables held constant, the financial effect in 2016/17 would have been:

31 March 2016		31 March 2017
£000		£000
(972)	Increase in interest payable on variable rate borrowings	(498)
-	Increase in interest receivable on variable rate investments	132
<b>(972)</b>	<b>Impact on Surplus/Deficit on the Provision of Services</b>	<b>(366)</b>
155	Decrease in fair value of fixed rate investment assets	(13)
<b>155</b>	<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>(13)</b>
22,296	Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus/Deficit on the Provision of Services or other Comprehensive Income and Expenditure)	45,076

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.



## Price Risk

The Council invested £5m in the CCLA pooled property fund in 2013/14. This element of the Council's portfolio is exposed to the risk of rising and falling commercial property prices. A 5% fall in commercial property prices would result in a £0.25m fall in the Council's investment value. This would be reflected in the Available for Sale Reserve. On redemption any gain or loss over the initial value of the investment would be recognised by moving from the Available for Sale Reserve to the General Fund, via the CIES. The Council intends to hold this pooled property fund for the long term to minimise the risk of volatility in commercial property prices resulting in a capital loss.

## Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies.

## 23 - Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£000</b>		<b>£000</b>
(1,816)	Bank current accounts	3,843
<b>(1,816)</b>	<b>Total Cash and Cash Equivalents</b>	<b>3,843</b>

## 24 - Trade and Other Receivables and Payables

### Short Term Trade and Other Receivables

<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£000</b>		<b>£000</b>
392	Central Government bodies	1,686
9,999	HM Revenue and Customs	5,803
2,204	Other local authorities and NHS	1,946
8,582	Collection Fund adjustment	10,375
19,339	Sundry Trade and Other Receivables	27,790
4,874	Payments in advance	4,214
<b>45,390</b>	<b>Total</b>	<b>51,814</b>
(734)	Provision for doubtful debts	(1,380)
<b>44,656</b>	<b>Total Short Term Trade and Other Receivables</b>	<b>50,434</b>

**Long Term Trade and Other Receivables**

<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£000</b>		<b>£000</b>
14,807	Reprovisioning of Adult Social Care	12,766
2,158	Finance lease	1,428
1,093	Other Long Term Trade and Other Receivables	975
<b>18,059</b>	<b>Total Long Term Trade and Other Receivables</b>	<b>15,169</b>

**Short Term Trade and Other Payables**

<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£000</b>		<b>£000</b>
(2,354)	HM Revenue and Customs	(4,365)
(133)	Central Government bodies	(511)
(3,262)	Other local authorities and NHS	(3,114)
(5,329)	Collection Fund adjustment	(5,022)
(15,302)	Deposits from contractors and others	(18,443)
(40,979)	Other sundry creditors	(39,708)
(14,951)	Receipts in advance and deferred income	(16,081)
(8,769)	Capital expenditure	(10,045)
<b>(91,079)</b>	<b>Total</b>	<b>(97,289)</b>

## 25 - 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. Provisions are charged as an expense to the appropriate service line in the CIES 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. The following provisions have been made as at 31 March 2017:

	<b>Long Term Provisions</b>			
	<b>Insurance</b>	<b>National Non-Domestic Rates</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>1 April 2016</b>	<b>(5,304)</b>	<b>(1,728)</b>	<b>(60)</b>	<b>(7,092)</b>
Additional provisions made	(563)	(1,521)		(2,084)
Amounts used	447		60	507
Unused amounts reversed	-	1,729		1,729
<b>Balance at 31 March 2017</b>	<b>(5,420)</b>	<b>(1,520)</b>	<b>-</b>	<b>(6,940)</b>

### Long Term Provisions

- Insurance - these exist for meeting claims under a self-insurance scheme. There are cumulative limits to these, above which claims will be met by the Council's insurers. These cover areas of insurance such as motor, fire, maternity cover and employees. In addition a provision is maintained for probable liabilities following the Municipal Mutual Insurance ceasing to undertake new business.
- The Local Government Finance Act 2012 introduced a business rates retention scheme which came into effect in 2013/14. District Councils are responsible for collecting business rates and are required to make provision for amounts that are likely to be repaid to ratepayers following successful appeals. The Council is required to separately disclose its share of these provisions.

## 26 - Unusable Reserves

Unusable 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.

<b>2015/16 Restated</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
(194,938)	Revaluation Reserve	(361,443)
(624,018)	Capital Adjustment Account	(640,572)
2,083	Financial Instruments Adjustment Account	1,923
(18,557)	Deferred Capital Receipts Reserve	(15,800)
538,394	Pensions Reserve	753,943
(1,525)	Collection Fund Adjustment Account	(3,831)
4,788	Accumulated Absences Account	7,058
(1,235)	Available for Sale Financial Instruments Reserve	(844)
<b>(295,008)</b>	<b>Total Unusable Reserves</b>	<b>(259,566)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council 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.

Restated 2015/16		2016/17
£000		£000
<b>(189,575)</b>	<b>Balance at 1 April</b>	<b>(194,938)</b>
(41,563)	Upward revaluation of assets	(179,577)
25,778	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,750
<b>(15,785)</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	<b>(176,826)</b>
3,433	Difference between fair value depreciation and historical cost depreciation	2,310
6,989	Accumulated gains on assets sold or scrapped	8,012
<b>10,422</b>	Amount written off to the Capital Adjustment Account	<b>10,322</b>
<b>(194,938)</b>	<b>Balance at 31 March</b>	<b>(361,443)</b>

## 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 Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Capital Adjustment Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment 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.

# Notes to the Accounts

Restated 2015/16 £000		2016/17 £000
<b>(556,053)</b>	<b>Balance as restated as at 1 April</b>	<b>(624,018)</b>
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
30,890	- Charges for depreciation and impairment of non-current assets	29,873
24,568	- Revaluation losses on Property, Plant and Equipment	4,712
(27,101)	- Movements in the market value of Investment Properties	3,072
1,258	- Amortisation of intangible assets	431
12,841	- Revenue Expenditure Funded from Capital Under Statute	20,138
21,990	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	30,766
<b>64,446</b>		<b>88,992</b>
	Adjusting amounts written out of the Revaluation Reserve:	
(10,786)	- Net written out amount of the cost of non-current assets consumed in the ye	(10,322)
	Capital financing applied in the year:	
(15,145)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(7,495)
(44,696)	- Capital grants and contributions credited to the CIES that have been applied to capital financing	(59,633)
(10,050)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(2,218)
(7,833)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(4,035)
(1,961)	- Voluntary provision for the financing of capital investment charged against the General Fund balance	(1,961)
(41,939)	- Capital expenditure financed from the General Fund	(19,883)
<b>(132,410)</b>		<b>(105,546)</b>
<b>(624,018)</b>	<b>Balance at 31 March</b>	<b>(640,572)</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for premiums and discounts on the early repayment of loans per statutory provisions. The premium or discount is spread over the unexpired term of the loan when it was redeemed.

2015/16		2016/17
£000		£000
<b>2,243</b>	<b>Balance at 1 April</b>	<b>2,083</b>
(160)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(160)
<u>(160)</u>		<u>(160)</u>
<b>2,083</b>	<b>Balance at 31 March</b>	<b>1,923</b>

### 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. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2015/16		2016/17
£000		£000
<b>(20,101)</b>	<b>Balance at 1 April</b>	<b>(18,557)</b>
-	Write-down / impairment of benefit	1,358
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(128)
1,544	Transfer to the Capital Receipts Reserve upon receipt of cash	1,527
<u>(18,557)</u>	<b>Balance at 31 March</b>	<u>(15,800)</u>

### 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 debit balance on the Pensions Reserve indicates a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

2015/16		2016/17
£000		£000
<b>583,008</b>	<b>Balance at 1 April</b>	<b>538,394</b>
(71,922)	Actuarial gains and losses on pensions assets and liabilities	195,373
50,679	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	50,070
(23,371)	Employer's pension contributions and direct payments to pensioners payable in the year	(29,894)
<u>538,394</u>	<b>Balance at 31 March</b>	<u>753,943</u>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and National Non Domestic Rates income in the CIES 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.

2015/16 £000		2016/17 £000
(5,187)	<b>Balance at 1 April</b>	(1,525)
2,353	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	(860)
1,309	Amount by which National Non-Domestic Rates income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	(1,446)
<b>(1,525)</b>	<b>Balance at 31 March</b>	<b>(3,831)</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund 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 or from the Account.

2015/16 £000		2016/17 £000
5,607	<b>Balance at 1 April</b>	4,788
(5,607)	Settlement or cancellation of accrual made at the end of the preceding year	(4,788)
4,788	Amounts accrued at the end of the current year	7,058
(819)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	2,270
<b>4,788</b>	<b>Balance at 31 March</b>	<b>7,058</b>

## Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains arising from increases in the fair value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are either revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.

2015/16 £000		2016/17 £000
(625)	<b>Balance at 1 April</b>	(1,235)
(610)	Fair Value adjustments on Available for Sale Financial Instruments	391
<b>(1,235)</b>	<b>Balance at 31 March</b>	<b>(844)</b>

**27 - 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 (Grant Thornton) appointed by the Audit Commission:

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
88	Fees payable with regard to external audit services carried out by the appointed auditor for the year for Buckinghamshire County Council	90
-	Fees payable with regard to external audit services carried out by the appointed auditor for the year for Buckinghamshire Care	31
7	Fees payable for the certification of grant claims and returns for the year	12
4	Fees payable in respect of other services provided during the year	14
<b>99</b>	<b>Total</b>	<b>147</b>

**28 - Notes to the Cash Flow Statement**

<b>Restated 2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
<b>21,258</b>	Net (surplus) or deficit on the provision of services	<b>24,210</b>
	<b>Adjustments for non-cash movements</b>	
(55,095)	■ Depreciation, impairment and downward valuations	(34,584)
27,101	■ Changes in fair value of Investment Properties	(3,072)
(1,258)	■ Amortisations	(431)
(10)	■ Increase in impairment for provision of bad debts	(646)
(4,149)	■ Increase / decrease in creditors	(6,210)
(8,836)	■ Increase /decrease in debtors	3,535
(71)	■ Increase / decrease in inventories	37
(27,308)	■ Movement in Pension liability	(17,092)
(21,990)	■ Carrying amount of non-current assets sold or derecognised	(30,766)
346	■ Other non-cash items charged to the net Surplus or Deficit on the provision of services	151
<b>(91,270)</b>		<b>(89,079)</b>
	<b>Adjustment for items that are Investing and Financing activities</b>	
10,340	■ Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,968
47,269	■ Any other items for which the cash effects are investing or financing activities	60,984
<b>57,609</b>		<b>66,952</b>
<b>(12,403)</b>	<b>Net cash flows from Operating Activities</b>	<b>2,083</b>



## 29 - Pooled Budgets

### Better Care Fund

This is a partnership between the Council and three Clinical Commissioning Groups.

2015/16 £000		2016/17 £000
	<b>Expenditure</b>	
<b>28,885</b>	Better Care Fund	30,214
<b>28,885</b>	<b>Total Expenditure</b>	<b>30,214</b>
	<b>Income</b>	
(2,430)	Contribution from Buckinghamshire County Council	(2,777)
(340)	Contribution from Milton Keynes Clinical Commissioning Group	(307)
(12,409)	Contribution from Aylesbury Vale Clinical Commissioning Group	(12,912)
(13,706)	Contribution from Chiltern Clinical Commissioning Group	(14,218)
<b>(28,885)</b>	<b>Total Income</b>	<b>(30,214)</b>
<b>-</b>	<b>Balance</b>	<b>-</b>

### Integrated Mental Health Provision for Adults of Working Age Agreement

This is a partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH). OBMH acted as host for the pooled budget.

2015/16 £000		2016/17 £000
	<b>Expenditure</b>	
7,952	Integrated mental health provision	8,141
<b>7,952</b>	<b>Total Expenditure</b>	<b>8,141</b>
	<b>Income</b>	
(2,321)	Contribution from Buckinghamshire County Council	(2,422)
(5,631)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(5,719)
<b>(7,952)</b>	<b>Total Income</b>	<b>(8,141)</b>
<b>-</b>	<b>Balance</b>	<b>-</b>

**Children and Adolescence Mental Health Services (CAMHS)**

This is a partnership between the Council and two Clinical Commissioning Group. The Council is the host authority for the pooled fund arrangement.

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
5,414	Children and adolescence mental health services	6,744
<b>5,414</b>	<b>Total Expenditure</b>	<b>6,744</b>
	<b>Income</b>	
(1,446)	Contribution from Buckinghamshire County Council	(1,621)
(1,549)	Contribution from Aylesbury Vale Clinical Commissioning Group	(1,998)
(2,419)	Contribution from Chiltern Clinical Commissioning Group	(3,125)
<b>(5,414)</b>	<b>Total Income</b>	<b>(6,744)</b>
-	<b>Balance</b>	-

**Community Equipment Loan Service**

This is a partnership between the Council and two Clinical Commissioning Groups. The Council is the host authority for the pooled fund arrangement.

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
5,937	Community Equipment Loan Service (CELS)	7,006
<b>5,937</b>	<b>Total Expenditure</b>	<b>7,006</b>
	<b>Income</b>	
(1,772)	Contribution from Buckinghamshire County Council	(1,843)
(1,718)	Contribution from Aylesbury Vale Clinical Commissioning Group	(2,453)
(2,447)	Contribution from Chiltern Clinical Commissioning Group	(2,710)
<b>(5,937)</b>	<b>Total Income</b>	<b>(7,006)</b>
-	<b>Balance</b>	-

The Council has a number of other Pooled Budget arrangements; those with expenditure over £1m are listed below:

<b>2015/16</b>		<b>2016/17</b>
<b>£000</b>	<b>Other Pooled Budget Arrangements</b>	<b>£000</b>
3,036	Integrated Mental Health Provision for Older People Agreement	2,947
2,371	Residential Respite Short Breaks Pooled Fund	2,316
1,915	Speech and Language Therapy	1,962

## 30 - Service Concession Arrangements

Service concession arrangements (similar to PFI contracts) are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Council has signed a 30-year contract for c. £315m with FCC Environment to build and operate an Energy from Waste (EfW) facility. As the Council is deemed to control the services and property, plant and equipment that are provided under the scheme, the Council carries the assets used under this contract on its Balance Sheet as part of Property, Plant and Equipment at value as at 31 March 2017 of £169.330m (2015/16 £159.691m as Asset Under Construction).

### Payments

The Council makes an agreed payment each year to the contractor. These are described as unitary charge payments; however they have been calculated to compensate the contractor for the fair value of the services they provide only. The payment is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but is otherwise fixed. Payments remaining to be made under the contract (excluding any estimation of inflation and availability / performance rewards or deductions) are as follows:

2015/16	Payment for Services	2016/17
£000		£000
1,534	Payable in one year	1,654
7,903	Payable in 2 – 5 years	7,623
11,146	Payable in 6 – 10 years	10,825
12,706	Payable in 11 – 15 years	11,951
14,448	Payable in 16 – 20 years	13,195
16,433	Payable in 21 – 25 years	14,569
18,698	Payable in 26 – 30 years	13,436
673	Payable in 31 years to end of contract	-

There are no further payments in respect of reimbursement of capital expenditure (2015/16 £181.479m)

## 31 - Leases

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

### The Council as Lessee

#### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception and is subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life.

The Council has ten properties (libraries and offices) included in its asset register that are finance leases with a net book value of £9.591m (2015/16 £9.692m). All properties have rentals payable of less than £1k per annum, with the exception of Chiltern Area Office for which the rental is £12k per annum. As a result no corresponding liability has been recognised in relation to these assets.

31 March 2016		31 March 2017
£000		£000
9,692	Other Land and Buildings	9,591
<b>9,692</b>	<b>Finance Lease Net Book Value</b>	<b>9,591</b>

### Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease). The future minimum lease payments due under operating leases are:

31 March 2016		31 March 2017
£000		£000
<b>852</b>	<b>Amounts paid during the year</b>	<b>934</b>
713	Not later than one year	803
1,238	Later than one year and not later than five years	1,437
960	Later than five years	998
<b>2,911</b>	<b>Total Estimated Future Payments</b>	<b>3,238</b>

The amounts paid in year comprise the following elements:

31 March 2016		31 March 2017
£000		£000
855	Minimum lease payments	934
(3)	Sublease payments receivable	
<b>852</b>	<b>Total Amounts Paid In Year</b>	<b>934</b>

### 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; a gain or loss on disposal is credited to the CIES and matched by a lease (long-term trade receivables) asset in the Balance Sheet. Any consideration is treated as a capital receipt.

In 2007/08 the Council granted a finance lease to a company for rights to gravel extraction from Council land near Denham. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the land when the lease comes to an end. The minimum lease payments are apportioned between:

- settlement of the long-term trade receivables for the interest in the property acquired by the lessee; and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

## Notes to the Accounts

The gross investment is made up of the following amounts:

31 March 2016		31 March 2017
£000		£000
	Finance lease debtor (net present value of minimum lease payments):	
758	■ current	845
2,158	■ non-current	1,428
389	Unearned finance income	232
200	Unguaranteed residual value of property	200
<b>3,505</b>	<b>Gross investment in the lease</b>	<b>2,705</b>

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

Gross Investment in the Lease	Minimum Lease Payments		Gross Investment in the Lease	Minimum Lease Payments
31 March 2016	31 March 2016		31 March 2017	31 March 2017
£000	£000		£000	£000
927	927	Not later than one year	976	976
2,579	2,379	Later than one year and not later than five years	1,729	1,529
-	-	Later than five years		
<b>3,506</b>	<b>3,306</b>		<b>2,705</b>	<b>2,505</b>

The Council has granted a number finance leases to schools on obtaining Academy status for nil rentals. The value of buildings derecognised totals £217.131 2016/17 (£195.031m 2015/16). Land is held at notional value only, no residual values are held in respect of buildings.

### 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. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

The Council leases some of its property and vehicles for a variety of purposes including agricultural tenancies, service tenancies, provision of community services, roundabout sponsorship and commercial lets. The future minimum lease payments receivable under these leases in future years are:

31 March 2016		31 March 2017
£000		£000
1,313	Not later than one year	1,243
2,336	Later than one year and not later than five years	2,391
3,884	Later than five years	3,215
<b>7,533</b>		<b>6,849</b>

## 32 - Prior Period Adjustments

### 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 authority'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.

### Telling the Story changes in the 2016-17 CIPFA Code

The key change under introduced by CIPFA in the 2016/17 Code is to remove the link in the CIES to the standard SERCOP (Service Reporting Code of Practice) headings. Income and Expenditure is now reported on basis of the Council's organisational structure in line with financial reporting to Cabinet. Reporting on the basis of organisational structure, rather than reporting "total cost" under SERCOP headings, removes the need to apportion overheads. Support service functions (such as ICT, Finance, HR and Property) are now reported under the 'Resources' portfolio.

The figures for 2015/16 have been restated to follow the new format of reporting as follows:

2015/16 Net Expenditure As originally stated by SeRCOP Service line	2015/16 Net Expenditure As Restated by Cabinet Portfolio											
	Original	Re-allocation of Overheads	Net Expenditure Restated	Health & Wellbeing	Children's Services	Education & Skills	Community Engagement	Leader	Planning & Environment	Resources	Transportation	Corporate costs
Central Services to the Public	1,259	(582)	677	-	-	-	848	-	(355)	90	-	95
Culture and Related Services	8,167	(2,014)	6,153	-	-	-	5,916	-	241	(4)	-	-
Environment and Regulatory Services	21,919	(2,279)	19,640	-	-	-	3,228	61	16,350	-	-	-
Planning Services	3,172	(2,895)	277	-	-	-	-	478	136	-	(337)	-
Education and Children's Services	164,606	(19,272)	145,334	13	59,901	84,493	926	-	-	-	-	-
Highways and Transport Services	45,669	(8,256)	37,413	-	-	1,551	-	-	(17)	-	35,880	-
Housing Services	2,882	(1)	2,881	2,247	-	-	-	-	633	-	-	-
Adult Social Care	134,370	(6,353)	128,017	128,017	-	-	-	-	-	-	-	-
Public Health	1,863	(360)	1,503	1,503	-	-	-	-	-	-	-	-
Corporate and Democratic Core	4,532	(1,409)	3,123	-	-	-	-	2,512	-	256	-	354
Non-Distributed Costs	1,152	(2,619)	(1,467)	-	-	-	-	-	-	-	-	(1,467)
Re-allocation of Overheads	-	46,040	46,040	-	(40)	-	1,435	3,986	3,400	34,356	2,903	-
<b>Cost of Services</b>	<b>389,591</b>	<b>-</b>	<b>389,591</b>	<b>131,780</b>	<b>59,862</b>	<b>86,044</b>	<b>12,352</b>	<b>7,038</b>	<b>20,388</b>	<b>34,698</b>	<b>38,446</b>	<b>(1,017)</b>

2015/16 Gross Expenditure As Restated by Cabinet Portfolio

2015/16 Gross Expenditure As originally stated by SeRCOP Service line	Original	Re-allocation of Overheads	Gross Expenditure as Restated	Health & Wellbeing	Children's Services	Education & Skills	Community Engagement	Leader	Planning & Environment	Resources	Transportation	Corporate costs
Central Services to the Public	2,853	582	2,271	-	-	-	2,065	-	20	90	-	95
Culture and Related Services	9,796	2,014	7,783	-	-	-	6,708	-	1,076	(2)	-	-
Environment and Regulatory Services	23,932	2,279	21,653	-	-	-	3,624	100	17,929	-	-	-
Planning Services	6,442	2,895	3,547	-	-	-	-	2,122	600	-	825	-
Education and Children's Services	495,767	19,272	476,495	13	65,876	409,567	1,038	-	-	-	-	-
Highways and Transport Services	50,861	8,256	42,606	-	-	1,572	-	-	57	-	40,977	-
Housing Services	2,882	1	2,880	2,247	-	-	-	-	633	-	-	-
Adult Social Care	174,552	6,353	168,199	168,199	-	-	-	-	-	-	-	-
Public Health	21,191	360	20,831	20,831	-	-	-	-	-	-	-	-
Corporate and Democratic Core	4,812	1,409	3,403	-	-	-	-	2,533	-	256	-	614
Non-Distributed Costs	1,716	2,619	(902)	-	-	-	-	-	-	-	-	(902)
Re-allocation of Overheads		(55,286)	55,286	984	130	(2)	1,435	4,726	3,582	41,211	3,221	-
<b>Gross Expenditure as Restated</b>	<b>794,806</b>	<b>(9,246)</b>	<b>804,052</b>	<b>192,274</b>	<b>66,006</b>	<b>411,137</b>	<b>14,870</b>	<b>9,480</b>	<b>23,899</b>	<b>41,555</b>	<b>45,023</b>	<b>(193)</b>

2015/16 Gross Income As Restated by Cabinet Portfolio

2015/16 Gross Income As originally stated by SeRCOP Service line	Original	Re-allocation of Overheads	Gross Income as Restated	Health & Wellbeing	Children's Services	Education & Skills	Community Engagement	Leader	Planning & Environment	Resources	Transportation	Corporate costs
Central Services to the Public	(1,594)	-	(1,594)	-	-	-	(1,218)	-	(376)	-	-	-
Culture and Related Services	(1,629)	-	(1,629)	-	-	-	(792)	-	(835)	(2)	-	-
Environment and Regulatory Services	(2,013)	-	(2,013)	-	-	-	(396)	(38)	(1,579)	-	-	-
Planning Services	(3,270)	-	(3,270)	-	-	-	-	(1,644)	(465)	-	(1,161)	-
Education and Children's Services	(331,161)	-	(331,161)	-	(5,975)	(325,074)	(112)	-	-	-	-	-
Highways and Transport Services	(5,192)	-	(5,192)	-	-	(21)	-	-	(75)	-	(5,096)	-
Housing Services	-	-	-	-	-	-	-	-	-	-	-	-
Adult Social Care	(40,182)	-	(40,182)	(40,182)	-	-	-	-	-	-	-	-
Public Health	(19,328)	-	(19,328)	(19,328)	-	-	-	-	-	-	-	-
Corporate and Democratic Core	(281)	-	(281)	-	-	-	-	(21)	-	-	-	(260)
Non-Distributed Costs	(565)	-	(565)	-	-	-	-	-	-	-	-	(565)
Re-allocation of Overheads	-	9,246	(9,246)	(984)	(169)	2	-	(739)	(182)	(6,855)	(319)	-
<b>Gross Income as Restated</b>	<b>(405,215)</b>	<b>9,246</b>	<b>(414,461)</b>	<b>(60,494)</b>	<b>(6,144)</b>	<b>(325,093)</b>	<b>(2,518)</b>	<b>(2,443)</b>	<b>(3,511)</b>	<b>(6,857)</b>	<b>(6,577)</b>	<b>(824)</b>

There is no impact of this change on the Net Surplus or Deficit in the provision of Services.

