

# Buckinghamshire County Council

## Statement of Accounts

For the year ended 31<sup>st</sup> March 2019



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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 & Procurement;
- 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 & Procurement Responsibilities**

The Director of Finance & Procurement 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 2018-19 (the Code).

In preparing this Statement of Accounts, the Director of Finance & Procurement 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 & Procurement**

I certify that this draft Statement of Accounts for the year ended 31 March 2019 gives a true and fair view of the financial position of the Council as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

**Richard Ambrose**

Date: 21 May 2019

Director of Finance & Procurement



## 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.

## Annual Update 2018/19



In 2018, the Secretary of State for Housing, Communities and Local Government confirmed the decision to create a single new council for Buckinghamshire, combining the current five county and district councils. This change will ensure that we can continue to deliver great services to our residents whilst making huge savings.

Consequently this will be the final annual report produced by the County Council following its 130 year existence. Whilst we can look back and be proud of what we have achieved, we also look forward with excitement to the years to come. We embrace this opportunity to affect change together, improve services and outcomes for our residents and remain positive about the future of the county.

Whilst some of the financial pressures being faced by local authorities were recognised in the 2018 Autumn Budget, managing the increase in demand for services, including social care and children's services, continues to be a significant challenge. Our services will continue to take action to mitigate these pressures where possible.

Following the disappointing outcome of last year's Ofsted inspection for Children's Social Care services, regular monitoring visits have taken place which have indicated early signs of improvement. We will continue to embed performance compliance and further develop practice and quality standards throughout the next phase of our improvement journey.

We are committed to delivering the best quality support within Adult Social Care and to do this we are redesigning and improving the way that we support people who need care, as well as enabling people to live independently with access to and support from their own family and community networks.

With significant increases in population expected, we also need to plan for the development of housing and infrastructure in order to meet future demand. We are working with partners to ensure that all growth is beneficial to our economy, the wellbeing of our community as well as being good for the environment.

**Martin Tett**  
Leader of Buckinghamshire County Council

# SAFEGUARDING OUR VULNERABLE



The Council aims for all residents to be safe, happy and healthy. Most residents live healthy lives but some need extra support. The Council, working closely with our partners, is successful in equipping our most vulnerable children, adults and families with the support and skills they need to do more for themselves and to get back their independence at the earliest opportunity.

## SOME OF OUR KEY ACHIEVEMENTS IN 2018/19

27

Special Educational Needs and Disability groups were attended by Family Information Outreach Officers



8 female students attended a trial session in partnership with the RAF to build self-confidence and increase physical activity

30

schools participated in the GO GIVERS project with the Citizens Foundation aiming to build up 7-11 year olds confidence by helping other people and the environment



1,000

young people attended the final celebration event!



The Early Years Team were awarded a National Honour for their work in forecasting and coping with the huge increase in demand for child care



Hughenden Gardens retirement village supports independent living for people aged 55 and over to help people stay independent for longer



50 students have been trained about online safety and



24

people have attended e-safety drop-in sessions run by those trained students. This project aims to link communities such as schools and older people's homes together.



2 new homes for looked after children allowing us to place more young people within the County

91

children placed with an in-house foster carer

17

children adopted into loving homes

23%

more foster carers



# CREATING OPPORTUNITIES AND BUILDING SELF-RELIANCE



Buckinghamshire residents have the aspiration and opportunities to lead successful and independent lives, taking responsibility for their own health and wellbeing and supporting each other in their communities. Children should have the best start in life, and young people should thrive in Buckinghamshire schools, enabling them to progress to good jobs and training opportunities in the county.

## SOME OF OUR KEY ACHIEVEMENTS IN 2018/19

The launch of our Side by Side project to support schools as they seek to deliver the very best education for their pupils



14,820

residents received an NHS Healthcheck



Launched KOOTH online counselling service to support young people's emotional wellbeing and mental health



37

Apprentices hosted by Corporate Business Support services since the scheme started

3,922

residents are participating in Active Bucks



5,386

Births registered

1,736

Ceremonies conducted

3,225

Deaths registered



97% of Early Years providers have good or outstanding Ofsted judgement

80%

of pupils attend good or outstanding schools

On World Mental Health Day we signed the Time to Change Employer Pledge which encourages people who have experienced mental health challenges to talk about them openly and honestly - helping others to open up and ask for help when they need it

# ENSURING BUCKINGHAMSHIRE IS THRIVING AND ATTRACTIVE



Buckinghamshire is growing rapidly and its economy is one of the strongest in the country. As it grows our challenge is to shape quality places, ensuring they are prosperous, thriving and attractive. We will continue to plan and deliver early interventions with our partners to drive forward and secure good jobs, good road, rail and other essential infrastructure, which will meet the current and future needs of our residents. We will proactively protect and mitigate the impact of development on the County's unique natural environment.

## SOME OF OUR KEY ACHIEVEMENTS IN 2018/19



Launched S. C. R. A. P Fly-tipping campaign and have recorded the first decrease in fly-tipping in 6 years



**701** people have been prosecuted for fly-tipping since 2004

**£990,000** total amount paid by convicted offenders



**95%**

superfast broadband coverage for residents and businesses in Buckinghamshire delivered 16 months ahead of schedule

**£2M**

spent on 'plane and patch' scheme to fix damaged road surfaces as well as continuing individual pothole repairs



**£183M**



bid submitted for funding for highways, schools and other infrastructure in order to unlock planned housing in Aylesbury

**63**

gritting runs completed

**£4.4M**

funding secured from ADEPT & Department for Transport for innovation on the Highway



Producing enough electricity to power

**40,000**

homes from the Greatmoor Energy from Waste facility



**3,000,000**

square metres of grass cut



Over

**1,000,000**

visitors to our Country Parks for the third year in a row



## ABOUT BUCKINGHAMSHIRE COUNTY COUNCIL

Below are some of the achievements Buckinghamshire County Council have made this year.



125

active apprenticeships since April 2017, making use of new talent and upskilling existing staff



504

children were in our care on 31 March 2019

84 %

of qualifying apprentices move into further employment with the Council

We have increased engagement on our social media channels by

225%



We are an inclusive employer and this year our median hourly gender pay gap has fallen by 3.6% to 1.8%

550

officers completed online customer service training during National Customer Service Week



Since March 2018 over 150,000 customers have accessed and used our online forms. 91% of customers have rated the forms 4 or 5 stars.



Calls answered in under 29 seconds has improved from 40% in March 2018 to 64% in February 2019



In March 2018, we created Brilliant at the Basics, a programme of work that aims to strengthen our existing technology, reduce the number of microsites that have been created by the business, reduce costs and protect the Council's reputation, alongside enhancing the customer experience.

This meant our customers can interact with us 24 hours a day, 7 days a week and we have had over 2.5 million visits to our website since March 2018.

We are currently in the 130th and final year of the County Council and from 1 April 2020, the existing five councils in Buckinghamshire will become one brand new Buckinghamshire Council.

The new Council will be responsible for all the services that the County and District Councils deliver today. This gives us a unique opportunity to look at the way each service is delivered and draw upon the very best of the expertise and knowledge from each council to provide more joined up services which will help to address the challenges we face as a county.

Reorganising local government in Buckinghamshire will involve a great amount of work and whilst 1 April 2020 will not be the end of the transformation journey, there are a number of things that need to be in place prior to this date. This is why it is crucial that all five councils work collaboratively to ensure that the future Buckinghamshire Council has the best possible start.

Our priority during the period of transition is to ensure that services continue without disruption, focusing on the wellbeing of our residents. The reorganisation also gives us a key opportunity to engage and work with partners, voluntary and community sector organisations, businesses, and town and parish councils, making the new Council more approachable to residents and partners and allowing local people to feel more involved in decision making for their communities.

We are extremely optimistic that the reorganisation of local government in Buckinghamshire will be a catalyst for us to work more efficiently for our residents and provide excellent services which deliver better value for money.

## Revenue budget

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The outturn position is an underspend for the year ending 31 March 2019. At a Portfolio level, there are significant overspends in Children's Social Care (£4.86m = 7.1%), Education & Skills (£1.53m = 6.8%) and Health and Wellbeing (£1.56m = 1.2%). These overspends are partially offset by an underspend in Planning & Environment (-£1.63m = -15.8%), giving an overall Portfolio position of £6.75m overspent (2.2%). An underspend of £7.0 in non-Portfolio budgets

gives an overall outturn position for the Council of an underspend of £0.227m before the use of £1.2m of General Fund reserves. This gives an overall impact on the General Fund of £0.973m decrease.

The revenue outturn is summarised below:

<b>Revenue Table</b>				
<b>Portfolio Area</b>	<b>Outturn £000</b>	<b>Budget £000</b>	<b>Variance £000</b>	<b>Variance %</b>
Leader	6,954	7,128	(174)	(2.4%)
Community Engagement	9,424	9,351	73	0.8%
Health & Wellbeing	134,152	132,591	1,561	1.2%
Children's Social Care	73,761	68,897	4,864	7.1%
Education & Skills	24,067	22,539	1,528	6.8%
Resources	25,525	25,072	453	1.8%
Planning & Environment	8,668	10,295	(1,627)	(15.8%)
Transportation	28,904	28,832	72	0.2%
<b>Portfolio Total</b>	<b>311,455</b>	<b>304,705</b>	<b>6,750</b>	<b>2.2%</b>
Corporate Costs	9,455	11,771	(2,316)	(19.7%)
Treasury Management & Capital Financing	22,585	24,098	(1,513)	(6.3%)
<b>Operating Budget</b>	<b>343,495</b>	<b>340,574</b>	<b>2,921</b>	<b>(0)</b>
External Financing	(343,722)	(340,574)	(3,148)	0.9%
<b>Council Total</b>	<b>(227)</b>	<b>-</b>	<b>(227)</b>	
Use of General Fund	1,200			
	<b>973</b>	<b>-</b>	<b>973</b>	

### Operating deficit

The Comprehensive Income and Expenditure Statement (CIES) shows the net surplus or deficit in the provision of services on an accounting basis. An operating deficit of £61.662m (2017/18 £34.847m) 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) represents the actual impact of income and expenditure during the year on the funds available to the Council. This shows the General Fund decrease of £0.973 (2017/18 surplus of £2.888m) as reported to Members in the outturn report to Cabinet.

The Expenditure and Funding Analysis statement 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, in line with recognised practice.

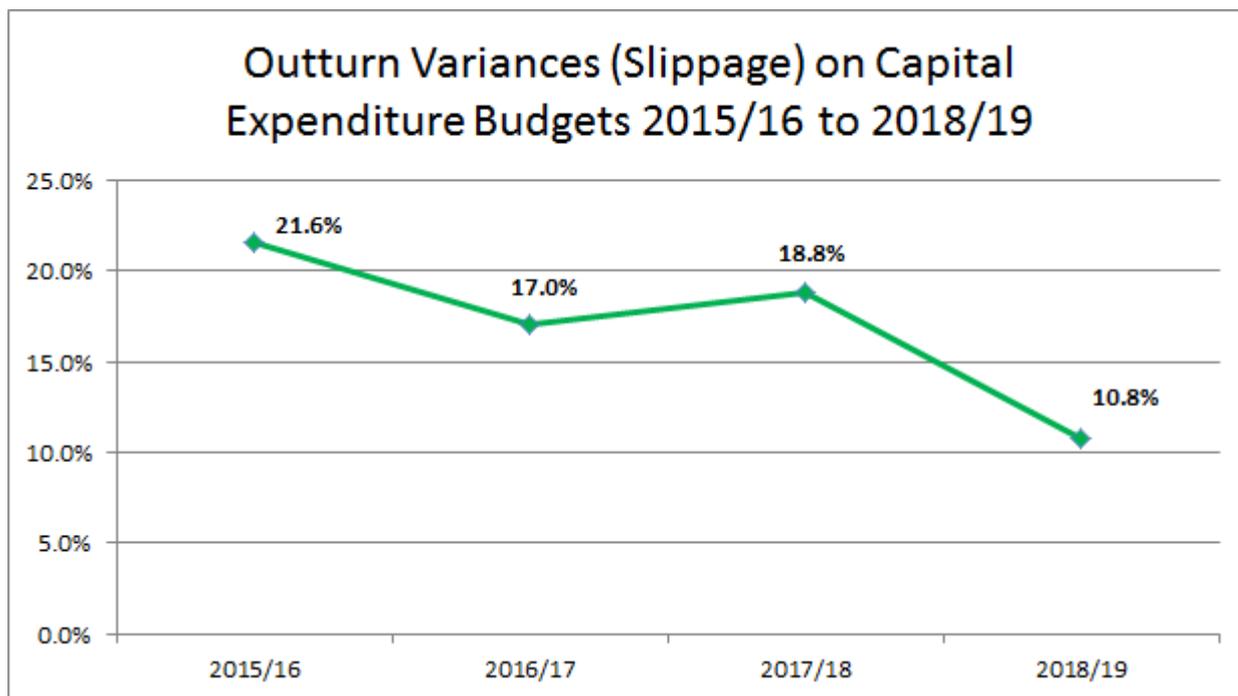
## Capital budget

There is an overall underspend / slippage of £23.128m (11.2%) on the 2018/19 Capital programme.

Portfolio Area	Outturn	Budget	Variance	Variance
	£000	£000	£000	%
Leader	13,203	23,017	(9,814)	(42.6%)
Community Engagement	1,054	1,588	(534)	(33.6%)
Health & Wellbeing	-	2,800	(2,800)	(100.0%)
Children's Services	228	1,257	(1,029)	(81.8%)
Education & Skills	47,908	45,734	2,174	4.8%
Resources	81,707	87,980	(6,273)	(7.1%)
Planning & Environment	2,231	2,351	(119)	(5.1%)
Transportation	37,924	41,846	(3,922)	(9.4%)
<b>Total</b>	<b>184,255</b>	<b>206,572</b>	<b>(22,317)</b>	<b>(10.8%)</b>
Corporate	-	811	(811)	(100.0%)
<b>Overall BCC</b>	<b>184,255</b>	<b>207,383</b>	<b>(23,128)</b>	<b>(11.2%)</b>

A comparison of slippage over the last 4 years is shown below.

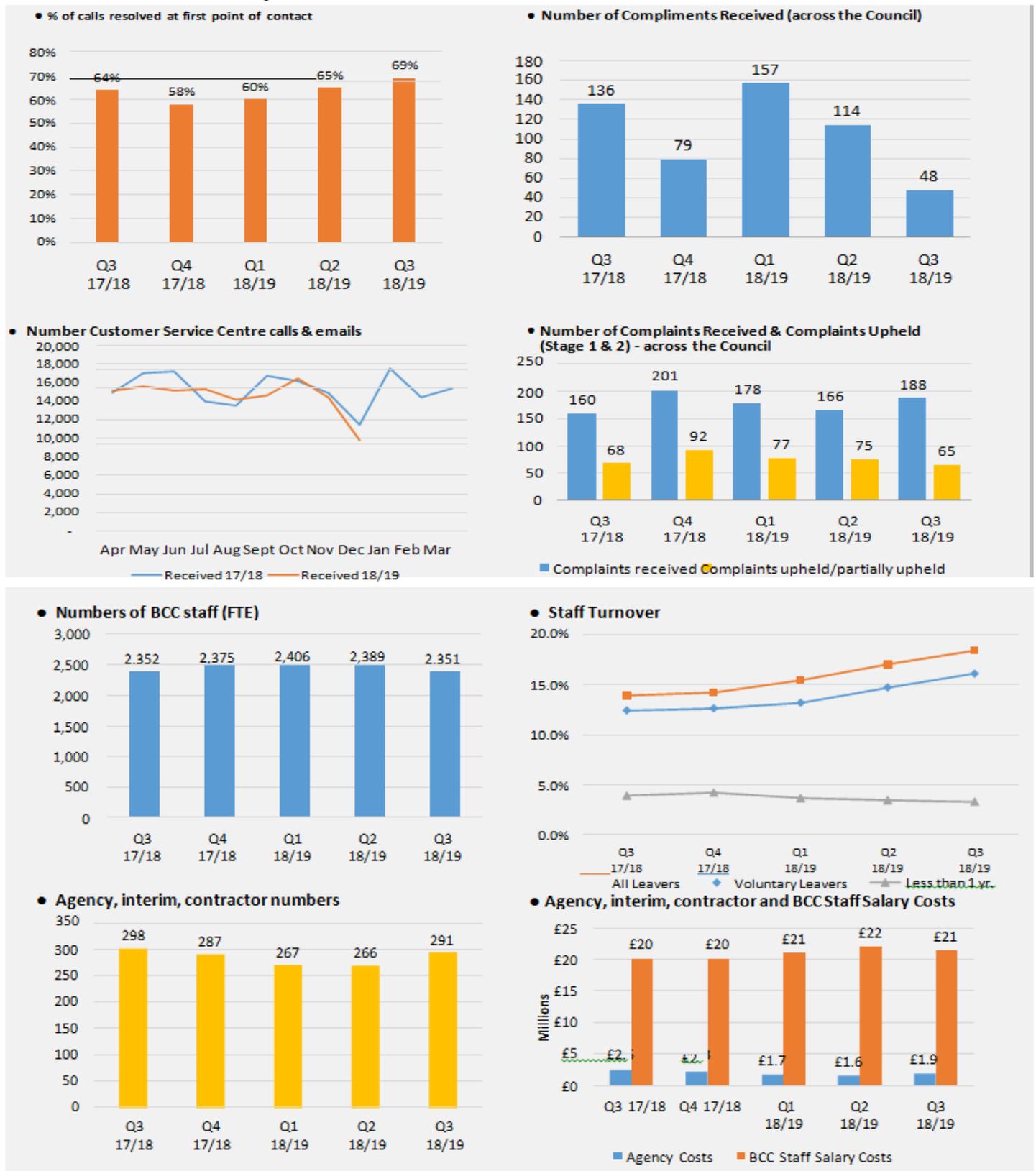
This details slippage, including underspends brought forward from previous years. Expenditure schedule for 2018/19 slipped by 11.2%. Expenditure scheduled for 2018/19 including underspent expenditure from previous years, brought forward to spend in 2018/19 slipped by 10.8% as detailed below.



## Operational performance

The Council's performance management framework focuses on four key elements of performance: Finance, Business Improvement, Service to Customers and Human Resources. 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 Service to Customers and HR is shown below.



## Medium Term Financial Plan (MTFP)

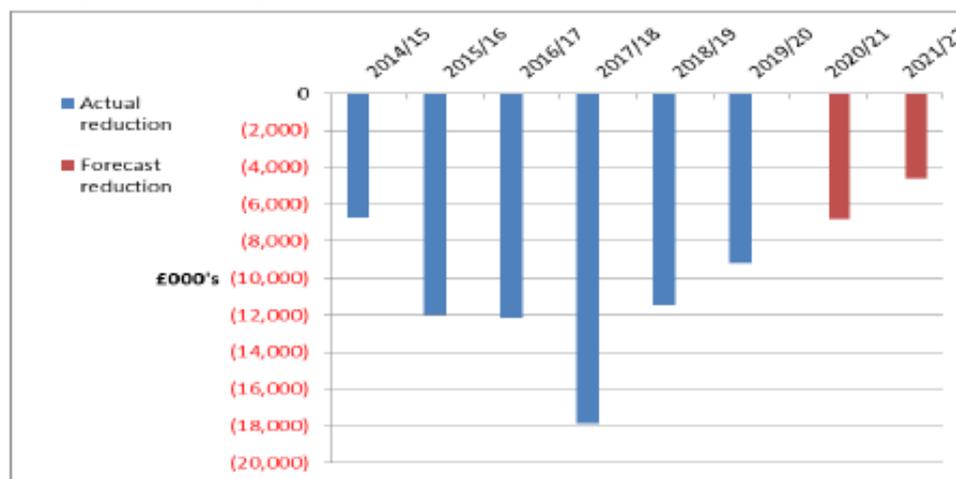
### Strategic Overview

Following the Secretary of States announcement that proposals to create a single Unitary Council for Buckinghamshire, effective from April 2020, this budget will be the last one set for Buckinghamshire County Council. Given the timescales and challenges of creating the new Council every effort has been made to ensure that provision is made to support the transition and that the indicative Buckinghamshire County Council budgets for the period after the creation of the new Council give it every chance of success.

Although the wider economic picture has been relatively stable recently the outlook for local authority budgets continues to be challenging. The Chancellor's Autumn Budget, whilst recognising that the national deficit will not be removed within the lifetime of the current Parliament, continued to keep to the previously announced funding settlement.

The chart below shows the decrease in the funding settlement for the last few years on a like for like basis, despite increasing demands on services mainly due to demographic changes and the increasing complexity of the cases dealt with. In the 2016/17 Local Government Finance Settlement the offer of a 4 year settlement to 2019/20 was made. Buckinghamshire County Council accepted this offer, and the certainty which came with it has provided a stable backdrop for the past 3 years. There is now only one year remaining of the 4 year settlement, which leaves the Council with little certainty of funding levels beyond 2020.

**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 Revenue Support Grant to Buckinghamshire County Council was removed completely in 2018/19 due to its relatively large tax base. In 2018/19 Buckinghamshire became one of the first authorities to receive no Revenue Support Grant at all.

The current funding system has allowed councils to keep a proportion of any growth or decline in business rates. Government keeps 50%, with 40% retained by districts. Buckinghamshire County Council retains 9% and the Fire Authority 1%. The level of outstanding appeals continues to create some uncertainty but this is decreasing allowing increased confidence over future forecasts.

In 2019/20 Buckinghamshire County Council will be a pilot authority of 75% Business Rates Retention following a joint bid with the districts. This is for 2019/20 only and allows a greater share of growth to be retained locally. In 2020/21 this model will be rolled-out across England and the learning from the pilots will inform the final design of the new system.

The Business Rates system is aimed at incentivising councils to support growth. Similarly, the New Homes Bonus incentivises house building but, as with Business Rates Retention, the larger proportion (80%) goes to the District

Councils with only 20% coming to the County Council despite it being responsible for the major part of infrastructure development which supports growth. The New Homes Bonus, which was initially paid for 6 years after a new home was built, will continue to be paid for 4 years, having been reduced over the last 2 years.

To some extent the Government have recognised, at least in the short-term, the increasing pressures building within Social Care. Local authorities with social care responsibilities had been given the ability to raise Council Tax by an additional 2% from April 2016, known as the 'Adult Social Care Precept'. This 'precept' had initially been capped at 2% per annum. However, in 2017/18 a new flexibility was announced which allowed the 'precept' to be raised by up to 3% as long as the total increase over the next 3 years did not exceed 6%. This flexibility was used in 2017/18 and 2018/19 so there is no increase in this 'precept' in 2019/20.

In addition it was announced in the recent Autumn Budget that an additional £650m had been identified in 2019/20 to support pressures across Adults and Children's Social Care. Of this £240m is to support Adults Social Care and reduce pressures on the NHS and £410m is to address the continued pressures across Adults and Children's Social Care budgets. The allocations for Buckinghamshire being £1.671m and £2.855m respectively. These will be used to support Adults Social Care budgets and to create a general Social Care contingency budget in order to address demand, complexity and demographic pressures.

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 has also been looking to generate other income sources. One such strategy that has been pursued over the last few years is the purchasing of commercial property for a return and exploring the income generating potential of surplus assets rather than defaulting to disposal. We continue to explore such opportunities and apply rigorous due diligence, including using external professional advisors, before taking any such decisions.

### **Key Financial Risks**

Given the reductions in government grant levels, the growing unavoidable expenditure pressures and the scale of reductions required, the budget will inevitably contain 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 (c£100m over the last 5 years). Further budget reductions have been included within the Medium Term Financial Plan (£12.5m in 2019/20). This includes some ambitious proposals to radically change the way services are delivered and 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 is becoming more difficult in every budget. These will need to be carefully managed;

**Global Economic Turbulence** – Although the reductions in local government are already severe there is some risk that global issues such as an economic slow-down 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. A spending review is due later in 2019;

**Brexit** - The impacts of an adverse BREXIT could be felt through many mechanisms, including but not limited to; Business Rate receipt reductions through failure / relocation of UK businesses, national tax rate reductions requiring greater savings in Local Government, wage inflation in our supply chain due to lack of suitable employees, loss of knowledgeable staff and council tax receipt reductions due to emigration and potential increases in Council Tax discounts;

**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 a high number of statemented children and have had

increases in the number of children with child protection plans. The Council's strategy is to increase the number of internal placements and has had some success in this in terms of increased fostering numbers. 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;

**Local Government Funding** – With the end of the 4 year settlement, the forthcoming Spending Review, the ongoing reform of Business Rates Retention and the Fair Funding Review there is considerable uncertainty over funding levels beyond 2019/20. Prudent estimates have been made for future years, but both the quantum of funding available and the method of apportionment present a significant risk;

**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;

**Social Care Policy & Funding** – With the Green Paper on the future of Social Care still awaited and much Social Care funding one-off or potentially ending (Adult Social Care precept and Better Care Fund), both the national policy underpinning service delivery requirements and the funding to support it are uncertain. Whilst some assumptions have been made regarding future funding for Social Care there is a risk that these assumptions will be incorrect and that policy change will impose greater burdens on the Council;

**Care Market Sustainability** – The Council has recognised that there are other more fundamental pressures within the provider market for Care services and has made some provision in recognition that there is a risk that the costs falling on the Council will be larger than allowed for;

**Investment Property Income** – Over recent years the Council has invested in a portfolio of property assets in order to support the local economy to generate income streams to offset the loss of Government Funding and hence protect services from additional reductions. There is risk inherent in this strategy which is mitigated through the use of professional advisers to support the identification and evaluation of potential purchase opportunities, and through our decision to set aside a proportion of the income received to address any periods where properties are vacant and rental income is not being received;

**Capital** – During 2018/19 the Council has continued to use the gateway process to ensure strong governance in this area. As a result slippage has been greatly reduced in recent years and risks of escalations in costs have been mitigated to an extent. Nonetheless, in the current climate construction costs are rising 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.

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## Financial Position

### Net Asset Position

The Council has net assets of £459.741m (2017/18 £417.974m) backed by usable reserves of £149.753m (2017/18 £152.005m) and unusable reserves of £309.988m (2017/18 £265.959m). This is shown in the Balance Sheet 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 decreased to £753.292m as at 31 March 2019 (2017/18 £782.607m). The main factors impacting on this are:

- £16.102m increase in the liability due primarily to an decrease in the discount rate from 2.55% to 2.40%. 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.
- The pension increase assumption has increased by 0.05% (from 2.35% to 2.40%) which has increased the estimated liability.
- This has been a strong year in relation to asset growth with a net increase in assets of £45.417m.
- 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 additional contributions to meet the liabilities 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.

### Adequacy of Reserves

As well as a contingency budget to enable those more uncertain budgets to be managed, General Reserves (unallocated) are also held to meet unforeseen spending requirements and to provide stability in Medium Term Financial Planning. The level of reserves should take into account the strategic, operational and financial risks facing the authority and, as such, a review of the level of reserves has been undertaken as part of the budget formulation.

There is an overall decrease in usable reserves of £2.252m (2017/18 increase of £25.874m). This decrease comprises:

- a net General fund decrease of £0.973m as detailed above;
- a net increase on schools balances of £3.231m (2017/18 deficit of £2.339m);
- a net decrease of earmarked reserves of £3.367m (2017/18 increase £14.595m) and
- the decrease of £1.144m (2017/18 increase of £10.730m) of capital reserves.

The table below summarises the Council's usable reserves:

	<b>Balance at 31 March 2018</b>	<b>Balance at 31 March 2019</b>
	<b>£m</b>	<b>£m</b>
General Fund	27.4	26.4
Schools Balances	12.6	15.9
Earmarked Reserves	99.2	95.9
<b>Total</b>	<b>139.3</b>	<b>138.2</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.

The actual external borrowing as at 31 March 2019 was £296.2m which includes £2.7m accrued interest. During 2018/19 £12.6m of PWLB debt was repaid and £106m new borrowing from the PWLB was taken out, £76m for the purchase of two investment properties and £30m to optimise overall cash balances in line with the Council's Treasury Management Strategy. The Council pre-paid a £48m LOBO loan and replaced it with £48m of new PWLB borrowing. Temporary borrowing amounts have ranged from £20m to £45m depending on cash flow requirements. The mix of temporary and fixed rate borrowing continues to be reviewed in line with advice from our Treasury advisors.

## **Capital Financing Requirement**

Our Capital Financing requirement (the Council's underlying need to borrow) is £470.6m. The Council have actually borrowed £296.2m externally. The Council have been able to do this by internally borrowing. Enabling the Council to optimise cash flow and lower our costs.

The Cash Flow Statement shows how the movement in resources has been reflected in cash flows. The net decrease in cash and cash equivalents during the year was £0.919m (2017/18 net decrease of £1.927m).

## Capital programme

The four year capital programme has been developed following an assessment and prioritisation of aspirations against key Council priorities. The Council has managed to find the resources to continue its road improvement programme for 2019/20 through to 2022/23. 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.

The capital programme is funded from a variety of sources including grants, capital receipts and prudential borrowing. There are risks around the sale of assets predominantly due to market conditions and planning approvals. There is also increasing complexity as the Council works in partnership with other bodies to develop projects, such as the BTVLEP on infrastructure projects, districts on town centre regeneration, with national bodies on development of housing opportunities through the Housing Infrastructure Fund and on the development of 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 2019/20 £000's	Year 2 2020/21 £000's	Year 3 2021/22 £000's	Year 4 2022/23 £000's	Grand Total £000's
<b>Capital Expenditure</b>					
Primary School Places	4,395	9,375	6,801	6,000	26,571
Abbey View Primary (Dawes Hill)	4,502				4,502
St Michael's Catholic School Aylesbury	12,555	500			13,055
Secondary School Places	4,813	27,700	14,000	20,000	66,513
Other Education & Skills	3,902	7,723	1,450	1,450	14,525
School Property Maintenance	5,000	3,389	3,000	4,310	15,699
Respite Care	50	315			365
Waterside North Development		599			599
Rural Broadband	600	1,200			1,800
Leader LEP Schemes	3,336	32,228	16,361		51,925
Biowaste Treatment	240	3,950	1,498		5,688
Flood Defence Schemes	650	3,486	2,160	3,210	9,506
Other Planning & Environment Schemes	242	1,742	242	1,200	3,426
ICT investment	4,189	3,000	2,200	2,200	11,589
Property Investment	3,323	1,015	1,015	1,015	6,368
Strategic Highway Maintenance	15,000	15,000	15,000	15,000	60,000
Other Transport Schemes	22,827	19,300	16,328	9,895	68,350
All Other Schemes	500	500	500	500	2,000
<b>Total Expenditure</b>	<b>86,125</b>	<b>131,022</b>	<b>80,555</b>	<b>64,780</b>	<b>362,482</b>
<b>Capital Funding</b>					
Unringfenced Government Grants	(55,186)	(48,032)	(42,046)	(35,061)	(180,324)
Prudential Borrowing	(2,040)	(1,500)	-	-	(3,540)
Capital Receipts	(5,440)	(8,500)	(4,000)	(4,200)	(22,140)
Developer Contributions	(5,435)	(11,159)	(8,631)	(95,115)	(120,340)
Revenue Contributions	(3,453)	(2,788)	(2,752)	(3,252)	(12,246)
Balances Brought Forward	(12,545)	-	-	-	(12,545)
Other Funding	(2,837)	(2,837)	(2,837)	(2,837)	(11,347)
<b>Total Funding</b>	<b>(86,935)</b>	<b>(74,815)</b>	<b>(60,267)</b>	<b>(140,465)</b>	<b>(362,482)</b>
<b>Net Funding (surplus) / or gap</b>	<b>(810)</b>	<b>56,207</b>	<b>20,288</b>	<b>(75,685)</b>	<b>(0)</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.
- Contributions received from another party, including Developer Contributions;
- Borrowing.

# General Notes to the Statement of Accounts

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## General Accounting Principles

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The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year end of 31 March 2019. 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 2018/19 (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.

## Material and Unusual Charges or Credits in the Accounts

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### 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 £753.292m (2017/18 £782.607m) has an impact on the net worth of the Council as recorded in the Balance Sheet.

### 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.

### Investment Property

The Council increased and diversified its investment property portfolio during the year by investing £78.572m in commercial investment properties including Voyager Place and Globeside.

## Interests in Companies and Other Entities

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### 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.

### Adventure Learning Charity

On the 1st November 2013 the Council entered in to a Partnership Agreement with The Adventure Learning Charity, 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.

# General Notes to the Statement of Accounts

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

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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.

### **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.

### **IAS 40 Investment Property**

Transfers of Investment Property, provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Council as it already complies.

### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

Clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have any material transactions within the scope of the amendment.

### **IFRIC 23 Uncertainty over Income Tax Treatments**

Provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the single entity accounts and minimal impact on the group accounts

### **IFRS 9 Financial instruments**

Prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Council has no loans to whom this will apply.

## **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 £108m.
- \* **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 is within the Narrative Report.

**Assumptions made about the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council’s Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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 £1.346bn.
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 £1.024bn 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 £753.292m.
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 its adult social care re-provisioning. 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.

**Events after the Balance Sheet Date**

Bedgrove Junior School has converted to Academy status since the 31<sup>st</sup> March 2019. Bedgrove Junior School was valued at the 31<sup>st</sup> March 2019 as Building £4.594m and Land £2.368m.

## 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 (Comprehensive Income and Expenditure Statement). 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 2018</b>	(27,393)	(12,627)	(99,235)	(139,256)		(12,749)	(152,005)	(265,969)	(417,974)
<b>Movement in reserves during 2018/19</b>									
(Surplus) or deficit on the Provision of Services	61,662	-	-	61,662	-	-	61,662	-	61,662
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(105,514)	(105,514)
<b>Total Comprehensive Income and Expenditure</b>	<b>61,662</b>	<b>-</b>	<b>-</b>	<b>61,662</b>	<b>-</b>	<b>-</b>	<b>61,662</b>	<b>(105,514)</b>	<b>(43,852)</b>
Adjustments between accounting basis & funding basis under regulations (Note 3)	(60,554)	-	-	(60,554)	-	(2,884)	(63,439)	63,909	471
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>1,108</b>	<b>-</b>	<b>-</b>	<b>1,108</b>	<b>-</b>	<b>(2,884)</b>	<b>(1,776)</b>	<b>(41,605)</b>	<b>(43,381)</b>
Transfers to/(from) Earmarked Reserves (Note 4)	(135)	(3,231)	3,366	-	-	-	-	-	-
<b>(Increase) / Decrease in 2018/19</b>	<b>973</b>	<b>(3,231)</b>	<b>3,366</b>	<b>1,108</b>	<b>-</b>	<b>(2,884)</b>	<b>(1,776)</b>	<b>(41,605)</b>	<b>(43,381)</b>
<b>Balance at 31 March 2019</b>	<b>(26,420)</b>	<b>(15,858)</b>	<b>(95,869)</b>	<b>(138,148)</b>		<b>(15,633)</b>	<b>(153,781)</b>	<b>(307,574)</b>	<b>(461,355)</b>

## Comparative Figures 2017/18

	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 2017 Restated*</b>	(24,505)	(14,966)	(84,640)	(124,112)	-	(1,752)	(125,864)	(209,268)	(335,132)
<b>Movement in reserves during 2017/18</b>									
(Surplus) or deficit on the Provision of Services	34,847	-	-	34,847	-	-	34,847	-	34,847
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(117,420)	(117,420)
<b>Total Comprehensive Income and Expenditure</b>	<b>34,847</b>	<b>-</b>	<b>-</b>	<b>34,847</b>	<b>-</b>	<b>-</b>	<b>34,847</b>	<b>(117,420)</b>	<b>(82,573)</b>
Adjustments between accounting basis & funding basis under regulations (Note 3)	(49,991)	-	-	(49,991)	(10,997)	(60,988)	60,719	-	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(15,144)</b>	<b>-</b>	<b>-</b>	<b>(15,144)</b>	<b>(10,997)</b>	<b>(26,141)</b>	<b>(56,701)</b>	<b>(82,842)</b>	<b>(82,842)</b>
Transfers to/(from) Earmarked Reserves (Note 4)	12,256	2,339	(14,595)	-	-	-	-	-	-
<b>(Increase) / Decrease in 2017/18</b>	<b>(2,888)</b>	<b>2,339</b>	<b>(14,595)</b>	<b>(15,144)</b>	<b>(10,997)</b>	<b>(26,141)</b>	<b>(56,701)</b>	<b>(82,842)</b>	<b>(82,842)</b>
<b>Balance at 31 March 2018</b>	<b>(27,393)</b>	<b>(12,627)</b>	<b>(99,235)</b>	<b>(139,256)</b>	<b>(12,749)</b>	<b>(152,005)</b>	<b>(265,969)</b>	<b>(417,974)</b>	<b>(417,974)</b>

\* For further detail, please refer to Note 31 – Prior Period Adjustment

# 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.

2017/18 Restated *				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
184,796	(51,409)	133,387	Health & Wellbeing	194,374	(56,947)	137,427
74,396	(7,239)	67,157	Children's Services	81,292	(5,874)	75,418
411,780	(335,016)	76,764	Education & Skills	413,845	(336,816)	77,029
36,519	(24,318)	12,201	Community Engagement	35,331	(24,063)	11,268
8,983	(1,976)	7,007	Leader	11,969	(3,980)	7,989
21,725	(8,153)	13,572	Planning & Environment	23,088	(9,391)	13,696
60,741	(6,591)	54,150	Resources	66,717	(6,232)	60,485
46,519	(7,916)	38,603	Transportation	48,845	(8,111)	40,734
1,436	(5,569)	(4,133)	Corporate Costs	759	(931)	(172)
<b>846,895</b>	<b>(448,187)</b>	<b>398,708</b>	<b>Cost of Services</b>	<b>876,219</b>	<b>(452,345)</b>	<b>423,874</b>
21,803		21,803	Other Operating Expenditure (Note 5)	8,181	-	8,181
31,250	(17,346)	13,904	Financing and Investment Income and Expenditure (Note 6)	70,281	(10,388)	59,893
-	(399,568)	(399,568)	Taxation and Non-Specific Grant Income (Note 7)	-	(430,286)	(430,286)
<b>899,948</b>	<b>(865,101)</b>	<b>34,847</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>954,682</b>	<b>(893,019)</b>	<b>61,662</b>
		(63,820)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 26)			(46,344)
		(278)	Surplus or deficit on revaluation of financial assets (Note 26)			(95)
		(53,590)	Remeasurement of the defined benefit liability / (asset) (Note 14)			(59,075)
		<b>(117,688)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(105,514)</b>
		<b>(82,841)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(43,852)</b>

\* For further detail, please refer to Note 31 – Prior Period Adjustment

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.

1 April 2017 restated*	31 March 2018 restated *		Notes	31 March 2019
£000	£000			£000
1,280,150	1,303,009	Property, Plant & Equipment	15	1,354,721
7,524	7,524	Heritage Assets	17	7,524
83,820	130,812	Investment Property	19	193,050
2,389	2,264	Intangible Assets	18	2,088
506	761	Long Term Investments	21	2,258
15,170	13,454	Long Term Trade and Other Receivables	24	10,850
<b>1,389,559</b>	<b>1,457,824</b>	<b>Long Term Assets</b>		<b>1,570,491</b>
5,108	89	Short Term Investments	21	12,070
26	1,927	Temporary Loans	21	2,231
1,071	1,279	Assets Held for Sale	20	1,649
228	86	Inventories		117
50,433	41,099	Short Term Trade and Other Receivables	24	45,447
17,678	23,448	Available for Sale Financial Assets	21	11,919
3,843	1,927	Cash and Cash Equivalents	23	919
<b>78,387</b>	<b>69,855</b>	<b>Current Assets</b>		<b>74,352</b>
(85,342)	(45,333)	Short Term Borrowing	21	(47,945)
(97,289)	(106,802)	Short Term Trade and Other Payables	24	(114,226)
<b>(182,631)</b>	<b>(152,135)</b>	<b>Current Liabilities</b>		<b>(162,171)</b>
(6,941)	(7,011)	Provisions and Long Term Liabilities	25	(9,028)
(139,000)	(167,951)	Long Term Borrowing	21	(260,611)
(804,241)	(782,607)	Pension Liability	14	(753,292)
<b>(950,182)</b>	<b>(957,569)</b>	<b>Long Term Liabilities</b>		<b>(1,022,931)</b>
<b>335,133</b>	<b>417,975</b>	<b>Net Assets</b>		<b>459,741</b>
(125,865)	(152,005)	Usable Reserves	MiRS*	(149,753)
(209,268)	(265,969)	Unusable Reserves	26	(309,988)
<b>(335,133)</b>	<b>(417,974)</b>	<b>Total Reserves</b>		<b>(459,741)</b>

\* For further detail, please refer to Note 31 – Prior Period Adjustment

Certification by the Chief Financial Officer

I certify that the statement of accounts presents a true and fair view of the financial position as at 31 March 2019 and its income and expenditure for the year then ended.

Richard Ambrose  
Director of Finance and Procurement

## 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 2017/18 *</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
34,847	Net (surplus) or deficit on the provision of services	61,662
(135,539)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(112,868)
74,753	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	88,733
<b>(25,939)</b>	<b>Net cash flows from operating activities (note 28)</b>	<b>37,527</b>
88,791	Purchase of property, plant and equipment, investment property and intangible assets	143,337
816,638	Purchase of short-term and long-term investments	816,638
(8,200)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,172)
(814,010)	Proceeds from short-term and long-term investments	(813,732)
(66,425)	Other receipts from investing activities	(90,021)
<b>16,795</b>	<b>Net cash flows from investing activities</b>	<b>55,494</b>
101,020	Cash receipts of short and long-term borrowing	101,020
(112,078)	Repayments of short and long-term borrowing	(112,078)
<b>11,058</b>	<b>Net cash flows from financing activities</b>	<b>(95,272)</b>
<b>1,914</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(2,250)</b>
3,842	Cash and cash equivalents at the beginning of the reporting period	1,928
<b>1,928</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,179</b>

\* For further detail, please refer to Note 31 – Prior Period Adjustment

## 1 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council 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	134,152	568	134,720	2,707	137,427
Children's Services	73,762	604	74,365	1,053	75,418
Education & Skills	24,064	4,336	28,400	48,629	77,029
Community Engagement	9,424	(186)	9,238	2,030	11,268
Leader	6,954	1,273	8,228	(239)	7,989
Planning & Environment	8,668	(1,636)	7,032	6,664	13,696
Resources	25,528	13,610	39,138	21,348	60,485
Transportation	28,904	(29)	28,874	11,859	40,734
Corporate costs	6,677	(5,760)	916	(1,089)	(172)
<b>Net Cost of Services</b>	<b>318,131</b>	<b>12,781</b>	<b>330,912</b>	<b>92,962</b>	<b>423,874</b>
Other Income and Expenditure in CIES	(303,982)	(1,091)	(305,073)	(57,139)	(362,212)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>14,149</b>	<b>11,690</b>	<b>25,839</b>	<b>35,823</b>	<b>61,662</b>
Adjustments under Regs	(13,176)	(8,324)	(21,500)	(39,054)	(60,554)
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>973</b>	<b>3,366</b>	<b>4,339</b>	<b>-</b>	<b>1,108</b>
Transfers to / (from) earmarked reserves	-	(135)	(135)	-	(135)
<b>(Increase) / Decrease in 2018/19</b>	<b>973</b>	<b>-</b>	<b>4,204</b>	<b>-</b>	<b>973</b>
General Fund Balance as at 31 March 2018					(27,393)
<b>General Fund Balance as at 31 March 2019</b>					<b>(26,420)</b>
Planned Use of General Fund	-				
<b>Net Budget (surplus) / deficit</b>	<b>973</b>				

# Notes to the Accounts

## Comparative Figures 2017/18 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
Health & Wellbeing	131,274	1,290	132,564	2,341	134,904
Children's Services	67,326	(71)	67,255	2,086	69,341
Education & Skills	26,638	(1,427)	25,211	58,630	83,841
Community Engagement Leader	9,509	(218)	9,291	3,108	12,399
Planning & Environment	6,937	851	7,789	(567)	7,222
Resources	9,769	(2,721)	7,048	6,262	13,310
Transportation	24,735	4,135	28,870	13,731	42,601
Corporate costs	27,549	(475)	27,074	12,034	39,108
	5,703	(5,819)	(116)	(3,903)	(4,019)
<b>Net Cost of Services</b>	<b>309,440</b>	<b>(4,454)</b>	<b>304,986</b>	<b>105,825</b>	<b>398,707</b>
Other Income and Expenditure in CIES	(323,115)	(161)	(323,276)	(40,584)	(363,861)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(13,675)</b>	<b>(4,615)</b>	<b>(18,291)</b>	<b>63,924</b>	<b>34,847</b>
Adjustments under Regs	10,787	(7,641)	3,146	(53,137)	(49,991)
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(2,888)</b>	<b>(12,256)</b>	<b>(15,144)</b>	<b>-</b>	<b>(15,144)</b>
Transfers to / (from) earmarked reserves	-	12,256	12,256	-	12,256
<b>(Increase) / Decrease in 2017/18</b>	<b>(2,888)</b>	<b>-</b>	<b>(2,888)</b>	<b>-</b>	<b>(2,888)</b>
General Fund Balance as at 31 March 2017					(24,505)
<b>General Fund Balance as at 31 March 2018</b>					<b>(27,393)</b>
Planned Use of General Fund	-				
<b>Net Budget (surplus) / deficit</b>	<b>(2,888)</b>				

\* For further detail, please refer to Note 31 – Prior Period Adjustment

## 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.

2017/18				2018/19				
Capital Adjustments	Pensions Adjustments	Other Differences	Total Adjustments		Capital Adjustments	Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
755	2,881	-	3,636	Health & Wellbeing	2,009	1,241	(544)	2,707
472	2,976	(24)	3,424	Children's Services	618	1,283	(848)	1,053
52,965	11,599	(75)	64,489	Education & Skills	53,791	4,998	(10,160)	48,629
2,377	1,364	(20)	3,721	Community Engagement	1,819	588	(377)	2,030
(147)	-	(9)	(157)	Leader	(47)	-	(192)	(239)
5,178	821	632	6,631	Planning & Environment	5,398	354	912	6,664
7,663	6,667	1,342	15,672	Resources	14,778	2,873	3,697	21,348
11,694	617	-	12,312	Transportation	11,866	266	(273)	11,859
-	(4,080)	177	(3,903)	Corporate costs	-	(1,279)	190	(1,089)
<b>80,956</b>	<b>22,846</b>	<b>2,023</b>	<b>105,825</b>	<b>Net Cost of Services</b>	<b>90,233</b>	<b>10,324</b>	<b>-7,595</b>	<b>92,962</b>
(45,095)	19,896	(16,702)	(41,901)	Other Income and Expenditure in CIES	(79,946)	19,436	3,371	(57,139)
<b>35,861</b>	<b>42,742</b>	<b>-14,679</b>	<b>63,924</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>10,288</b>	<b>29,760</b>	<b>-4,224</b>	<b>35,823</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 (employees 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 NNDR; 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.

# Notes to the Accounts

## 2 - Expenditure and Income analysed by Nature

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

<b>Restated 2017/18 *</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(115,376)	Fees, charges & service income	(112,935)
(17,292)	Interest and investment income	(10,390)
(279,367)	Income from Council Tax, NDR	(301,159)
(450,740)	Government Grants and contributions	(468,535)
<b>(862,775)</b>	<b>Total Income</b>	<b>(893,019)</b>
339,757	Employee benefit expenses	333,226
442,530	Other Service Expenses	468,214
10,156	Interest expenses	37,618
83,375	Depreciation, amortisation and impairment	107,442
474	Precepts & Levies	481
21,330	Gain & loss on disposal of non-current assets	7,700
<b>897,621</b>	<b>Total Expenditure</b>	<b>954,681</b>
<b>34,846</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>61,662</b>

\* For further detail, please refer to Note 31 – Prior Period Adjustment

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 £57.030m (2017/18 £55.662m) relating to employees of Voluntary Aided and Foundation Schools.

### Segmental income

Income received on a segmental basis is analysed below:

<b>2017/18</b>	<b>Revenues from external customers</b>	<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(23,806)	Health & Wellbeing	(21,625)
(1,030)	Children's Services	(4,168)
(20,431)	Education & Skills	(21,903)
(2,291)	Community Engagement	(2,260)
(494)	Leader	(1,940)
(7,894)	Planning & Environment	(9,210)
(10,072)	Resources	(12,976)
(6,236)	Transportation	(6,571)
(555)	Corporate costs	(421)
<b>(72,808)</b>		<b>(81,074)</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.

# Notes to the Accounts

2018/19

	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	(37,696)	-	-	37,696
Revaluation losses on Property, Plant and Equipment	(16,281)	-	-	16,281
Fair Value gains / losses on Investment Properties	(11,706)	-	-	11,706
Amortisation of Intangible Assets	(773)	-	-	773
Capital grants and contributions applied	82,245	-	-	(82,245)
Revenue Expenditure Funded from Capital Under Statute	(40,987)	-	-	40,987
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(8,985)	-	-	8,985
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment (minimum revenue provision)	6,455	-	-	(6,455)
Capital expenditure financed from the General Fund	14,019	-	-	(14,019)
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	5,401	-	(5,401)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	2,517	(2,517)
<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	1,285	(1,285)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,734	-	(3,734)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	-	(887)	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,562)	-	1,562
Write Down of deferred capital receipts	-	-	-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	1,358
<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	(28,014)	-	-	28,014
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(67,573)	-	-	67,573
Employer's pension contributions and direct payments to pensioners payable in the year	37,813	-	-	(37,813)
<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	59	-	-	(59)
<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	2,222	-	-	(2,222)
<b>Total Adjustments</b>	<b>(60,554)</b>		<b>(2,884)</b>	<b>63,909</b>

## Comparative Figures 2017/18 Restated

## 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	(37,820)	-	-	37,820
Revaluation losses on Property, Plant and Equipment	(24,954)	-	-	24,954
Fair Value gains / losses on Investment Properties	9,110	-	-	(9,110)
Amortisation of Intangible Assets	(992)	-	-	992
Writedown of final deferred charges	-	-	-	-
Revenue Expenditure Funded from Capital Under Statute	(19,563)	-	-	19,563
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the CIES	(28,151)	-	-	28,151
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment (minimum revenue provision)	5,946	-	-	(5,946)
Capital expenditure financed from the General Fund	4,691	-	-	(4,691)
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	12,004	-	(12,004)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	1,007	(1,007)
<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	8,259	(8,259)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	9,701	-	(9,701)
Contribution from the Capital Receipts Reserve towards the costs of non-current asset disposals	(59)	59	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(1,501)	-	1,501
Write Down of deferred capital receipts	(7)	-	-	7
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(234)	-	-	234
<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	(1,894)	-	-	1,894
<b>Adjustments primarily involving the Pension Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(67,339)	-	-	67,339
Employer's pension contributions and direct payments to pensioners payable in the year	35,383	-	-	(35,383)
<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	(906)	-	-	906
<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	154	-	-	(154)
<b>Total Adjustments</b>	<b>(49,991)</b>	<b>(10,997)</b>	<b>60,988</b>	

# Notes to the Accounts

## 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 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31 March 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000
<b>Earmarked General Fund Reserves</b>							
Health & Wellbeing	(2,726)	1,206	(372)	(1,892)	318	(1,359)	(2,933)
Children's Services	(1,596)	119	(735)	(2,212)	632	(542)	(2,122)
Education & Skills	(4,299)	3,749	(7,128)	(7,678)	4,728	(852)	(3,802)
Community Engagement	(446)	391	(286)	(342)	267	(139)	(213)
Leader	(22,621)	1,596	(5,782)	(26,807)	2,613	(11,839)	(36,033)
Planning & Environment	(4,469)	1,256	(3,094)	(6,308)	291	(2,177)	(8,194)
Resources	(12,045)	3,478	(7,682)	(16,248)	9,767	(3,414)	(9,895)
Transportation	(5,990)	1,018	(1,962)	(6,934)	830	(1,216)	(7,320)
Corporate Costs	(30,448)	7,975	(8,341)	(30,815)	15,734	(10,275)	(25,356)
<b>Subtotal</b>	<b>(84,640)</b>	<b>20,787</b>	<b>(35,382)</b>	<b>(99,236)</b>	<b>35,179</b>	<b>(31,813)</b>	<b>(95,869)</b>
<b>Earmarked for Schools</b>							
Earmarked Schools Revenue Balances	(12,949)	13,070	(10,920)	(10,799)	10,876	(12,780)	(12,703)
Earmarked Schools Devolved Formula Capital	(2,017)	2,017	(1,828)	(1,828)	1,828	(3,155)	(3,155)
<b>Subtotal</b>	<b>(14,966)</b>	<b>15,087</b>	<b>(12,748)</b>	<b>(12,627)</b>	<b>12,704</b>	<b>(15,935)</b>	<b>(15,858)</b>
<b>Total</b>	<b>(99,607)</b>	<b>35,874</b>	<b>(48,130)</b>	<b>(111,863)</b>	<b>47,883</b>	<b>(47,748)</b>	<b>(111,728)</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 2018	Balance at 31 March 2019
Devolved Formula Capital carried forward	(1,828)	(3,155)
Surpluses carried forward*	(12,696)	(14,882)
Deficits carried forward*	1,897	2,179
<b>Total</b>	<b>(12,627)</b>	<b>(15,858)</b>

\*Excluding Academy Schools

**Health & Wellbeing** including the Public Health Reserve which holds grant funding of £1.9m that will be used in future years. It also includes £1m set aside for Adult Social Care Transformation

**Children's Services** including grant funding to be used in future years such as Families First (£0.9m), Troubled Families (£0.2m) and Step Up to Social Work (£0.2m). It also includes £0.3m for Ofsted Improvement Plan.

**Education & Skills** including School Improvement Monitoring and Brokering monies (£0.7m) and the carry-forward of unspent DSG of £2.9m

**Leader** including funds held on behalf of other bodies such as the South East Strategic Leaders Partnership (£0.2m) and the Buckinghamshire Thames Valley Local Enterprise Partnership (£13.8m). Also included is Aylesbury Eastern Link Road (£10.0m), Strategic Development (£2.5m), Broadband (£0.3m) and Unitary Reserve (£7.7m)

**Planning & Environment** including Waste reserve of £7.1m to smooth the effect of volatility in third party income and selling electricity. Also included are the Country Parks Reserves (£0.9m)

**Resources** including the Insurance Reserve (£6.4m) which relates to the estimated liabilities in respect of insurance claims not yet notified. Also included is the Energy Efficiency & Salix Reserve (£1.0m) 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 (£1.2m) and the Revenue Invest to Save Reserve (£0.7m) enables the Council to invest in existing or new asset in order to generate an income stream or future savings. The Investment Properties Reserves holds £0.6m.

**Transportation** including monies set aside for Adverse Weather (£2.5m), revenue contribution to East West Rail (£2.8m), Fleet Renewals (£0.8m) and Highways and Transportation Procurement (£0.6m)

**Corporate Costs** including the Revenue Contribution to Capital Reserve (£23.5m) 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.

# Notes to the Accounts

## 5 - Other Operating Expenditure

2017/18		2018/19
£000		£000
3,632	(Gain)/losses on the disposal of non-current assets	5,261
17,698	Loss on de-recognition of Academies non-current assets	2,440
474	Levies - Environment Agency	481
<b>21,804</b>	<b>Total</b>	<b>8,181</b>

## 6 - Financing and Investment Income and Expenditure

Restated 2017/18		2018/19
£000		£000
10,074	Interest payable and similar charges	37,764
21,213	Net interest on the defined pension liability	19,436
(2,642)	Interest receivable and similar income	(2,638)
	Impairment Loss Allowance	545
(14,741)	Investment Properties Income and expenditure and changes in Fair Value	4,787
<b>13,904</b>	<b>Total</b>	<b>59,893</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 2018/19.

## Taxation and Non Specific Grant Income

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>	<b>Grants Held Centrally</b>	<b>£000</b>
(264,553)	Council Tax	(281,011)
(8,076)	Revenue Support Grant	-
(14,814)	Locally Retained Non Domestic Rates	(17,163)
(27,122)	NNDR Top up Grant	(28,283)
(18,578)	Non-ringfenced Government Grants *	(13,198)
(66,425)	Capital Grants and Contributions	(87,646)
<b>(399,568)</b>	<b>Total</b>	<b>(427,301)</b>

\* Non ringfenced government grants detailed below

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>	<b>Non-ringfenced Government Grants</b>	<b>£000</b>
(4,587)	Transition Grant	
(1,382)	Education Service Grant	
(1,091)	Independent Living Fund	(1,057)
(3,220)	New Homes Bonus	(2,262)
(1,238)	Small Business Rates Relief	(2,023)
(1,679)	Adult Social Care Grant	(4,702)
(3,488)	Improved Better Care Fund	
(1,893)	Total of other grants below £1m each	(3,154)
<b>(18,578)</b>	<b>Total</b>	<b>(13,198)</b>

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>	<b>Grants Credited to Services</b>	<b>£000</b>
(276,837)	Dedicated Schools Grant	(275,086)
(21,081)	Public Health Grant	(20,539)
(5,118)	Education Funding Agency 16-19	(4,394)
(3,379)	Skills Funding Agency	(3,613)
(2,398)	PE and Sports Grant	(2,870)
(465)	Department of Transport Grant	(1,465)
(5,954)	Universal Free School Meals	(5,471)
(8,737)	Pupil Premium	(8,677)
(1,075)	Devolved Formula Capital Grant	(2,761)
(3,049)	Disabled Facilities Grant	(3,725)
	Winter Pressure	(1,671)
(5,122)	Total of other grants below £1m each	(5,530)
<b>(333,215)</b>	<b>Total</b>	<b>(335,801)</b>

# Notes to the Accounts

## 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 2018/19 are as follows:

	<b>Central Expenditure £000</b>	<b>Individual Schools Budgets £000</b>	<b>Total £000</b>
Final DSG for 2018/19 before Academy recoupment			428,917
Academy figure recouped for 2019/20			(152,930)
<b>Total DSG after Academy recoupment for 2018/19</b>			<b>275,987</b>
Brought forward from 2017/18			6,967
Carry-forward to 2019/20 agreed in advance			(500)
<b>Agreed initial budgeted distribution in 2018/19</b>			<b>282,454</b>
In year adjustments	3,369	(901)	2,468
Final budgeted distribution for 2018/19	76,307	202,778	279,085
Less Actual central expenditure	(76,938)		(76,938)
Less Actual ISB deployed to schools		(202,176)	(202,176)
Plus agreed carry-forward for 2019/20			500
<b>Carry Forward to 2019/20</b>	<b>2,738</b>	<b>(299)</b>	<b>2,939</b>

## 9 - Members Allowances

<b>2017/18 £000</b>		<b>2018/19 £000</b>
558	Salaries	566
68	Employer Contributions	65
344	Allowances	351
<b>970</b>	<b>Total</b>	<b>982</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 Pension Fund £2.2m in 2018/19 (2017/18 £2.3m) for expenses incurred in administering the Pension Fund.

### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2018/19 is shown in Note 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 the Director and majority shareholder of TWK Transit, a specialist transport management company that has both private and public sector contracts providing transport services. TWK Transit is part of the Khattak Group of companies including Redline Buses, Red Eagle Buses Ltd and Red Rose Buses. During 2018/19 TWK Transit provided the Council with transport services to the value of £1.58m (2017/18 £1.57m). Collectively the Khattak Group have provided services to the value of £3.84m (2016/17 £3.71m).

### Interests in Companies and Other Entities

#### Buckinghamshire Learning Trust (BLT)

The BLT is an educational charity delivering services to schools and early years' settings, including school improvement and governor services. The Trust received £1.09m from the Council (2017/18 £7.72m) including grant funding of £0.552m (2017/18 £6.5m). Income received by the Council from the BLT in relation to a support services buy-back agreement was £0.05m (2017/18 £0.20m). Due to the changing educational landscape, statutory services were transferred back to the County Council during the summer 2018, while BLT intended to continue trading a range of non-statutory services. However, the Directors of BLT decided to go into voluntary liquidation on 19<sup>th</sup> March 2019.

#### Adventure Learning Charity

The Adventure Learning Charity 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 ALC 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, the Council and key stakeholders. The Council has made a £0.750m loan to ALF to cover initial investment (£15k repaid in 2017/18). An assessment of the recoverability of loans due to operating losses currently being incurred by the Charity has resulted in a provision being held against this loan. The Council has purchased services of £0.37m during the year from ALF (2017/18 £0.43m).

## **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 July 2014 to provide a museum and arts service previously provided by the Council. During 2018/19 the Trust received funding from the Council totalling £0.45m (2017/18 £0.44m).

## **Buckinghamshire Business First (BBF)**

Buckinghamshire Business First (BBF) is a not for profit organisation that works in partnership with key stakeholders to co-ordinate business, innovation and trade support within Buckinghamshire. Its mission is to foster the conditions that encourage businesses to invest, grow and thrive in Buckinghamshire. The Council has a Service Level Agreement with BBF and contributed £0.413m (2017/18 £0.525m) towards operating costs and an additional £0.044m (2017/18 £0.6m) towards administration of the BDUK Broadband Project

## **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. During 2018/19 the Council has made a contribution towards operating costs of £0.07m (2017/18 £0.55m).

## **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 seven business leaders. The BTVLEP became incorporated on 31<sup>st</sup> March 2019. The Council has made a contribution of £0.09m (2017/18 £0.19m) and been reimbursed £0.12m (2017/18 £0.08m) for services provided to the BTVLEP. In addition BTVLEP funding had available new funds to be used to pump prime of £11.879m (2017/18 £10.874m) for strategic capital infrastructure projects. As at 31 March 2019 £14.17m (2017/18 £22.00m) 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 2018/19 was £0.62m (2017/18 £0.63m).

## **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 (SCC). The joint service is hosted by Surrey County Council, and provides trading standards services across the two counties. During 2018/19 the joint service fee paid by BCC to SCC totalled £0.899m (2017/18 £0.941m)

## **HR and Legal Shared Service Arrangement**

The Council has an Inter Authority Agreement with the 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 Councils under this agreement, which also involves 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. These arrangements will be terminating in September 2019 following a Cabinet decision to exit the Inter Authority Agreement. During 2018/19 BCC paid fees of £3.91m (£4.461m in 2017/18) and received income of £0.0m (£0.203m in 2017/18) under this arrangement.

### **Aylesbury Garden Town**

A partnership between AVDC, BCC, two LEPs (Buckinghamshire Thames Valley LEP and South East Midlands LEP) and Buckinghamshire Advantage Ltd. Garden Town status provides the support to better plan and develop already proposed housing, and ensure new and existing development within the town works well together. There was no BCC financial contribution in 18/19.

### **England's Economic Heartland (EEH)**

EEH coordinates the work of local authorities and Local Enterprise Partnerships to develop transport proposals for the Cambridge/Milton Keynes/Oxford corridor. In 2018/19 BCC contributed £0.05m (£0.13m in 2017/18). As at 31 March 2019 the Council holds £0.916m (£0.71m on the 31<sup>st</sup> March 2018) on behalf of EEH.

### **East West Rail Consortium**

A group of 30 local authorities and businesses with an interest in improving access to and from East Anglia and the Milton Keynes South Midlands growth area. BCC has the role of the accountable body for the Strategic Board (Western Section). Buckinghamshire County Council's element of the funding in 2018/19 was £1.0m (£1.0m in 2017/18.)

# Notes to the Accounts

## 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 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 2018/19 was as follows:

	Employee Name	Salary,	Pension	2018/19 Total	2017/18 Total
		Fees and Allowances	Contrib'ns		
		£	£	£	£
Chief Executive	Rachel Shimmin	216,506	57,158	273,664	252,148
Director of Finance and Procurement (s151 Officer)	Richard Ambrose	121,170	31,989	153,159	151,736
Director of Public Health		125,807	18,091	143,898	143,898
<b>Resources</b>					
Executive Director (Resources)	Sarah Ashmead	153,023	39,407	192,430	146,209
<b>Transport Economy and Environment</b>					
Executive Director (TEE)		114,733		114,733	140,417
<b>Children's Services</b>					
Executive Director (Children's Services)	Tolis Vouyioukas	166,300	43,824	210,124	94,950
<b>Communities, Health &amp; Adult Social Care</b>					
Executive Director (CHASC)	Gillian Quinton	171,118	44,269	215,387	196,654
Executive Director (CHASC)*					170,640
Executive Director (CHASC and Children's)*					173,482
		<b>1,068,657</b>	<b>234,738</b>	<b>1,303,395</b>	<b>1,470,133</b>

\*Interim posts during 2017/18

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:

	2017/18			2018/19		
	Non Schools	Schools	Total	Non Schools	Schools	Total
£50,000 - £54,999	72	58	130	93	61	154
£55,000 - £59,999	38	57	95	30	45	75
£60,000 - £64,999	30	37	67	39	31	70
£65,000 - £69,999	21	20	41	29	24	53
£70,000 - £74,999	8	10	18	14	12	26
£75,000 - £79,999	5	7	12	6	5	11
£80,000 - £84,999	4	4	8	5	7	12
£85,000 - £89,999	5	2	7	4	1	5
£90,000 - £94,999	2	1	3	2	2	4
£95,000 - £99,999	4	-	4	2	-	2
£100,000 - £104,999	3	-	3	1	-	1
£105,000 - £109,999	2	-	2	1	-	1
£110,000 - £114,999	2	-	2	3	-	3
£115,000 - £119,999	2	-	2	1	-	1
£120,000 - £124,999	1	-	1	2	-	2
£125,000 - £129,999	2	-	2	1	-	1
£130,000 - £134,999	-	1	1	1	-	1
£135,000 - £139,999	1	-	1	-	-	-
£140,000 - £149,999	-	-	-	-	-	-
£150,000 - £154,999	-	-	-	-	-	-
£155,000 - £159,999	1	-	1	2	-	2
£160,000 - £164,999	1	-	1	-	-	-
£170,000 - £174,999	-	-	-	-	-	-
£175,000 - £179,999	-	-	-	2	-	2
£180,000 - £184,999	-	-	-	1	-	1
£185,000 - £189,999	-	-	-	-	-	-
£190,000 - £194,999	-	-	-	-	-	-
£195,000 - £199,999	1	-	1	-	-	-
£200,000 - 219,999	-	-	-	1	-	1
	<b>205</b>	<b>197</b>	<b>402</b>	<b>240</b>	<b>188</b>	<b>428</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 2018/19, incurring liabilities of £1.063m (2017/18 £0.760m). 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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000	2018/19 £000
£0 - £19,999	5	13	49	52	54	65	303	444
£20,000 - £39,999	1		10	11	12	11	363	335
£40,000 - £59,999	1		1	2	1	2	94	95
£60,000 - £79,999				1		1		64
£80,000 - £99,999								
£100,000-£199,999				1		1		125
	<b>7</b>	<b>13</b>	<b>60</b>	<b>67</b>	<b>67</b>	<b>80</b>	<b>760</b>	<b>1,063</b>

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

The NHS Pension Scheme is an unfunded multi-employer defined benefit scheme administered by NHS Pensions that covers NHS employers. In 2018/19 the Council paid an estimated £0.162m to NHS Pensions in respect of public health staff retirement benefits (2017/18 £0.163m). The expected contribution to be paid by the Council in relation to the NHS Pension Scheme for 2019/20 is estimated around £0.129m. This is charged to the Health & Wellbeing line in the CIES.

The arrangements for the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is 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 31 Prior Period Adjustment)
- **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:

<b>2017/18 restated</b>		<b>2018/19</b>
<b>£000</b>	<b>Cost of Services</b>	<b>£000</b>
45,367	Service Cost (comprising)	47,426
49,447	- current service cost	48,705
286	- past service costs	599
(4,366)	- settlements and curtailments	(1,878)
759	Administration expenses	711
	<b>Financing and Investment Income and Expenditure</b>	
21,213	Net interest on the defined liability	19,436
<b>67,339</b>	<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>67,573</b>

## Notes to the Accounts

2017/18 restated	Other Comprehensive Income and Expenditure	2018/19
£000	Remeasurement of the defined benefit liability, comprising:	£000
24,106	Return on plan assets in excess of interest Actuarial gains and losses	22,488
29,484	Change in Financial assumptions Change in demographic assumptions Experience gain/loss on defined benefit obligation	(58,160) 94,747
<b>53,590</b>	<b>Total Post Employment Benefit charged to the CIES</b>	<b>59,075</b>

2017/18 restated	Movement in Reserves Statement	2018/19
£000		£000
(67,339)	Reversal of net charges made to the Surplus/Deficit for the Provision of Services for post employment benefits in accordance with the Code	(67,573)
35,383	Actual amount charged against the General Fund balance employers' contributions payable in year to the scheme	37,813

The change in financial assumptions has resulted in a loss of £58.160m in respect of pensions liabilities (as shown above).

### Pension Assets and Liabilities recognised in the Balance Sheet Restated

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:

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	(1,204,552)	(1,161,635)	(1,511,758)	(1,546,590)	(1,568,152)
Fair value of plan assets	650,900	649,915	783,865	836,822	882,239
<b>Net liability on Fund</b>	<b>(553,652)</b>	<b>(511,720)</b>	<b>(727,893)</b>	<b>(709,768)</b>	<b>(685,913)</b>
Present value of unfunded obligation	(77,511)	(71,823)	(76,348)	(72,839)	(67,379)
<b>Net liability in Balance Sheet</b>	<b>(631,163)</b>	<b>(583,543)</b>	<b>(804,241)</b>	<b>(782,607)</b>	<b>(753,292)</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 2.4% (2017/18 2.55%) 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>2017/18 restated</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(1,588,106)	<b>Opening balance at 1 April</b>	(1,619,429)
(49,447)	Current service cost	(48,705)
(286)	Past service costs, including curtailments	(599)
(42,499)	Interest cost	(40,810)
(7,627)	Contributions by scheme participants	(8,104)
	<b>Remeasurement gains and losses:</b>	
29,484	- change in financial assumptions	(58,160)
	- change in demographic assumptions	94,747
	- experience loss/(gain) on defined benefit obligation	
5,448	Liabilities extinguished on settlements	1,109
28,820	Estimated benefits paid net of transfers in	39,628
4,784	Unfunded pension payments	4,792
<b>(1,619,429)</b>	<b>Closing balance at 31 March</b>	<b>(1,635,531)</b>

# Notes to the Accounts

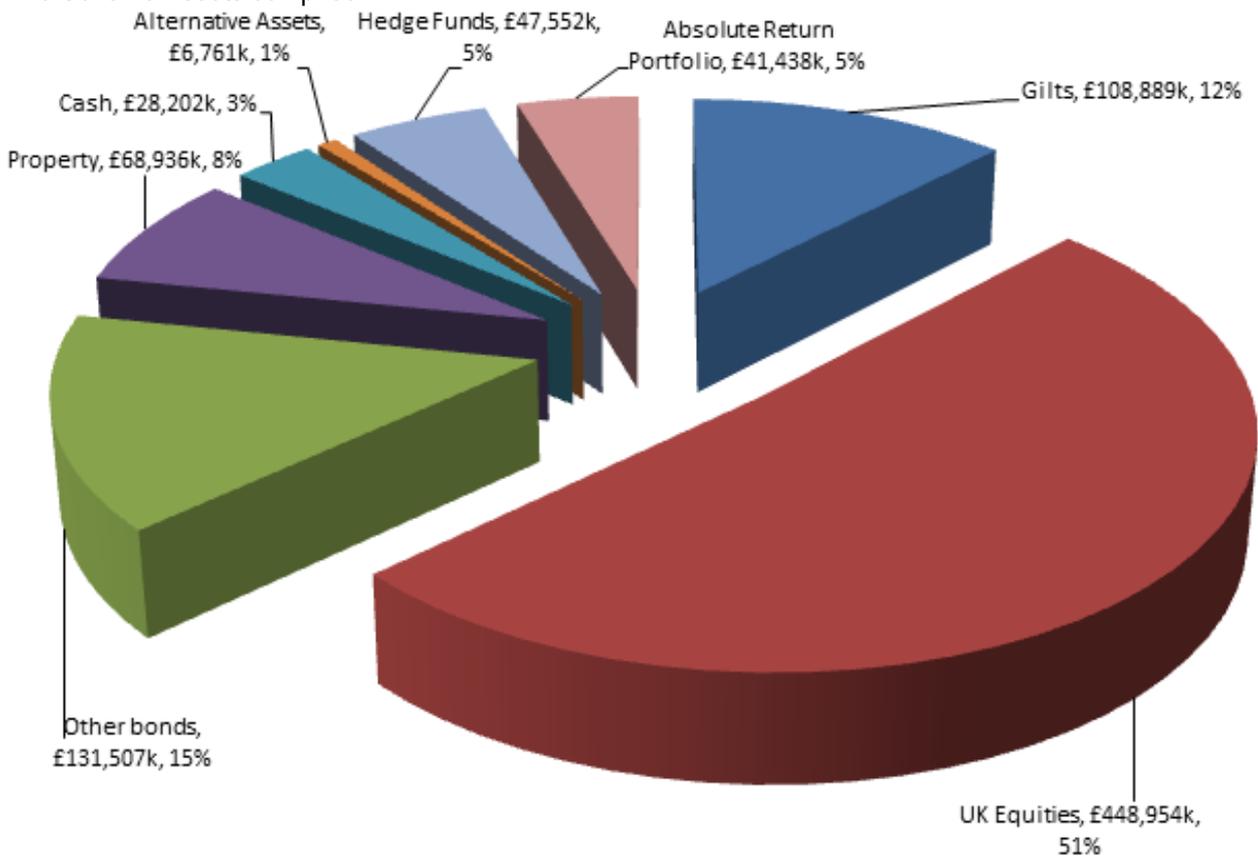
## Reconciliation of the movement in the fair value of the scheme (plan) assets

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

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

2017/18 restated £000		2018/19 £000
783,865	<b>Opening balance at 1 April</b>	836,822
21,286	Interest on assets	21,374
	Remeasurement gains and losses:	
24,106	- return on plan assets less the amount included in net interest expense	22,488
	- other actuarial gains/(losses)	
(759)	Administration expenses	(711)
35,383	Employer contributions	37,813
7,627	Contributions by scheme participants	8,104
(33,604)	Estimated benefits paid plus unfunded net of transfers in	(44,420)
(1,082)	Settlement prices received/(paid)	769
<b>836,822</b>	<b>Closing balance at 31 March</b>	<b>882,239</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:

2017/18	Mortality assumptions:	2018/19
£000	Longevity at 65 for current pensioners:	
24 years	■ Men	22.9 years
26.1 years	■ Women	24.8 years
	<b>Longevity at 65 for future pensioners:</b>	
26.2 years	■ Men	24.6 years
28.4 years	■ Women	26.6 years
	<b>Other assumptions:</b>	
3.4%	RPI Increases	3.40%
2.4%	CPI Increases	2.40%
3.9%	Rate of increase in salaries	3.90%
2.4%	Rate of increase in pensions	2.40%
2.6%	Rate for discounting scheme liabilities	2.40%
10.0%	Take-up option to convert annual pension into retirement lump sum	10.00%

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 only 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.

Sensitivity analysis		Present value of total obligation £000	Projected service cost £000
Current assumption	0.0%	1,635,531	49,221
Adjustment to discount rate	+0.1%	1,606,675	48,011
	-0.1%	1,664,935	50,463
Adjustment to long term salary increase	+0.1%	1,637,565	49,221
	-0.1%	1,633,513	49,221
Adjustment to pension increases and deferred revaluation	+0.1%	1,662,872	50,462
	-0.1%	1,608,666	48,010
Adjustment to mortality age rating assumption	+ 1 year	1,694,729	50,911
	- 1 year	1,578,407	47,587

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

## Notes to the Accounts

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- 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 of 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 £36m in 2019/20. The estimated duration of the Employer's liability is 18 years.

### **Pension guarantees**

In accordance with the terms of the Admission Agreement with the Adventure Learning Charity, 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. The Council has also provided Pension guarantees in relation to Action for Children, Bucks County Museum and Connexions

## 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 the 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 and 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.

## Notes to the Accounts

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 2018/19 is £6.455m (2017/18 £5.946m).

# Notes to the Accounts

## 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>Cost or Valuation</b>						
<b>At 1 April 2018</b>	<b>848,972</b>	<b>119,635</b>	<b>479,026</b>	<b>5,437</b>	<b>2,407</b>	<b>1,455,476</b>
Additions	15,098	1,291	46,964	340	150	63,843
Revaluation increases recognised in the Revaluation Reserve	28,176			744		28,920
Revaluation (decreases) recognised in the Revaluation Reserve	(1,357)					(1,357)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,771)			(697)		(11,468)
Derecognition - disposals	(2,047)	(2,248)		(265)		(4,560)
Derecognition - Academies	(2,182)					(2,182)
Derecognition - other	(3,254)					(3,254)
Assets reclassified	(6,087)			6,085		(2)
<b>At 31 March 2019</b>	<b>866,548</b>	<b>118,678</b>	<b>525,990</b>	<b>11,644</b>	<b>2,557</b>	<b>1,525,416</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2018	(43,765)	(9,047)	(98,371)	(1,485)	-	(152,468)
Depreciation charge	(20,608)	(4,170)	(12,907)		-	(37,685)
Depreciation written out to the Revaluation Reserve	18,225			178		18,403
Derecognition - disposals	355	2,229		50	-	2,634
Derecognition - other	(1,385)					(1,385)
Assets reclassified	3,750			(3,742)	-	8
<b>At 31 March 2019</b>	<b>(43,428)</b>	<b>(10,988)</b>	<b>(111,278)</b>	<b>(4,999)</b>	<b>-</b>	<b>(170,693)</b>
<b>Net Book Value</b>						
as at 31 March 2019	823,119	107,690	414,712	6,646	2,557	1,354,724
as at 1 April 2018	805,206	110,588	380,655	3,953	2,407	1,303,009

The main movements include revaluation increases of £47.323m (made up of gross valuation of £28.920 and accumulated depreciation of £18.403).

## 2017/18 Comparative Figures

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>						
<b>At 1 April 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>
Additions	14,378	1,054	32,763	158	1,759	50,112
Revaluation increases recognised in the Revaluation Reserve	44,723	-	-	193	-	44,917
Revaluation (decreases) recognised in the Revaluation Reserve	(2,684)	-	-	(97)	-	(2,781)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(23,409)	-	-	(7)	-	(23,416)
Derecognition - disposals	(30,495)	(6,079)	-	-	-	(36,573)
Derecognition - other	(1,538)	0	0	0	0	(1,538)
Assets reclassified	(2,008)	-	-	1,469	-	(539)
<b>At 31 March 2018</b>	<b>848,972</b>	<b>119,635</b>	<b>479,026</b>	<b>5,437</b>	<b>2,407</b>	<b>1,455,476</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2017</b>	<b>(46,577)</b>	<b>(10,816)</b>	<b>(86,283)</b>	<b>(1,467)</b>	-	<b>(145,144)</b>
Depreciation charge	(21,584)	(4,062)	(12,088)	(74)	-	(37,808)
Depreciation written out to the Revaluation Reserve	20,632	-	-	165	-	20,797
Derecognition - disposals	3,597	5,831	-	-	-	9,428
Derecognition - other	200	-	-	-	-	200
Assets reclassified	166	-	-	(108)	-	58
<b>At 31 March 2018</b>	<b>(43,565)</b>	<b>(9,047)</b>	<b>(98,371)</b>	<b>(1,485)</b>	-	<b>(152,468)</b>
<b>Net Book Value</b>						
as at 31 March 2018	805,406	110,588	380,655	3,953	2,407	1,303,009
as at 1 April 2017	803,427	113,843	359,979	2,254	648	1,280,150

# Notes to the Accounts

## Capital Commitments

Project	Type of Contract	Name of Contractor	Contract Value £000	Amount Outstanding at 31st March 2019 £000
Aylesbury Satellite Secondary School	Construction	BAM construction	22,463	9,542
Bierton CE Combined School	Construction	Borras Construction	3,573	2,346
Chesham Grammar School	Construction	T&B Contractors	1,389	580
Daws Hill Primary School & Nursery	Construction	Morgan Sindall Construction & Infrastructure	6,438	5,045
Great Kimble CE School	Construction	Lengard Ltd	954	865
			<b>34,816</b>	<b>18,377</b>

At 31 March 2019, the Council has £18.377mm capital commitments for the construction or enhancement of Property, Plant, Equipment and Intangible Assets. Commitments as at 31 March 2018 were £25.948m.

## Revaluations

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations for 2018/19 have been carried out by RICS qualified external company, Carter Jonas. The effective date of valuation for the current year was 1 April 2018.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Surplus Assets £000
<b>Carried at historical cost:</b>		107,690	414,712	
<b>Valued at fair value as at:</b>				
31 March 2015	159,360			
31 March 2016	159,192			
31 March 2017	229,577			
31 March 2018	133,350			
31 March 2019	141,639			6,646
<b>Total Cost or Valuation</b>	<b>823,119</b>	<b>107,690</b>	<b>414,712</b>	<b>6,646</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 £239.246m as at 31 March 2018 (£237.732m as at 31 March 2017).

## 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 the 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>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
362,872	Opening Capital Financing Requirement	395,323
	<b>Capital Investment</b>	
50,248	Property, plant and equipment	63,911
37,538	Investment properties	78,761
868	Intangible assets	596
19,563	Revenue Expenditure Funded from Capital Under Statute	40,986
	<b>Source of Finance</b>	
(9,701)	Capital receipts	(3,734)
(55,428)	Government grants and other contributions	(84,762)
(4,691)	Direct revenue contributions	(14,019)
(5,946)	Minimum revenue provision	(6,455)
<b>395,323</b>	<b>Closing Capital Financing Requirement</b>	<b>470,607</b>
	Explanation of movements in year	
32,451	Increase/(decrease) in underlying need to borrowing (unsupported by government financial assistance)	75,284
<b>32,451</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>75,284</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.

## Notes to the Accounts

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>Kedermminster 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>
<b>Valuation</b>				
1 April 2018	<b>787</b>	<b>1,056</b>	<b>5,681</b>	<b>7,524</b>
<b>31 March 2019</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

#### Kedermminster Library and Pew

Kedermminster 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 Kedermminster 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. 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.

### 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 £0.773m charged to revenue in 2018/19 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:

2017/18		2018/19
£000		£000
	<b>Balance at start year:</b>	
9,172	Gross carrying amounts	4,427
(6,783)	Accumulated amortisation	(2,163)
	<b>Net carrying amount at start of year</b>	
868	Purchases	596
(5,613)	Disposals	(912)
5,613	Accumulated amortisation written out on disposal	912
(992)	Amortisation for the period	(773)
<b>2,264</b>	<b>Net carrying amount at end of year</b>	<b>2,088</b>
	Comprising:	
4,427	Gross carrying amounts	4,111
(2,163)	Accumulated amortisation	(2,024)
<b>2,264</b>		<b>2,088</b>

## 19 - Investment Property

Investment properties are those that are used solely to earn rental income 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

## Notes to the Accounts

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:

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(4,566)	Rental income from Investment Property	(7,901)
144	Direct operating expenses arising from Investment Property	982
(9,122)	Revaluation gains and losses	11,706
(1,197)	Profit or loss on disposal of Investment Property	
<b>(14,741)</b>	<b>Balance outstanding at year end</b>	<b>4,787</b>

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
83,819	Balance at start of the year	130,812
37,675	Additions	78,830
(230)	Disposals	(4,173)
9,122	Net gains / loses from fair value adjustments	(11,706)
426	Transfers to / from Property, Plant and Equipment	(713)
<b>130,812</b>	<b>Balance outstanding at year end</b>	<b>193,050</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 2018			Other Significant Fair Value as Observable at 31 March 2019	
Inputs (Level 2)			Inputs (Level 2)	
42,575	42,575	Residential Property (market rental)	38,628	38,628
88,236	88,236	Commercial Units	154,420	154,420
<b>130,811</b>	<b>130,811</b>	<b>Total</b>	<b>193,048</b>	<b>193,048</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.

2017/18		2018/19
£000		£000
1,071	<b>Balance outstanding at start of the year:</b>	1,278
	<b>Assets newly classified as held for sale:</b>	
55	Property, Plant and Equipment	707
940	Revaluation gains	378
(12)	Depreciation	(11)
	<b>Assets declassified as held for sale:</b>	
(776)	Assets sold	(702)
<b>1,278</b>	<b>Balance outstanding at year end</b>	<b>1,650</b>

## 21 - Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Assets

To meet new Code requirements, financial assets are now classified into one of three categories:

- Financial Assets
- Fair value Through Other Comprehensive Income (FVOCI)

## Notes to the Accounts

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- Fair Value Through Profit and Loss (FVTPL)

### **Financial Assets**

Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

### **Fair value Through Other Comprehensive Income**

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

### **Fair Value Through Profit and Loss**

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

### **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	Short Term	Long Term	Short Term
	31 March	31 March	31 March	31 March
	2018	2018	2019	2019
	£000	£000	£000	£000
<b>Investments</b>				
<b>Loans and Receivables:</b>				
Cash and Cash Equivalents	-	1,927		
Temporary Loans	-	1,927		
Loans to Local Authority companies and other entities	185	-		
Investments	576	89		
Available for sale Financial Assets	-	23,448		
<b>Total Investments</b>	<b>761</b>	<b>27,391</b>		
<b>Trade and Other Receivables</b>				
Loans and Receivables	13,454	41,100		
<b>Total Trade and Other Receivables</b>	<b>13,454</b>	<b>41,100</b>		
<b>Less Statutory Items to be Excluded</b>				
Payments in Advance	-	(3,752)		
Collection Fund Adjustment	-	(6,126)		
Her Majesty's Revenue and Customs (HMRC)	-	(6,394)		
<b>Total to be Deducted from Loans and Receivables</b>	<b>-</b>	<b>(16,272)</b>	<b>-</b>	<b>-</b>
<b>Total Value of Assets</b>	<b>14,215</b>	<b>52,219</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Amortised Costs</b>				
Cash and Cash Equivalents				919
Temporary Loans				2,231
Loans to Local Authority companies and other entities			170	
Loans and Receivables			10,849	45,447
Payments in Advance				(4,522)
Collection Fund Adjustment				(9,281)
Her Majesty's Revenue and Customs (HMRC)				(7,127)
Investments			2,088	11,919
<b>Total Financial Assets at Amortised Costs</b>			<b>13,107</b>	<b>39,586</b>
<b>Fair Value Through Profit and Loss</b>				
Investments				12,070
<b>Total Fair Value Through Profit and Loss</b>			<b>-</b>	<b>12,070</b>
<b>Total Value of Assets</b>	<b>14,215</b>	<b>52,219</b>	<b>13,107</b>	<b>51,656</b>
<b>Borrowings</b>				
Financial Liabilities at Amortised Cost	(167,951)	(45,333)	(260,610)	(47,945)
<b>Total Borrowings</b>	<b>(167,951)</b>	<b>(45,333)</b>	<b>(260,610)</b>	<b>(47,945)</b>
<b>Trade and Other Payables</b>				
Financial Liabilities at Amortised Cost	-	(106,802)	-	(114,226)
<b>Total Trade and Other Payables</b>	<b>-</b>	<b>(106,802)</b>	<b>-</b>	<b>(114,226)</b>
<b>Less Statutory Items to be Excluded</b>				
Receipts in Advance and Deferred Income	-	15,715	-	17,654
Collection Fund Adjustment	-	4,964	-	3,269
Her Majesty's Revenue and Customs (HMRC)	-	4,631	-	30
<b>Total to be Deducted from Liabilities</b>	<b>-</b>	<b>25,310</b>	<b>-</b>	<b>20,953</b>
<b>Total Value of Liabilities</b>	<b>(167,951)</b>	<b>(126,825)</b>	<b>(260,610)</b>	<b>(141,218)</b>

## Income, Expenditure, Gains and Losses

	2017/18				2018/19			
	measured at amortised cost	Financial Assets: Loans and receivables	Financial Assets: Available for sale	Total	Financial Liabilities 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	10,074			10,074	9,016	28,748		37,764
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>10,074</b>	<b>-</b>	<b>-</b>	<b>10,074</b>	<b>9,016</b>	<b>28,748</b>	<b>-</b>	<b>37,764</b>
Interest Income		(2,293)	(349)	(2,642)		(2,289)	(349)	(2,638)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(2,293)</b>	<b>(349)</b>	<b>(2,642)</b>	<b>-</b>	<b>(2,289)</b>	<b>(349)</b>	<b>(2,638)</b>
Gains on revaluation			(278)	(278)			(336)	(336)
Losses on revaluation				-				-
Amounts recycled to the Surplus or Deficit on the Provision of Services				-				-
<b>Surplus / Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(278)</b>	<b>(278)</b>	<b>-</b>	<b>-</b>	<b>(336)</b>	<b>(336)</b>
<b>Net loss/(gain) for the year</b>	<b>10,074</b>	<b>(2,293)</b>	<b>(627)</b>	<b>7,154</b>	<b>9,016</b>	<b>26,459</b>	<b>(685)</b>	<b>34,790</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.

Recurring fair value measurements using:

	2017/18				2018/19			
	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 2018	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 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Investments	6,122	18,239		24,361	6,217	5,853		12,070
<b>Total</b>	<b>6,122</b>	<b>18,239</b>	<b>-</b>	<b>24,361</b>	<b>6,217</b>	<b>5,853</b>	<b>-</b>	<b>12,070</b>

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

	31 March 2018			31 March 2019		
	Other significant observable inputs (level 2) £000	Significant unobservable inputs (level 3) £000	Total £000	Other significant observable inputs (level 2) £000	Significant unobservable inputs (level 3) £000	Total £000
<b>Financial liabilities</b>						
Loans/borrowings	(274,663)	-	(274,663)	327,458	-	327,458
<b>Total</b>	<b>0</b>	<b>-</b>	<b>(274,663)</b>	<b>327,458</b>	<b>-</b>	<b>327,458</b>
<b>Financial assets</b>						
Other loans and receivables	665	-	665	14,158	-	14,158
Soft Loans	-	2,688	2,688	-	2,401	2,401
Other Long-term Debtors	-	13,454	13,454	-	10,849	10,849
<b>Total</b>	<b>665</b>	<b>16,142</b>	<b>16,807</b>	<b>14,158</b>	<b>13,250</b>	<b>27,408</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).

# Notes to the Accounts

## 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.

Cash Limits (per counterparty)			
Credit Rating	Banks Unsecured	Banks Secured	Government
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 2019 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2019 %	Estimated maximum exposure to default and uncollectability at 31 March 2019 £000	Estimated maximum exposure at 31 March 2018 £000
	A	B	C	(A x C)	
Deposits with banks and financial institutions	5,476	0.006%	0.009%	0.49	1.64
Customers	15,812	3.134%	10.966%	1,734.00	1,793.00
				<b>1,734.49</b>	<b>1,794.64</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 £15.812m (2017/18 £17.565m) balance, £14.575m (2017/18 £11.977m) 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 £1.734m (2017/18 £1.793m) to be made in respect of these trade receivables.

The Council does not generally allow credit for customers, such that £8.979m of the £15.870m balance is past its due date for payment. The past due amount can be analysed by age as follows:

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
5,349	Less than three months	3,956
854	Three to six months	771
1,442	Six months to one year	684
3,070	More than one year	3,569
<b>10,715</b>		<b>8,979</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.

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
45,343	Less than one year	15,146
9,173	Between one and two years	5,962
16,672	Between two and five years	28,334
142,106	More than five years	226,315
<b>213,294</b>		<b>275,757</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.

## Notes to the Accounts

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:

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
(252)	Increase in interest payable on variable rate borrowings	(196)
197	Increase in interest receivable on variable rate investments	69
<b>(55)</b>	<b>Impact on Surplus/Deficit on the Provision of Services</b>	<b>(127)</b>
(44,310)	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)	(44,145)

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

### 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.. 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.

## 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 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
1,927	Bank current accounts	919
<b>1,927</b>	<b>Total Cash and Cash Equivalents</b>	<b>919</b>

## 24 - Trade and Other Receivables and Payables

### Short Term Trade and Other Receivables

31 March 2018		1 April 2018*	31 March 2019
£000		£000	£000
810	Central Government bodies		878
6,394	HM Revenue and Customs		7,127
464	Other local authorities and NHS		1,712
7,705	Collection Fund adjustment		9,281
23,768	Sundry Trade and Other Receivables		23,661
3,752	Payments in advance		4,522
<b>42,893</b>	<b>Total</b>	<b>47,181</b>	<b>47,181</b>
(1,793)	Impairment Loss Allowance	(2,279)	(1,734)
<b>41,100</b>	<b>Total Short Term Trade and Other Receivables</b>	<b>44,902</b>	<b>45,447</b>

\*To meet the new code requirements, provision for doubtful debt has now been re-categorised as Impairment Loss Allowance which has resulted in a new 2018/19 opening balance. Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

# Notes to the Accounts

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## Long Term Trade and Other Receivables

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
12,012	Reprovisioning of Adult Social Care	10,834
483	Finance lease	
959	Other Long Term Trade and Other Receivables	15
<b>13,454</b>	<b>Total Long Term Trade and Other Receivables</b>	<b>10,849</b>

## Short Term Trade and Other Payables

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
(4,631)	HM Revenue and Customs	(30)
(1,070)	Central Government bodies	(1,049)
(4,269)	Other local authorities and NHS	(4,156)
(3,618)	Collection Fund adjustment	(3,269)
(28,413)	Deposits from contractors and others	(28,886)
(41,746)	Other sundry creditors	(49,592)
(15,715)	Receipts in advance and deferred income	(17,654)
(7,340)	Capital expenditure	(9,590)
<b>(106,802)</b>	<b>Total</b>	<b>(114,226)</b>

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## 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 2019:

	Long Term Provisions			Total £000
	Insurance	National Non-Domestic Rates	Other	
	£000	£000	£000	
<b>1 April 2018</b>	<b>(5,644)</b>	<b>(1,162)</b>	<b>(205)</b>	<b>(7,011)</b>
Additional provisions made		(1,865)	(152)	(2,017)
Amounts used				-
Unused amounts reversed				-
<b>Balance at 31 March 2019</b>	<b>(5,644)</b>	<b>(3,027)</b>	<b>(357)</b>	<b>(9,028)</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.

2017/18 Restated*		2018/19
£000		£000
(418,543)	Revaluation Reserve	(464,887)
(622,649)	Capital Adjustment Account	(619,328)
3,817	Financial Instruments Adjustment Account	31,831
(14,058)	Deferred Capital Receipts Reserve	(11,138)
782,607	Pensions Reserve	753,292
(2,925)	Collection Fund Adjustment Account	(2,984)
6,904	Accumulated Absences Account	4,682
(1,122)	Available for Sale Financial Instruments Reserve	-
-	Financial Instrument Revaluation Reserve	(1,217)
<b>(265,969)</b>	<b>Total Unusable Reserves</b>	<b>(309,749)</b>

## Notes to the Accounts

### 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.

2017/18		2018/19
£000		£000
(363,901)	<b>Balance at 1 April</b>	<b>(418,543)</b>
(67,110)	Upward revaluation of assets	(47,701)
3,290	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,357
<b>(63,820)</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	<b>(46,344)</b>
4,902	Difference between fair value depreciation and historical cost depreciation	
4,276	Accumulated gains on assets sold or scrapped	
<b>9,178</b>	Amount written off to the Capital Adjustment Account	-
<b>(418,543)</b>	<b>Balance at 31 March</b>	<b>(464,887)</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.

2017/18 restated		2018/19
£000		£000
<b>(638,116)</b>	<b>Balance as restated as at 1 April</b>	<b>(622,649)</b>
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
37,820	- Charges for depreciation and impairment of non-current assets	37,696
24,954	- Revaluation losses on Property, Plant and Equipment	16,281
(9,122)	- Movements in the market value of Investment Properties	11,706
992	- Amortisation of intangible assets	773
19,563	- Revenue Expenditure Funded from Capital Under Statute	40,987
28,164	- Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	8,985
<b>102,372</b>		<b>116,427</b>
	Adjusting amounts written out of the Revaluation Reserve:	
(9,178)	- Net written out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year:	
(9,701)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(3,734)
(54,421)	- Capital grants and contributions credited to the CIES that have been applied to capital financing	(84,421)
(1,007)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(2,517)
(5,946)	- Statutory provision for the financing of capital investment charged against the General Fund balance	(6,455)
(1,961)	- Voluntary provision for the financing of capital investment charged against the General Fund balance	(1,961)
(4,691)	- Capital expenditure financed from the General Fund	(14,019)
<b>(86,905)</b>		<b>(113,107)</b>
<b>(622,649)</b>	<b>Balance at 31 March</b>	<b>(619,328)</b>

# Notes to the Accounts

## 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.

2017/18		2018/19
£000		£000
<b>1,923</b>	<b>Balance at 1 April</b>	<b>3,817</b>
2,088	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	28,748
(194)	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	(734)
<b>1,894</b>		<b>28,014</b>
<b>3,817</b>	<b>Balance at 31 March</b>	<b>31,831</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.

2017/18		2018/19
£000		£000
<b>(15,800)</b>	<b>Balance at 1 April</b>	<b>(14,058)</b>
7	Write-down / impairment of benefit	
234	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,358
1,501	Transfer to the Capital Receipts Reserve upon receipt of cash	1,562
<b>(14,058)</b>	<b>Balance at 31 March</b>	<b>(11,138)</b>

## 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.

2017/18 restated		2018/19
£000		£000
<b>804,241</b>	<b>Balance at 1 April</b>	<b>782,607</b>
(53,590)	Actuarial gains and losses on pensions assets and liabilities	(59,075)
67,339	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	67,573
(35,383)	Employer's pension contributions and direct payments to pensioners payable in the year	(37,813)
<b>782,607</b>	<b>Balance at 31 March</b>	<b>753,292</b>

## 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.

2017/18		2018/19
£000		£000
(3,831)	<b>Balance at 1 April</b>	(2,925)
399	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	871
507	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	(930)
<b>(2,925)</b>	<b>Balance at 31 March</b>	<b>(2,984)</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.

2017/18		2018/19
£000		£000
7,058	<b>Balance at 1 April</b>	6,904
(7,058)	Settlement or cancellation of accrual made at the end of the preceding year	(6,904)
6,904	Amounts accrued at the end of the current year	4,682
(154)	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	(2,222)
<b>6,904</b>	<b>Balance at 31 March</b>	<b>4,682</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.

2017/18		2018/19
£000		£000
(844)	<b>Balance at 1 April</b>	(1,122)
(278)	Fair Value adjustments on Available for Sale Financial Instruments	1,122
<b>(1,122)</b>	<b>Balance at 31 March</b>	-

### Financial Instrument Revaluation Reserve

## Notes to the Accounts

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The Financial Instrument Revaluation 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
	<b>Balance at 1 April</b>	<b>(1,122)</b>
	Fair Value adjustments on Available for Sale Financial Instruments	(95)
<hr/>	<b>Balance at 31 March</b>	<hr/> <b>(1,217)</b> <hr/>

**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>2017/18</b>		<b>2018/19</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	66
12	Fees payable for the certification of grant claims and returns for the year	12
	Fees payable in respect of other services provided during the year	
<b>100</b>	<b>Total</b>	<b>78</b>

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

<b>2017/18 Restated</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
<b>34,847</b>	Net (surplus) or deficit on the provision of services	<b>61,662</b>
	<b>Adjustments for non-cash movements</b>	
(62,787)	■ Depreciation, impairment and downward valuations	(53,977)
9,122	■ Changes in fair value of Investment Properties	(11,706)
(992)	■ Amortisations	(773)
(413)	■ Increase in impairment for provision of bad debts	59
(9,513)	■ Increase / decrease in creditors	(7,424)
(10,637)	■ Increase /decrease in debtors	1,684
(142)	■ Increase / decrease in inventories	31
(31,956)	■ Movement in Pension liability	(29,760)
(28,151)	■ Carrying amount of non-current assets sold or derecognised	(8,985)
(70)	■ Other non-cash items charged to the net Surplus or Deficit on the provision of services	(2,017)
<b>(135,540)</b>		<b>(112,868)</b>
	<b>Adjustment for items that are Investing and Financing activities</b>	
8,061	■ Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,087
66,692	■ Any other items for which the cash effects are investing or financing activities	87,646
<b>74,753</b>		<b>88,733</b>
<b>(25,939)</b>	<b>Net cash flows from Operating Activities</b>	<b>37,527</b>

# Notes to the Accounts

## 29 - Pooled Budgets

### Better Care Fund

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

2017/18		2018/19
£000		£000
	<b>Expenditure</b>	
34,466	Better Care Fund	35,437
	<b>Total Expenditure</b>	
	<b>Income</b>	
(6,538)	Contribution from Buckinghamshire County Council	(6,979)
(312)	Contribution from Milton Keynes Clinical Commissioning Group	(318)
(13,144)	Contribution from Aylesbury Vale Clinical Commissioning Group	(28,140)
(14,472)	Contribution from Chiltern Clinical Commissioning Group	
<b>(34,466)</b>	<b>Total Income</b>	<b>(35,437)</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.

2017/18		2018/19
£000		£000
	<b>Expenditure</b>	
8,183	Integrated mental health provision	8,251
	<b>Total Expenditure</b>	
	<b>Income</b>	
(2,725)	Contribution from Buckinghamshire County Council	(2,751)
(5,458)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(5,500)
<b>(8,183)</b>	<b>Total Income</b>	<b>(8,251)</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.

2017/18		2018/19
£000		£000
	<b>Expenditure</b>	
6,585	Children and adolescence mental health services	7,089
	<b>Total Expenditure</b>	
	<b>Income</b>	
(1,621)	Contribution from Buckinghamshire County Council	(1,599)
(1,914)	Contribution from Aylesbury Vale Clinical Commissioning Group	(5,490)
(3,050)	Contribution from Chiltern Clinical Commissioning Group	
<b>(6,585)</b>	<b>Total Income</b>	<b>(7,089)</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>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
7,821	Community Equipment Loan Service (CELS)	8,299
	<b>Total Expenditure</b>	
	<b>Income</b>	
(2,466)	Contribution from Buckinghamshire County Council	(2,591)
(2,423)	Contribution from Aylesbury Vale Clinical Commissioning Group	(5,708)
(2,932)	Contribution from Chiltern Clinical Commissioning Group	
<b>(7,821)</b>	<b>Total Income</b>	<b>(8,299)</b>

**Section 117 Aftercare**

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
10,603	Section 117	15,409
<b>10,603</b>	<b>Total Expenditure</b>	<b>15,409</b>
	<b>Income</b>	
(5,726)	Contribution from Buckinghamshire County Council	(7,942)
(4,877)	Contribution from Aylesbury Vale Clinical Commissioning Group	(7,467)
<b>(10,603)</b>	<b>Total Income</b>	<b>(15,409)</b>

**Integrated Therapies Contract (SALT, OT and Physiotherapy)**

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
3,780	Integrated Therapies Contract (commenced 1.4.2017)	3,764
	<b>Total Expenditure</b>	
	<b>Income</b>	
(1,726)	Contribution from Buckinghamshire County Council	(1,717)
(2,054)	Contribution from Chiltern Clinical Commissioning Group	(2,047)
<b>(3,780)</b>	<b>Total Income</b>	<b>(3,764)</b>

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

# Notes to the Accounts

2017/18		2018/19
£000	Other Pooled Budget Arrangements	£000
2,870	Integrated Mental Health Provision for Older People Agreement	2,880
2,215	Residential Respite Short Breaks Pooled Fund	2,179
1,958	Speech and Language Therapy	

## 30 - 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 £6.397m (2017/18 £6.397m). 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 2018		31 March 2019
£000		£000
9,591	Other Land and Buildings	6,397
<b>9,591</b>	<b>Finance Lease Net Book Value</b>	<b>6,397</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 2018		31 March 2019
£000		£000
<b>830</b>	<b>Amounts paid during the year</b>	<b>675</b>
747	Not later than one year	710
1,048	Later than one year and not later than five years	1,099
734	Later than five years	2,799
<b>2,529</b>	<b>Total Estimated Future Payments</b>	<b>4,608</b>

The amounts paid in year comprise the following elements:

31 March 2018		31 March 2019
£000		£000
830	Minimum lease payments	675
<b>830</b>	<b>Total Amounts Paid In Year</b>	<b>675</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).

The gross investment is made up of the following amounts:

31 March 2018		31 March 2019
£000		£000
	Finance lease debtor (net present value of minimum lease payments):	
808	■ current	808
483	■ non-current	483
91	Unearned finance income	16
200	Unguaranteed residual value of property	200
<b>1,582</b>	<b>Gross investment in the lease</b>	<b>1,507</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 2018	31 March 2019		31 March 2019	31 March 2019
£000	£000		£000	£000
883	883	Not later than one year	883	883
700	700	Later than one year and not later than five years	500	500
		Later than five years		
<b>1,583</b>	<b>1,583</b>		<b>1,383</b>	<b>1,383</b>

The Council has granted a number finance leases to schools on obtaining Academy status for nil rentals. The value of buildings derecognised totals £239.246m 2018/19 (£237.732m 2017/18). Land is held at notional value only, no residual values are held in respect of buildings.

## Notes to the Accounts

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### 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:

<b>31 March 2018</b>		<b>31 March 2019</b>
<b>£000</b>		<b>£000</b>
1,531	Not later than one year	482
3,077	Later than one year and not later than five years	2,378
6,407	Later than five years	3,281
<hr/> <b>11,015</b> <hr/>		<hr/> <b>6,141</b> <hr/>

### 31 – Prior Period Adjustment

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#### The Teachers' Pension Scheme Restatement

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).

Within the prior year Buckinghamshire County Council statement of accounts the Teachers' Pension Scheme has been accounted for as a defined contribution scheme under section 6.4.1.7 of the 2018/19 CIPFA code of practice on local authority accounting. This treatment allows an authority whose pension plan provides defined pension benefits to its employees, but that is not able to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes to account for the pension plan as if it were a defined contribution plan.

The actuary is now able to produce an estimate of the Council's liability and therefore we are obligated to account for the Teachers' Pension Scheme as a defined benefit scheme. This has necessitated a restatement of prior year figures within the 2018/19 statement of accounts for comparison purposes to aid the users of the Council's statement of accounts.

This has resulted in an impact to the CIES of £10.518m, changing the Total Comprehensive Income and Expenditure Statement from £71.787m to £82.841m. This has also resulted in the Pensions Liability within the Balance Sheet being understated by £50.298m as at 1<sup>st</sup> April 2017 and £39.244 as at 31<sup>st</sup> March 2018. This has also had an opposite effect on the Unusable Reserves by the same amounts, therefore having a net nil effect on the Balance Sheet. These movements have also effected some of the notes throughout the accounts resulting in the 2017/18 figures to be restated.

The impact of these amendments is reflected in the tables below.

### **Recharges Restatement**

Within the Council's management accounting there are internal recharges between operating segments and historically these have been included within the Comprehensive Income and Expenditure Statement (CIES) in the statement of accounts.

Section 3.4.2.39 of the 2018/19 CIPFA code of practice on local authority accounting states

*"As the service segments in the Comprehensive Income and Expenditure Statement are not intended to cover the reporting requirements for IFRS 8 then transactions between segments are not permitted in the service analysis section of the Statement"*.

Therefore internal recharges between segments are no longer allowed to be included in the CIES and will be removed. This change has necessitated the restatement of the 2017/18 Comprehensive Income and Expenditure Statement. As these are internal recharges there is a net nil effect on the Cost of Service within the CIES. However there is a material impact to the segments within the CIES. The two main segments that are impacted are Resources, increasing the expenditure by £11.548m and Education and Skills decreasing the expenditure by £7.077m. These movements have also effected notes 1 and 2 resulting in the 2017/18 figures to be restated.

The impact of these amendments is reflected in the tables below.

### **Effect on the Comprehensive Income and Expenditure Statement 2017/18**

# Notes to the Accounts

2017/18			2017/18 Restated					
Gross Expenditure	Gross Income	Net Expenditure		Pensions Liability	Internal Recharges	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000	£000	£000
187,609	(51,409)	136,199	Health & Wellbeing	(1,295)	(1,518.5)	184,796	(51,409)	133,387
77,918	(7,239)	70,679	Children's Services	(1,338)	(2,184.1)	74,396	(7,239)	67,157
424,716	(335,016)	89,700	Education & Skills	(5,859)	(7,077.4)	411,780	(335,016)	76,764
37,330	(24,318)	13,013	Community Engagement	(613)	(197.6)	36,519	(24,318)	12,201
9,608	(1,976)	7,632	Leader	(410)	(214.3)	8,983	(1,976)	7,007
21,832	(8,153)	13,679	Planning & Environment	(369)	262.6	21,725	(8,153)	13,572
51,134	(6,591)	44,542	Resources	(1,941)	11,548.3	60,741	(6,591)	54,150
47,301	(7,916)	39,385	Transportation	(278)	(504.6)	46,519	(7,916)	38,603
1,550	(5,569)	(4,019)	Corporate Costs		(114)	1,436	(5,569)	(4,133)
<b>858,998</b>	<b>(448,188)</b>	<b>410,811</b>	<b>Cost of Services</b>	<b>(12,103)</b>	<b>(0.0)</b>	<b>846,895</b>	<b>(448,187)</b>	<b>398,708</b>
21,803		21,803	Other Operating Expenditure (Note 5)			21,803		21,803
29,933	(17,346)	12,587	Financing and Investment Income and Expenditure (Note 6)	1,317		31,250	(17,346)	13,904
-	(399,568)	(399,568)	Taxation and Non-Specific Grant Income (Note 7)			-	(399,568)	(399,568)
<b>910,734</b>	<b>(865,101)</b>	<b>45,633</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(10,786)</b>		<b>899,948</b>	<b>(865,101)</b>	<b>34,847</b>
		(63,820)	(Surplus) or Deficit on Revaluation of Non-Current Assets (Note 26)					(63,820)
		(278)	Surplus or deficit on revaluation of financial assets* (Note 26)					(278)
		(53,322)	Remeasurement of the defined benefit liability/ (asset) (Note 14)	268				(53,590)
		<b>(117,420)</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>268</b>				<b>(117,688)</b>
		<b>(71,787)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(10,518)</b>				<b>(82,841)</b>

## Effect on the Balance Sheet 2017/18

### Balance Sheet per 2017/18 Statement of Accounts

	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Present value of the defined benefit obligation	(1,211,823)	(1,168,307)	(1,511,758)	(1,555,403)
Fair value of plan assets	655,142	654,147	783,865	836,822
<b>Net liability on Fund</b>	<b>(556,681)</b>	<b>(514,160)</b>	<b>(727,893)</b>	<b>(718,581)</b>
Present value of unfunded obligation	(26,327)	(24,234)	(26,050)	(24,782)
<b>Net liability in Balance Sheet</b>	<b>(583,008)</b>	<b>(538,394)</b>	<b>(753,943)</b>	<b>(743,363)</b>

### Restated Balance Sheet

	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
Present value of the defined benefit obligation	(1,204,552)	(1,161,635)	(1,511,758)	(1,546,590)
Fair value of plan assets	650,900	649,915	783,865	836,822
<b>Net liability on Fund</b>	<b>(553,652)</b>	<b>(511,720)</b>	<b>(727,893)</b>	<b>(709,768)</b>
Present value of unfunded obligation	(77,511)	(71,823)	(76,348)	(72,839)
<b>Net liability in Balance Sheet</b>	<b>(631,163)</b>	<b>(583,543)</b>	<b>(804,241)</b>	<b>(782,607)</b>

### Pensions Liability Increase Effect on the Balance Sheet

	2014/15	2015/16	2016/17	2017/18
	<b>(48,155)</b>	<b>(45,149)</b>	<b>(50,298)</b>	<b>(39,244)</b>