

CHILTERN DISTRICT COUNCIL

King George V House, King George V Road, Amersham,
Buckinghamshire, HP6 5AW

Telephone: 01494 729000 **DX:** 50711

Fax: 01494 586506

Website: www.chiltern.gov.uk

Email: info@chiltern.gov.uk



Audit and Standards Committee

Thursday, 25th September, 2014 at 6.30 pm

**Large & Small Committee Room, King George V House, King George V Road,
Amersham**

REVISED AGENDA

(Items 4, 8 & 11 included)

- 1 Evacuation Procedures
- 2 Election of Chairman
To elect a Chairman for the remainder of the Municipal Year.
- 3 Appointment of Vice-Chairman
To appoint a Vice-Chairman for the remainder of the Municipal Year.
- 4 Minutes *(Pages 5 - 16)*
To agree the Minutes of the meetings of Standards Committee held on 12 June 2014 and Audit Committee held on 1 July 2014.
- 5 Apologies for Absence
- 6 Declarations of Interest
- 7 Audit & Standards Committee Terms of Reference *(Pages 17 - 20)*
Members are asked to note the Audit & Standards Committee Terms of Reference agreed at Full Council on 22 July 2014.
- 8 Final 2013/14 Statement of Accounts *(Pages 21 - 22)*
Appendix 1 (Pages 23 - 88)

Appendix 2 (Pages 89 - 100)

- 9 Internal Audit Progress Report *(Pages 101 - 106)*
- 10 Follow Up Review of Internal Audit Recommendations *(Pages 107 - 114)*
- 11 Audit Work Programme *(Pages 115 - 116)*
- 12 Standards Work Programme *(Pages 117 - 118)*
- 13 Exclusion of the Public (if required)

To resolve that under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act.

Note: All Reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman's discretion.

Membership: Audit and Standards Committee

Councillors: A K Bacon
A D Garnett
A J Garth
J L Gladwin
D G Meacock
D W Phillips
J S Ryman
Mrs L M Smith
J F Warder

Independent J Duffy
Persons: D Gleen
Mrs C Langley

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CHILTERN DISTRICT COUNCIL

**MINUTES of the Meeting of the
STANDARDS COMMITTEE**
held on **12 JUNE 2014**

PRESENT:

Councillor J F Warder - Chairman

Councillors: Miss P A Appleby
Mrs L M Smith

Independent Persons: D Gleen
Mrs C Langley

APOLOGIES FOR ABSENCE were received from Councillors N L Brown,
J S Ryman and R J Duffy

1 CHAIRMAN

RESOLVED –

That the appointment of Councillor J F Warder as Chairman of the Standards Committee for the remainder of the Municipal year, as noted at Annual Council on 13 May 2014, be agreed.

2 VICE-CHAIRMAN

The Committee decided that a permanent Vice-Chairman of the Committee was not required, and that one would be appointed for the duration of the meeting if the Chairman was unable to attend.

3 MINUTES

The Minutes of the meeting held on 27 February 2014, copies of which had been previously circulated, were agreed by the Committee and signed by the Chairman as a correct record.

4 DECLARATIONS OF INTEREST

There were no declarations of interest.

5 ANNUAL COMPLAINTS MONITORING REPORT 2013/14

Members of the Standards Committee were informed that the historically low levels of complaints against Councillors had continued. There had been no formal complaints against District Councillors and only one against a Parish Councillor.

RESOLVED:

That the Annual Complaints Monitoring Report 2013/14 be noted.

6 SUBSCRIPTION TO STANDARDS EXCHANGE

Members of the Standards Committee were asked to consider whether the Council should renew its subscription to the Standards Exchange. It was noted that it was one of the only dedicated online services for Standards issues, and offered areas outlining good practice and training. The Council has used the online training facility for the Independent Persons. The Independent Persons stated that they had found the online training beneficial, and it was

RESOLVED:

That the Council should renew its subscription to Standards Exchange.

7 REVIEW OF CODE OF CONDUCT AND COMPLAINTS PROCEDURE

Members were asked to consider whether the Code of Conduct and Complaints Procedure adopted by the Council under the new standards framework introduced by the Localism Act 2011 remain fit for purpose. Guidance around dispensation regarding Council Tax had been issued since the procedure was adopted by the Council. Under the previous scheme, Council Tax was an exemption, and therefore no interests had to be declared. When the code was initially agreed, this exemption was not clear, and therefore it was advised that all Members should have a dispensation to be able to vote on the issue. Guidance that has since been issued states that Members do not need to have a dispensation in place when setting Council Tax.

The Complaints procedure adopted by the Council is the same as is in place at Aylesbury Vale District Council and South Bucks District Council, and involves a three stage approach. It was noted that the Council had not had to use the procedure to date. The Monitoring Officer stated that disclosure of complainants details to the Member complained about had been raised as an issue. It was suggested that the nature of the complaint be provided but not the complainant's details. Members felt that the procedure for handling complaints under the previous standards framework had been too secretive, and that it was reasonable for members to see the complaint in full. The procedure provided for details to be withheld where a complainant was in danger or evidence could be tampered with.. It was stressed that this power must be used sparingly.

It was suggested that guidance for Members who would be newly elected in May 2015 be produced, and it was asked that this be considered at the next Standards Committee meeting.

RESOLVED:

That the code of conduct and arrangement for dealing with complaints remained fit for purpose and that the Monitoring Officer prepare guidance for members on the Code of Conduct for consideration at the next meeting

8 HIGH SPEED 2 AND MEMBER DISPENSATIONS

At a previous meeting of the Standards Committee, Members asked for clarification on how dispensation would work for votes regarding HS2. If a Councillor or their spouse owned land that was directly affected by HS2 they would have to declare a Disclosable Pecuniary Interest, and would thereby be unable to take part in any discussion or vote. Members with a Disclosable Pecuniary Interest would be able to listen to an update report, and would be eligible to apply for a dispensation, which would allow them to take part in discussions and votes. It was noted that very few Councillors were directly affected by HS2, and the Monitoring Officer stated that she was happy to circulate information to these Members advising them that they could apply for a dispensation.

One Member stated that HS2 would affect the whole of the district, not just areas where the line passed through. It was noted that if an issue was one shared by the majority of the residents in a ward then the Councillor for that area would be able to speak and vote at a meeting. Traffic and noise related issues which affected a ward generally would not require an interest to be declared.

RESOLVED:

- 1. That the report be noted, and**
- 2. That the Committee agree that it is appropriate to grant dispensations individually when applied for**
- 3. That the Monitoring Officer remind members of the position regarding declarations of interest and dispensations.**

The meeting ended at 7.18 pm

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the AUDIT COMMITTEE held on 1 JULY 2014

PRESENT: Councillor J L Gladwin - Chairman

Councillors: A K Bacon
A J Garth
D W Phillips
J S Ryman
J F Warder

APOLOGIES FOR ABSENCE were received from Councillor A D Garnett and Maria Grindley (Ernst & Young LLP).

ALSO IN ATTENDANCE: Susan Gill (Ernst & Young LLP) and Chris Harris (TIAA) were also in attendance.

1 CHAIRMAN

RESOLVED -

That the appointment of Councillor J Gladwin as Chairman of the Committee for the remainder of the Municipal year, as noted at Annual Council on 13 May 2014, be agreed.

2 APPOINTMENT OF VICE-CHAIRMAN

Due to the infrequency of meetings, the committee decided not to appoint a Vice-Chairman.

3 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on 10 April 2014 were agreed by the Committee and signed by the Chairman as a correct record.

Minute 34 – Internal Audit Progress Report

Following a question it was advised that the payroll reconciliation had not yet been carried out, but would be completed by the end of the month. This was a double check to ensure that staff names and pay grade data held by Personnel matched the information held by Accounts. It was suggested that the process could be automated to improve efficiency.

It was noted that the new process for journal transfers has implemented successfully. An update on the investigation into one case of alleged corporate fraud reported at the last meeting was noted. Following consideration of the investigation report, Management Team had agreed that

no formal action would be taken against any members of staff. Staff contracts of employment have been amended laying out strict criteria for undertaking any private work by employees.

4 DECLARATIONS OF INTEREST

There were no declarations of interest.

5 INTERNAL AUDIT ICT GOVERNANCE AND CONTROLS REPORT

The Committee considered a report detailing the findings from the internal audit of arrangements at Chiltern and South Bucks Councils relating to ICT Governance and Control. This work was carried out in March 2014 as part of the planning internal audit work for 2014/15.

Members considered each of the risk areas identified in the report, and during which the following key points were made:

Regarding Risk Area 1 it was noted that the Council was aiming to develop a pool of core ICT staff, utilising temporary staff where required. The continual development of staff skills would mitigate the risk of staff seeing changes as a threat.

A formal ICT Strategy document was being developed for the convergence of systems and process across both Councils. It was anticipated that this would be available by the end of the year and would mitigate Risk Area 3.

In response to a question regarding Risk Area 5, it was advised that most large projects were part of the shared services programme and were therefore managed by the Chiltern & South Bucks Joint Committee.

The Council has a programme in place to help control risks associated with ICT file storage and management (Risk Area 9) and to promote good information management practices by officers of the Council.

Following a question regarding legacy systems it was advised that both Councils had data retention policies in place and that staff were generally very good at only retaining data that was required. There were currently no concerns regarding the ability to retrieve data from legacy systems.

RESOLVED –

That the Internal Audit ICT Governance and Controls Report be noted.

6 INTERNAL AUDIT PROGRESS REPORT

Members considered the Internal Audit Progress Report which provided the Committee with an update on the internal audit work at the Council at June 2014. This included audits finalised since the last meeting. Housing section 106 and waste collection audits were due to be finalised shortly.

In response to a question it was noted that the external auditor's assurance standards were higher than the standard requirements and this had in turn meant that some adjustments had been made to the internal audit plan for 2013/14. Provided that the standard of assurance was achieved there may be opportunity to implement efficiencies by working across both Councils and reduce the number of audit days required in the future.

Members then discussed the audits finalised since the last Audit Committee. It was noted that the council was working towards reviewing operational risks more regularly and that this process would be monitored to ensure that evidence of this was available. A Risk Management Strategy had already been developed and the guidance would be updated by October 2014.

Human error had been identified as the cause of one individual case of housing benefit miscalculation raised in one audit sample. The case had now been corrected and all staff had received further guidance to avoid a recurrence. The process for claiming back housing benefit over payments was also noted and Members welcomed the positive work carried out by officers.

There was a discussion regarding monitoring sundry debtors. This data had proved the most challenging part of the transition to the new Integra finance system. The majority of the outstanding sundry debt related to recharges to other authorities. Aged debtor analysis was currently done quarterly, and this would be carried out more regularly in the future.

RESOLVED –

That the progress against the Internal Audit Plan and findings arising from Internal Audit work be noted.

7 INTERNAL AUDIT ANNUAL ASSURANCE REPORT

The Committee were asked to note the annual assurance report which detailed the work carried out by the audit contractor, TIAA Ltd, during the year. The Head of Audit's annual opinion was that sufficient internal audit work had been undertaken. An update report on the follow up audit work would be considered at the next meeting. In light of the changes that had taken place at the Council during the last year Members were pleased with the report in particular Council Tax and National Non Domestic Rates.

RESOLVED –

That the Internal Audit Annual Assurance Report and the assurance given by the Internal Audit Contractor, TIAA Ltd, be noted.

8 EXTERNAL AUDIT FEE LETTER 14/15

Susan Gill provided an overview of the context and changes that would continue to take place in external audit. Members then considered the letter from the external auditor setting out the audit and certification work due to be

carried out for the 2014/15 financial year along with the indicative audit fees. The Audit Commission would eventually be abolished completely, but during the transition to the new arrangements, some parts of the organisation currently remained in place. To reflect that much of the central functions of the Audit Commission had been removed the scale fees had largely been reduced by around 40% in comparison to previous years, and set fees were likely to remain until 2020. A more detailed breakdown of the fees would follow later in the year.

In response to a question it was advised that it was unlikely that the Council's audit fees would increase significantly in the future, unless there was a need to carry out additional audit work. It was noted that market testing may not necessarily provide lower audit fees.

RESOLVED –

That the External Audit Fee Letter, detailing the indicative summary of fees for 2014/15, planned fee for 2013/14, and actual fee for 2012/13, be noted.

9 CORPORATE FRAUD REPORT

Members received the Corporate Fraud Report which provided a summary of investigations into benefit and general fraud, and the outcome of cases of proven fraud.

A general update on the Benefit Fraud Team activity was also noted. The Department for Work and Pensions would introduce their Single Fraud Investigation Service for Chiltern in March 2015, and investigations and sanctions relating to Housing Benefit and retrospective Council Tax Benefit would be the sole responsibility of this service.

The report also provided details of internal investigations involving staff, and set out the Corporate Fraud Audit Plan for 2014/15 which the Committee were asked to agree. There was a discussion on one of the alleged cases of corporate fraud and it was noted that staff contracts of employment had since been amended laying out strict criteria for undertaking any private work by employees.

It was noted that the volume of Housing Benefit awards were increasing due to the rising cost of rent. The proposal for a Countywide Fraud Group would be discussed at the next meeting of S151 officers to assess interest, and an update would be provided to Members at the next meeting.

Members were pleased to note the level of successful prosecutions relating to fraud.

RESOLVED –

- 1. That the outcomes of the anti-fraud activity in 2013/14 be noted.**
- 2. That the action plan for 2014/15 be agreed.**

10 UNDERSTANDING HOW THE AUDIT COMMITTEE GAINS ASSURANCE FROM MANAGEMENT

Auditing standards required the Council's external auditors to formally update their understanding of the Council's management processes at least annually. A response to a letter from the external auditor asking various questions about the Council's management processes had been drafted, and the Committee was asked to review the letter for any suggested changes.

RESOLVED –

That the proposed response to the External Auditor letter, requesting information on how the Audit Committee gained assurance from Management, be agreed.

11 ANNUAL GOVERNANCE STATEMENT 2013/14

The Committee were asked to consider and comment on the Annual Governance Statement (AGS) which would be published alongside the financial statement once formally approved. The AGS was a public statement on governance arrangements in place at the Council. Whilst considering the review of internal audit Members confirmed that they were satisfied with the assurance provided by the internal audit during 2013/14.

In response to a question it was noted that the AGS followed a standard structure, though sometimes additional information was included where required.

It was advised that the internal audit fee reflected the quantity of internal audit work required. Spot checks were also carried out to test data quality, but generally this was very good at the Council.

RESOLVED -

That it be recommended that the Annual Governance Statement for 2013/14 be formally approved by the Leader and the Chief Executive.

12 DRAFT 2013/14 STATEMENT OF ACCOUNTS

The Council is required to produce a formal Statement of Accounts each year in accordance with the Accounts and Audit Regulations. The Accounts are an important public document and it is good practice for these to be subject to detailed review. The Accounts were usually considered by the Committee in September for approval, but following a request a draft version had been brought before Members for early consideration. As such, the Committee were asked to review the Accounts for any comments. The report provided a commentary on each of the main sections contained within the document.

It was noted that a small number of accounting corrections had already been made to the Accounts following comments received from Committee Members since the report was published. A sheet showing the changes was circulated at the meeting.

The level of short term creditors had increased due to the collection of a larger amount of Council Tax. The Council therefore had a larger amount to pass on to Bucks County Council, as the authority receiving the largest proportion of Council Tax.

As part of the Joint Waste Contract with Serco, the Council had acquired refuse bins up-front. As a result of the way this needed to be accounted for there had been an increase in the level of Council assets for property, plant and equipment. There had been no increase in the value of London Road Depot following the works that had been carried out. This was due to much of the work being required for environmental and health and safety reasons.

The Explanatory Foreword contained a summary of significant factors affecting the accounts. The Revenue Support Grant (RSG) that the Council received from Central Government had increased, but due to changes that had taken place, the amount available to the Council had actually reduced. The introduction of a local Council Tax Support Scheme and localisation of Non Domestic Rate (NDR) Income were examples of two key changes. The changes to NDR had resulted in the Council being effectively £98,000 worse off overall under the new arrangements. It was suggested that an additional explanation should be included in the Accounts to explain some of the changes around the RSG.

The main area of concern related to the Pension Fund and the decline in the value of assets attributable to Chiltern, particularly in light of the £1M contribution that had been made by the Council to the Pension Fund. Members were keen to compare the performance of the Bucks Pension Fund with the performance data of other similar sized Funds nationally in order to assess comparative performance. It was suggested that 12 pension funds would be a useful sample. A comparison between the Chiltern proportion of the Fund and the Bucks Pension Fund overall was also requested.

Overall the Committee were happy with the Statement of Accounts, subject to understanding more about the Bucks Pension Fund and the liability in particular. As such, the Committee requested a meeting with a representative from the pension fund actuary in order to help answer any questions that Members had. Further details of the meeting would be circulated to all Audit Committee Members once a meeting date had been finalised.

Members were welcome to send any further comments on the Accounts to the Head of Financial Services.

RESOLVED –

That the draft 2013/14 Statement of Accounts be noted by the Audit Committee.

13 AUDIT COMMITTEE WORK PROGRAMME

Members reviewed the Committee's proposed work programme to consider whether there were any additional items to be included.

RESOLVED –

That the Work Programme be noted

14 VOTE OF THANKS

The Committee noted that Gary Martin, Principal Accountant, had recently left the Council. Members joined with Susan Gill in expressing thanks for his contribution whilst working for the Council.

The meeting ended at 8.21 pm

AUDIT AND STANDARDS COMMITTEE

1. General

A Committee established to provide independent assurance of the adequacy of the internal controls and assurance mechanisms of the Council, to approve its financial accounts, promote and maintain high standards of conduct by Council members and co-opted members and consider breaches of the Council's Code of Conduct or the Codes of Conduct of town/parish councils within the district

2. Membership, Chairmanship and Quorum

Number of Members	Nine
Substitute Members Permitted	No
Political Balance Rules apply	Yes
Appointments/Removals from Office	By resolution of full Council.
Restrictions on Membership	Chairman and Vice-Chairman of the Council and Members of the Cabinet are ineligible
Restrictions on Chairmanship/Vice-Chairmanship	None
Quorum	Four
Number of ordinary meetings per Council Year	Minimum of Two

3. Terms of Reference

To deal with the following matters:-

- a) To consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- b) To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- c) To review and approve the authority's assurance statements, including the Statement on Internal Control, on behalf of the authority.
- d) To approve, but not direct, internal audit's strategy, plan and monitor performance
- e) To review the main issues arising from the internal audit reports and seek assurance that action has been taken where necessary.
- f) To receive the annual report of the internal audit service.

- g) To consider the reports of external audit and inspection agencies, and monitor management action in response to issues raised.
- h) To ensure that there are effective relationships between external and internal audit, inspection agencies, other relevant bodies, and that the value of the audit process is actively promoted.
- i) To review and approve the financial statement on behalf of the authority and review the external auditors opinion on the financial statements.
- j) To review on a regular basis the Code of Conduct for Members and also for Officers and to monitor the effect of implementation of the Codes of Conduct
- k) To agree and review a complaints procedure for investigating allegations that members of the District, or any parish council within the District have failed to comply with their authority's Code of Conduct.
- l) To receive complaints and thereafter consider, review, investigate, conduct hearings and impose or recommend sanctions as may be required.
- m) To promote on an active basis the highest standards of ethical conduct by Councillors and Officers.
- n) To ensure training and guidance is provided to Councillors, including assisting Parishes to train their own Councillors, on all aspects of Codes of Conduct and adherence to ethical standards for Councillors.
- o) To establish a Hearings Sub-Committee – terms of reference, membership, quorum and frequency of meetings as set out in the Council's adopted Complaints procedure

4 Delegations

All these Terms of Reference are full delegated except any recommendations arising out of Items j) and k) shall be reported full Council as appropriate.

HEARING SUB-COMMITTEE

The Democratic and Electoral Services Manager concurrently with the Monitoring Officer, after consultation with the Chairman of the Committee, or in his absence the Vice-Chairman (if appointed), to select any three members of the Audit and Standards Committee to hear cases referred to it by the Monitoring Officer following an investigation into an allegation that a member may have failed to comply with their authority's Code of Conduct.

An Independent Person will be invited to attend any sub-committee so convened.

Where a failure to comply with the Code of Conduct is found the range of actions which the Sub-Committee can take might include the following:-

- a) A censure or reprimand
- b) Reporting its findings to Full Council or in respect of Town/Parish Councillors to the members' Council for information
- c) A recommendation that the member be removed from any or all Committees or Sub-Committee of the Council
- d) Instructing the Monitoring Officer to arrange training for the member or in respect of Town/Parish Councillors recommending that the member's Council arrange training.
- e) A recommendation that the member be removed from appointments to outside bodies or in respect of Town/Parish Councillors recommending to the member's Council that they be removed
- f) A recommendation that facilities provided to the member by the Council [or in respect of Town/Parish Councillors by the members' Council] are withdrawn such as a computer, website or internet access
- g) A recommendation that a member be excluded from Council offices or other premises [or in respect of Town/Parish Councillors from any offices or premises of the members' Council] except for meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings

**CHILTERN DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE – 25 SEPTEMBER 2014**

Background Papers, if any, are specified at the end of the Report

FINAL 2013/14 STATEMENT OF ACCOUNTS

Contact Officers: Rodney Fincham 01494 732260, e-mail rfincham@chiltern.gov.uk
Helen O'Keeffe 01494 732781, email hokeeffe@chiltern.gov.uk

RECOMMENDATION

That the Final 2013/14 Statement of Accounts be approved by the Audit and Standards Committee and signed in accordance with the Accounts and Audit Regulations.

Background

1. Each year the Authority is required to produce a formal Statement of Accounts document in accordance with the Accounts and Audit Regulations. These Accounts must:
 - follow the format laid out in the Accounting Code of Practice – which is based on International Financial Reporting Standards (IFRS);
 - be approved by the Council's s151 senior finance officer by 30 June;
 - be subject to external audit;
 - be made available to the public for inspection;
 - be considered and approved by Members by 30 September; and
 - be published by 30 September.

Discussion

2. The Audit Committee reviewed the draft 2013/14 Statement of Accounts at their meeting on 1 July 2014.
3. Since then a number of amendments have been made to the Accounts as a result of:
 - Requests for further explanation / clarification to be added to explain some of the figures.
 - Minor typos being corrected.
 - Errors identified during the course of the external audit being corrected.

4. Only one significant change has been made. This relates to the valuation of the leisure centres as follows.
5. The Council revalued its Land and Buildings on 1 April 2011. However the valuations provided by the valuer for the leisure centre were incorrect in that they included an amount for financing charges, whereas the Code of Practice requires these to be valued on an 'instant build' basis.
6. This has resulted in the Council's three main leisure centres being overvalued since 1st April 2011. This error has now been corrected by way of a prior period adjustment primarily:
 - Reducing the value of the fixed assets as at 1st April 2011 by £1,202,000
 - Reducing the value of the revaluation reserve as at 1st April 2011 by £1,202,000
 - Reducing the annual charge for depreciation by £34,000.
7. In addition the £2.447m actuarial loss on the CDC element of the Bucks Pension scheme is still being investigated, to ensure this is correct. Members will be updated at the meeting on this issue.
8. Appendix 1 provides the Final Accounts document. All the changes made are highlighted in red.

Auditors' Report

9. In accordance with the Accounts and Audit Regulations the Authority's external auditors, Ernst & Young, are required to audit the Accounts to ensure that they present fairly the financial position of the Authority. Once their audit is completed they issue a formal opinion on the Accounts and this has to be included in the Accounts.
10. The External Audit now been substantially completed and the Audit Results Report is included as appendix 2.

Formal Approval of Accounts

11. The Accounts and Audit Regulations require the Chairman of the Committee receiving the accounts to sign and date the Accounts to formally represent completion of the Authority's approval process.
12. The Chairman of the Audit and Standards Committee is therefore requested to sign the declaration in the financial statements once Members have considered the revised Accounts.

CHILTERN DISTRICT COUNCIL

Statement of Accounts **For the year ended 31 March 2014**

	Page
<u>Explanatory Foreword</u>	
Explanatory Foreword	3
<u>Statement of Accounts</u>	
Statement of Responsibilities for the Statement of Accounts	9
Movement in Reserves Statement	10
Comprehensive Income and Expenditure Statement	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Accounts	14
Collection Fund	59
<u>Auditors' Report</u>	
Report of the Independent Auditors	61
<u>Annual Governance Statement</u>	
Annual Governance Statement	62
<u>Glossary of Terms</u>	
Glossary of Terms	63

Introduction

The Accounts of Chiltern District Council for the year ended 31 March 2014 are set out on the following pages. The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

Financial Statements

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting. They summarise the overall financial position of the Council and in particular include the following:

- **Movement in Reserves Statement** - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, business rate income and Government grants.
- **Balance Sheet** - This statement shows the assets and liabilities of all the activities of the Council and the balances and reserves at the Council's disposal.
- **Cash Flow Statement** - This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **Collection Fund** - This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and central Government.

Movement in Reserves

The Movement in Reserves Statement shows the movement in the year of the different reserves held by the Authority.

The key movement in the Council's usable reserves are as follows.

- The General Fund Balance increased by £1,190,000 to £4,474,000. **This is due to an underspend on operating costs, and adjustments relating to retained income from Non Domestic Rates.**
- Earmarked reserves decreased by £3,306,000 to £3,811,000. This is primarily because the Capital Projects Reserve was used to fund the Council's capital investment programme.
- The Council's capital receipts reduced by £1,338,000 to £3,534,000. This is primarily because Capital Receipts were used to fund the Council's capital investment programme.

The key movement in the Council's unusable reserves is as follows.

- The Pensions **deficit increased** by £5,986,000. The accumulated estimated pension fund deficit now stands at £30,456,000.

Revenue Income and Expenditure

The table below summaries the Council's revenue income and expenditure and compares the budget for the year with the actual expenditure. It also shows how the overall Council expenditure was funded by income from Council Tax payers, business rate income, and Government Grants.

	Latest Budget 2013/14 £'000	Outturn 2013/14 £'000	(Under)/ Over Spend £'000
Leader Portfolio	141	124	-17
Deputy Leader Portfolio	-231	-549	-318
Community	1,230	1,089	-141
Health & Housing	1,840	1,817	-23
Sustainable Development	2,008	1,823	-185
Waste Services	2,938	2,633	-305
Customer Services	1,160	813	-347
Support Services	1,428	1,456	28
Net Cost of Services	10,514	9,206	-1,308
Trading Undertakings	146	85	-61
Payment to Parishes	207	207	-
One Off Pension Contribution	-	1,000	1,000
Interest & Investment Interest	-183	-174	9
Notional Interest Payable	-	103	103
Removal of Depreciation Charges	-786	-1,376	-590
Contributions to R&R Fund	219	219	-
Contribution to Capital Programme	150	614	464
Contribution to Waste Reserve	50	50	-
Contribution to HS2 Reserve	-	124	124
Budget Requirement	10,317	10,058	-259
Council Tax Payers	-6,769	-6,769	-
Revenue Support Grant	-1,961	-1,961	-
Business Ratepayers	-1,304	-1,206	98
Timing Adjustment re new NDR Accounting	-	-770	-770
Other Government Grants	-384	-473	-89
Collection Fund Surplus	-69	-69	-
Chiltern DC Council Tax Levy	-10,487	-11,248	-761
Surplus for Year	-170	-1,190	

Capital Expenditure

The Council incurred capital expenditure of £6.136m during the year. This included an on-going programme of housing grants, investment in enhanced Information & Communication Technology (ICT) facilities, improvements to leisure centres, office sustainability improvements and expenditure relating to the joint waste contract with Wycombe District Council. The expenditure was funded by a mixture of the Council's own resources and external capital grants and contributions.

Assets & Liabilities

The Balance Sheet shows the Council assets and liabilities as at 31 March. The following table provides a summary of the Council's key assets and liabilities.

	Value 31 Mar 13 £m	Value 31 Mar 14 £m
Assets		
Property, plant and equipment	26.6	30.5
Investment property	1.5	1.9
Intangible assets	0.3	0.4
Investments, cash and bank holdings	14.4	16.3
Short Term Debtors	5.0	5.7
Liabilities		
Short term creditors	2.4	4.4
Finance Lease Liability	-	3.1
Pension Liability	24.5	30.5

With regard to the Pension Liability International Accounting Standard 19 Employee Benefits (IAS19) has been fully adopted in the accounts. This affects the way in which Pension Fund costs are reflected in the Council's Accounts. In addition, a notional split has been applied to the pension fund figures supplied by the pension fund actuaries to reflect the fact that they include both Chiltern District Council and Chilterns Crematorium employees. These two bodies are entirely separate and the figures reported in these accounts relate to Chiltern District Council employees only. Further details of the accounting policy and how pension costs have been treated are set out in greater detail within the relevant section of the accounts.

The IAS19 requirements do not impact on the Council's financial performance but do ensure that the Council's net Pension Fund liability is recognised in the balance sheet. The net liability as at 31 March 2014 is £30.5m but the financial position of the Council does remain healthy as the deficit on the pension fund will be made good in the longer term by increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the scheme actuary.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties.

It shows that in 2013/14 the Authority significantly increased the amount of cash (and cash equivalents) that it holds by £7.1m. This is primarily due to holding more money in cash balances and less in investments as at 31st March.

Collection Fund

The Collection Fund Statement shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates.

In 2013/14 CDC raised £64.7m in Council Tax and collected 99.3% of the amounts due. Council Tax income is paid over to the precepting bodies (BCC, BF&R, PCC Thames Valley and CDC) and the amount paid over in 2013/14 (£62.9m) equals the amount that was requested as part of the 2013/14 budget setting process.

In 2013/14 CDC raised £20.4m in business rates and collected 98.6% of the amounts due. Business rate income is shared as follows: Central Government 50%; CDC 40%, Bucks County Council 9%; Bucks Fire 1%.

Significant Factors Affecting the Accounts

This year there are a number of significant issues that require highlighting.

Council Tax Benefit / Support

Council Tax Benefit ended on 31 March 2013, and was replaced by Council Tax Support on 1 April 2013.

The accounting arrangements for Council Tax Support are different **from** the accounting arrangements for Council Tax Benefit.

Awarding Council Tax Benefit was a cost to CDC and thus was shown as a cost in the CDC Income and Expenditure Account, offset by a grant from Central Government. As Council Tax Benefit has ceased the prior year income and expenditure has been moved to the 'discontinued' section of the Income and Expenditure Account.

Council Tax Support is considered to be a discount scheme (not a benefit) and thus is shown in the Collection Fund alongside other discounts (eg single person discount). The cost of Council Tax Support is therefore netted off the total Council Tax income, before the net income is shared with the preceptors.

Localisation of Non Domestic Rate Income

As from 1 April 2013 a new business rates retention scheme was introduced. This new scheme is based on a simple concept - that local authorities should retain a shared of business rates income. However the actual scheme is extremely complex.

Prior to 1 April 2013 all business rates income was paid into the Collection Fund, and was then paid over to the National Business Rates Pool.

Since 1 April 2013 all business rates income is paid into the Collection Fund, and then shared as follows:

- Central Government 50%
- Chiltern District Council 40%
- Bucks County Council 9%
- Bucks Fire 1%

Subject to the following adjustments:

- There is a provision for NDR debts that may never be paid.
- There is a provision for reduced NDR income arising from business ratepayers successfully appealing against their rateable value.
- An allowance is paid to the collecting authority (CDC) towards the cost of collecting business rates £117,534.
- There is a grant paid to/from the Collection Fund to equalise transitional business rate adjustments.

The 40% NDR income (£7,496,000) paid to CDC is then amended as follows:

- There is a grant to reimburse the cost of Small Business Rates Relief being doubled (£267,000).
- There is a fixed tariff to reduce the net income to CDC (£6,603,000).
- There is an equalisation grant (£46,000) to ensure that the net effect on CDC is that CDC does not lose more than £98,000 overall from the new arrangements.

The overall result is then amended so that the actual net effect on the General Fund is equivalent to what was estimated in January 2013 (ie prior to the start of the financial year). The true outturn being accounted for as an adjustment in the following year.

Revaluations

The external valuer has reviewed the Council's asset valuations and there have been 2 significant movements.

The value of the Amersham Multi Storey Car Park has increased from £1.68m to £3.22m. This is primarily due to the net income from the car park having increased since the last formal valuation.

The value of the **London Road** Depot has reduced from £3.05m to £1.62m. This is primarily because the work carried out to the Depot **in the year** has been structural work, which, although essential, does not increase the earning potential of the Depot. **The work carried out consisted of refurbishment of the site, including extensive surfacing and drainage works.**

Accounting for the Bins in the Refuse Contract

The joint CDC / WDC contract with Serco required Serco to purchase a number of Refuse and Recycling Receptacles (Bins). Legal ownership of these passed to CDC / WDC on delivery, and thus CDC now owns £899,000 of Bins. These are therefore shown on the CDC Balance Sheet as part of Property, Plant and Equipment.

CDC / WDC are paying for the bins over the life of the contract and thus there is a new matching liability shown in the CDC accounts for that element of the contract which relates to the payments to Serco for the Bins.

Accounting for the Vehicles in the Refuse Contract

The joint CDC / WDC contract with Serco required Serco to purchase a number of vehicles. Under the contract legal ownership of these stays with Serco.

However CDC / WDC have the full benefits of ownership (ie these vehicles can only be used to collect CDC / WDC rubbish / clean the CDC / WDC districts) for the majority of the **vehicles'** life. Therefore in accounting terms these vehicles needs to be shown on the CDC / WDC balance sheets as 'owned' by CDC / WDC under a finance lease. Total Value £2,604,000.

CDC / WDC are paying for the vehicles over the life of the contract and thus there is a new liability shown in the CDC accounts for that element of the contract which relates to the payments to Serco for the vehicles now shown on the CDC balance sheet (finance lease liability).

Pensions

There are 3 issues to note relating to the pension fund.

- The pension fund was revalued on 31 March 2013. The Accounts therefore now reflect the result of the valuation.
- There has been an amendment to the pension accounting standard which has changed the way pensions are valued and disclosed.
- Members agreed a one off £1m contribution to the pension fund in 2013/14. This is therefore shown in the CDC Income and Expenditure Account.

Borrowing

All external borrowing was repaid during 1990/91 and the Council is debt free.

Significant Provisions, Contingencies and Material Write Offs

There are no significant contingencies or material write offs to report.

A new provision of £583,000 was established in 2013/14 for potential losses arising from appeals against Non Domestic Rate changes.

Material Events after the Reporting Date

There are no material events after the reporting date to report.

Joint Working Arrangements

With South Bucks District Council

On 19th January 2012 Chiltern District Council and South Bucks District Council signed an Inter Authority Agreement to establish Joint Arrangements to work together to share a Joint Chief Executive and a Joint Senior Management Team and then to examine the opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

Alan Goodrum was appointed the shared Chief Executive for Chiltern and South Bucks District Councils on 22nd February 2012. At the same time the two joint director positions were also filled, with Bob Smith being appointed as Joint Director of Services and Jim Burness as Joint Director of Resources.

The final element of the shared Senior Management Team was completed during 2012/13 with Joint Heads of Service being appointed. Sharing a Senior Management Team has reduced the cost of running the two councils by at least £500,000 a year.

The two councils are now starting to implement opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams. Joint Building Control, Community Safety, Housing and Licensing teams became operational on 1st April 2014.

However, **the authorities** will remain sovereign independent bodies, and keep their separate identities, retain their own councillors and budgets, and set their own council taxes.

With Wycombe District Council

In partnership with Wycombe District Council, Chiltern let a new waste and recycling contract in 2012/13. The new contract went live on 4th March 2013, and provides all residents with an enhanced recycling service with the aim of recycling 60% of household waste by 2015.

Future

We continue to be in a period of exceptional challenge for local authorities, as we are faced with having to maintain and improve key services in a time of significantly reduced resources. The Council is committed to working with its communities to try to shape the development of the local areas to their needs and aspirations, whilst at the same time recognising the importance of maintaining a low council tax, and attempting to minimise the impact of reduced resources. As a result the key issues for the coming year are:

- Putting in place measures to reduce net expenditure, in order that the Council has a sound financial position in the context of the further significant expected reduction in Central Government funding, limitations on the council tax, and continuing low levels of income from investments, fees and charges.
- Progressing the joint arrangements with South Bucks District Council.
- Identifying the sustainable service levels and standards that are acceptable to our residents, and users of our services.
- Working with other public sector bodies on the delivery of the public services.

Further Information

Further information on the financial affairs of the Council can be obtained from

Jim Burness
 Director of Resources
 Chiltern District Council
 King George V House
 King George V Road, Amersham
 Bucks
 HP6 5AW

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Director of Resources has:

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

The Director of Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2014 and its income and expenditure for the year then ended.

Director of Resources

Date: 30 June 2014.

Certificate of Approval - Chair of Audit Committee

I confirm that these accounts were approved by the Audit Committee at its meeting held on 25 September 2014.

Signed on behalf of Chiltern District Council
Chair of Audit Committee

Date: 25 September 2014.

Movement in Reserves Statement

This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the economic cost of providing the Authority's services. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. 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.

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Pensions Reserve £'000	Capital Adjustments Account £'000	Collection Fund Adj Account £'000	Accum Absences Account £'000	Total Unusable Reserves £'000	Total Authority Reserves £'000
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Movement in Reserves 2013/14

Balance at 31 March 2013	3,284	7,117	4,872	147	15,420	7,271	(24,470)	21,285	68	103	4,257	19,677
Surplus or (deficit) on provision of services	(1,251)	-	-	-	(1,251)	-	-	-	-	-	-	(1,251)
Other Comprehensive Income & Expenditure	-	-	-	-	-	1,539	(6,083)	-	-	-	(4,544)	(4,544)
Total Comprehensive Income & Expenditure	(1,251)	-	-	-	(1,251)	1,539	(6,083)	-	-	-	(4,544)	(5,795)
Adjustments between accounting basis & funding basis under regulations (Note 8)	3,409	(4,274)	(1,338)	-	(2,203)	(204)	97	2,895	(589)	4	2,169	-
Net Increase / Decrease before Transfers to Earmarked Reserves	2,158	(4,274)	(1,338)	-	(3,454)	1,335	(5,986)	2,895	(589)	4	(2,341)	(5,795)
Transfers to / from Earmarked Reserves (Note 9)	(968)	968	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	1,190	(3,306)	(1,338)	-	(3,454)	1,335	(5,986)	2,895	(589)	4	(2,341)	(5,829)
Balance at 31 March 2014	4,474	3,811	3,534	147	11,966	8,606	(30,456)	24,180	(521)	107	1,916	13,882

Movement in Reserves 2012/13 (Restated)

Balance at 31 March 2012	2,809	8,133	4,878	109	15,929	7,725	(23,907)	21,199	(1)	103	5,119	21,048
Surplus or (deficit) on provision of services	(2,309)	-	-	-	(2,309)	-	-	-	-	-	-	(2,309)
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	938	-	-	-	938	938
Total Comprehensive Income & Expenditure	(2,309)	-	-	-	(2,309)	-	938	-	-	-	938	(1,371)
Adjustments between accounting basis & funding basis under regulations (Note 8)	1,768	-	(6)	38	1,800	(454)	(1,501)	86	69	-	(1,800)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(541)	-	(6)	38	(509)	(454)	(563)	86	69	-	(862)	(1,371)
Transfers to / from Earmarked Reserves (Note 9)	1,016	(1,016)	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	475	(1,016)	(6)	38	(509)	(454)	(563)	86	69	-	(862)	(1,371)
Balance at 31 March 2013	3,284	7,117	4,872	147	15,420	7,271	(24,470)	21,285	68	103	4,257	19,677

Appendix 1

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. Authorities raise taxation to cover expenditure in accordance with regulations; which is likely to be different from the accounting cost.

2012/13 Restated			Note	2013/14		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,637	(584)	1,053		1,529	(630)	899
803	(74)	729		1,090	(87)	1,003
8,400	(3,506)	4,894		7,098	(3,115)	3,983
3,274	(1,162)	2,112		2,887	(1,052)	1,835
1,116	(1,830)	(714)		1,000	(1,742)	(742)
20,695	(19,216)	1,479		21,784	(20,454)	1,330
1,917	(104)	1,813		1,280	(110)	1,170
876	(227)	649		4	-	4
38,718	(26,703)	12,015		36,672	(27,190)	9,482
		2,463				2,279
		1				1
		(20)				(65)
		24				41
		-				103
		1,057	29			1,011
		(334)				(174)
		74	11			1,479
		55	21			33
		48				-
			25			
		(9,618)				(9,298)
		(2,885)				(7,496)
		-				6,603
		(56)	6			(1,961)
		(44)				-
		(471)				(787)
		2,309				1,251
		-				(1,539)
		(939)	29			6,083
		(939)				4,544
		1,370				5,795

Balance Sheet

Appendix 1

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

1 Apr 12 £'000	31 Mar 13 Restated £'000		Note	31 Mar 14 £'000
27,255	26,565	Property, Plant & Equipment	10	30,466
1,238	1,511	Investment Property	11	1,856
233	284	Intangible Assets	12	389
40	1,040	Long Term Investments	13	40
13	2	Long Term Debtors		-
28,779	29,402	Long Term Assets		32,751
8,000	9,161	Short Term Investments	13	5,031
9	12	Inventories		10
3,158	5,017	Short Term Debtors	14	5,715
8,309	4,207	Cash and Cash Equivalents	15	11,270
120	120	Assets Held For Sale (<1 year)		-
19,596	18,517	Current Assets		22,026
(3,070)	(2,360)	Short Term Creditors	16	(4,425)
(70)	(14)	Short Term Provisions	18	(670)
-	-	Short Term Finance Lease Liabilities	28	(442)
-	(1,035)	Receipts In Advance	17	(1,776)
(3,140)	(3,409)	Current Liabilities		(7,313)
-	(87)	Long Term Provisions	18	-
-	-	Long Term Finance lease Liabilities	28	(2,623)
(23,907)	(24,470)	Pensions Liabilities	29	(30,456)
(280)	(276)	Capital Grants Receipts In Advance		(503)
(24,187)	(24,833)	Long Term Liabilities		(33,582)
21,048	19,677	Net Assets		13,882
15,929	15,420	Usable reserves *		11,966
5,119	4,257	Unusable Reserves*	19	1,916
21,048	19,677	Total Reserves		13,882

* See Movement in Reserves Statement for further details.

Cash Flow Statement

Appendix 1

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2012/13 Restated £'000	Cash Flow Statement	2013/14 £'000
2,343	Net (surplus) or deficit on the provision of services	1,285
(1,602)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,654)
220	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(93)
(334)	Interest received	(174)
(1)	Finance lease interest (received) / paid	103
626	Net cash flows from Operating Activities	(1,533)
	Investing Activities	
387	- Purchase of property, plant & equipment, investment property & intangible assets	5,691
8,000	- Purchase of short-term investments	3,000
3,000	- Purchase of long-term investments	-
560	- Other (receipts) / payments for investing activities	(230)
(20)	- Proceeds from the sale of property, plant & equipment, investment property & intangible assets	(185)
(380)	- Capital grants	(339)
(7,000)	- Proceeds from short-term investments	(8,100)
(1,000)	- Proceeds from long-term investments	-
	Financing Activities	
-	- Change in the outstanding liabilities relating to finance leases	(3,065)
(71)	- Other (receipts) / payments for financing activities	(2,303)
4,102	Net (increase) or decrease in cash and cash equivalents	(7,063)
8,309	Cash and cash equivalents at the beginning of the reporting period	4,207
4,207	Cash and cash equivalents at the end of the reporting period	11,270
1	Cash held	1
202	Bank current accounts	173
4,004	Short-term deposits / Money Market Funds	11,096
4,207		11,270

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 highly liquid 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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services are debited 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 assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisation are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Employee Benefits**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 for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable, to the Non Distributed Costs line in the Comprehensive Income & Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme administered by Buckinghamshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned by employees as they worked for the Authority.

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Authority 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value.
- The change in the net pensions liabilities is analysed into the following components:

Service cost comprising:

 - Current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

 - The return on plan assets - excluding amounts included in net interest on the net defined benefit (asset) - charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for 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 on 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.

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any members of staff are accrued in the year of the decision to make the award and accounted for using the same policies applied to the Local Government Pension Scheme.

Events After the Reporting Period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective 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.

This usually means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

The Authority has a small portfolio of residual mortgages and has made a number of car loans to employees - these are categorised as soft loans. The Authority has determined that as the value of advances made is low and there has not been any significant discounting of interest rates that the amounts involved are de minimis for the purposes of accounting fully for the loans.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are generally based on market price.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grant Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Assets

Expenditure on non-monetary assets that do not have a physical substance but are controlled by that Authority as a result of past events (eg software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of any intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposals gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that would require it to prepare group accounts.

Inventories

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

Investment Properties

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Leases

Leases are accounted for 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.

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

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

The Authority 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 its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment loss arising on leased assets. Instead Property, Plant and Equipment held under finance leases is funded in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Rentals paid under operation leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority as Lessor*Finance Leases*

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the balance sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. 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 financial. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Authority grants an operating lease over property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (eg there is a premium paid or discount offered at the commencement of the lease). If material initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the costs of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in the Service Reporting Code of Practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production of 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 accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

The Council has established a de-minimis level of £20,000. Expenditure on assets under this level is not capitalised within the accounts.

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 it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have any commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community assets and assets under construction - depreciated historic cost
- All other assets - fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against 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 Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Material 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.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against 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 Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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 useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

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

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. The Authority has established a threshold of £1 million for determining whether an asset needs to be componentised (all of the Authority's major assets - council offices, 3 leisure centres, multi-storey car park and depot - are above this threshold) and an individual component cost of more than 20% to determine whether a component needs to be depreciated separately.

Revaluation gains are also depreciated, 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 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for 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 Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to old housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement of the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority 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 risk and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts where it is probable that there will be an inflow or economic benefit or service potential.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. 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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources 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 there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenues and Customs. VAT receivable is excluded from Income.

2. Prior Period Adjustments**Council Tax Benefit / Support**

Council Tax Benefit ceased on 31st March 2013. It was replaced by local Council Tax Support.

Council Tax Benefit was charged to the Central Services to the Public Line in the Comprehensive Income and Expenditure Statement. The cost was mostly offset by a Government Grant.

Council Tax Support is not charged to the Comprehensive Income and Expenditure Statement. Instead it is netted off Income from Council Tax in the Collection Fund.

The 2012/13 figures in the Comprehensive Income and Expenditure Statement have therefore been adjusted to move Council Tax Benefit from the Central Services to the Public line, to the Surplus or Deficit on Discontinued Operations line.

This change is presentational only and has no net effect on net worth.

IAS 19 Employee Benefits

The 2013/14 Code has adopted amendments to IAS 19 Employee Benefits. This has:

- Required recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements.
- Introduced enhanced disclosures about defined benefit plans.
- Modified accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.

This new policy has presentational impacts on the Accounts. However it has not had any impact on net worth.

Asset Valuations

The Council revalued its Land and Buildings on 1 April 2011. However the valuations provided by the valuer for the leisure centre were incorrect in that they included an amount for financing charges, whereas the Code of Practice requires these to be valued on an 'instant build' basis.

This has resulted in the Council's three main leisure centres being overvalued since 1st April 2011. This error has now been corrected by way of a prior period adjustment primarily:

- Reducing the value of the fixed assets as at 1st April 2011 by £1,202,000
- Reducing the value of the revaluation reserve as at 1st April 2011 by £1,202,000
- Reducing the annual charge for depreciation by £34,000.

This has resulted in the following changes being made to the 2012/13 financial statements.

	2012/13 Statements £'000	Adjustments Made £'000	Amended Figures £'000
Comprehensive Income & Expenditure Statement			
Cultural and Related Services line - Gross Expend	837	(34)	803
Movement In Reserves Statement			
Adjust between accounting basis & funding basis	(1,802)	34	(1,768)
Net overall net effect on General Fund Balance		<hr/> Nil	

	2012/13 Statements £'000	Adjustments Made £'000	Amended Figures £'000
Opening 1 April 2012 Balance Sheet			
Property, plant and equipment	28,423	(1,168)	27,255
Revaluation Reserve	(8,893)	1,168	(7,725)
31 March 2013 Balance Sheet			
Property, plant and equipment	27,699	(1,134)	26,565
Revaluation Reserve	(8,405)	1,134	(7,271)

3. Accounting Standards that have been Issued But Not Yet Adopted

The Authority is required to disclose information relating to the impact of any accounting change on the financial statements, as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the Authority.

Full adoption will be required for the 2014/15 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2013/14) financial statements.

The 2014/15 Code has adopted:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation
- Annual Improvements to IFRS 2009-2011 Cycle.

However these new policies are not expected to have any significant impacts on CDC.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 the Authority 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:

- There is a high degree of uncertainty about future levels of funding for local government. However the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce service provision.
- The Authority has determined that its joint refuse, recycling and street cleaning contract contains an embedded finance lease for the refuse, recycling and street cleaning vehicles.

The following issues also affect the understanding of the Statement of Accounts:

- Housing Transfer - In December 1988 the Council sold its housing stock to the Chiltern Hundreds Housing Association (Paradigm). The Council retains responsibility for homelessness.
- Leisure Services - In October 2000 the Council transferred responsibility for the operational management of its leisure facilities to an external provider. A contract was awarded to Nexus Community to manage the leisure facilities for a period of ten years from April 2005. The Council retains a strategic and policy making role in the provision of leisure services.

5. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £19k for every year that useful lives had to be reduced.
Debtor Arrears	At 31 March 2014, the Council had a balance of invoiced sundry debts of £2,548k. A review of significant overdue balances suggested that an impairment of doubtful debts of 20% of overdue debts (£38k) was appropriate, and was provided for.	If collection rates were to deteriorate, an increase of the amount of the impairment of doubtful debts would be considered.
Non Domestic Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. If successful they will be entitled to a refund of overpaid Non Domestic Rates. The Authority has therefore made a provision of £583,000 for the settlement of successful appeals.	An increase of 10% in either the total number of successful claims or the estimated average settlement would each have the effect of adding £58,000 to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of the pensions liability in the balance sheet is £30,456k.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1,212k.
Accruals	Accruals are estimated based on goods or services which have been received but not yet invoiced. The value of estimated creditors is £2,565k. Estimated debtors are based on invoices which were not be raised prior to 31 March 2014. The value of estimated debtors is £1,532k.	If there is a difference of 1% on the value of the actual invoice received, this would equate to £26k. A difference of 1% on the value of the actual debtors invoice raised would equate to £15k.

6. Material Items of Income and Expense

The amount of Revenue Support Grant has increased from £56,000 in 2012/13 to £1,961,000 in 2013/14. This does not however correspond to an increase in net overall income as the net income from Non Domestic rates has reduced from £2,885,000 to £893,000, as a result of the localisation of Business rates.

	2012/13 £'000	2013/14 £'000
Revenue Support Grant	56	1,961
Net Income from Non Domestic Rates	2,885	893
	2,941	2,854

There are no other material items which are not already included elsewhere within the Statement of Accounts.

7. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 30 June 2014. Events taking place after this date are not reflected in the financial statement or notes.

There have been no events after the balance sheet date that need to be disclosed.

8. Adjustments Between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2013/14	General Fund £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Mvm't in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Charges for depreciation and impairment of non-current assets	(1,207)			1,207
Revaluation losses on Property, Plant and Equipment				
Movement in the market value of investment properties	(1,427)			1,427
Amortisation of Intangible Assets	(123)			123
Capital grants & contributions applied	339			(339)
Use of internal capital reserves to finance capital expenditure		4,274		(4,274)
Revenue expenditure funded from capital under statute	(568)			568
Amounts of non current assets written off on disposal	(120)			120
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement				
Application of grants to capital financing transferred to the Capital Adjustment Account				
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	185		(185)	
Use of the Capital Receipts reserve to finance new capital expenditure			1,523	(1,523)
Contribution from the Capital Receipts reserve to finance the payments to the Government capital receipts pool				
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,502)			2,502
Employer's pensions contributions and direct payments to pensioners payable in the year	2,599			(2,599)

2013/14	General Fund £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Mvmn't in Usable Reserves £'000
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	181			(181)
Amount by which NDR Income credited to the Comprehensive Income and Expenditure Statement is different from NDR in accordance with statutory requirements	(770)			770
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4			(4)
Total Adjustments	(3,409)	4,274	1,338	(2,203)

2012/13 (Restated)	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Mvmn't in Usable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Charges for depreciation and impairment of non-current assets	(804)			804
Revaluation losses on Property, Plant and Equipment				
Amortisation of Intangible Assets	(88)			88
Capital grants & contributions applied	380			(380)
Use of internal capital reserves to finance capital expenditure	608			(608)
Revenue expenditure funded from capital under statute	(496)			496
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	44		(44)	
Application of grants to capital financing transferred to the Capital Adjustment Account			6	(6)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	20	(20)		
Use of the Capital Receipts reserve to finance new capital expenditure		27		(27)
Contribution from the Capital Receipts reserve to finance the payments to the Government capital receipts pool	1	(1)		
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,856)			2,856
Employer's pensions contributions and direct payments to pensioners payable in the year	1,354			(1,354)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	69			(69)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				
Total Adjustments	(1,768)	6	(38)	1,800

9. Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans.

	Balance at 31 Mar 13 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 Mar 14 £'000
Local Development Framework Reserve To hold Housing and Planning Delivery Grant until expenditure incurred	360	(17)	-	343
Preventing Repossessions To hold Preventing Repossessions Grant until expenditure incurred	29	(10)	-	19
Neighbourhood Planning Reserve To hold Neighbourhood Planning Grant until expenditure incurred	17	-	-	17
Election Fund To meet the cost of local elections as and when required	59	-	17	76
Waste Initiatives Reserve A reserve established to support the delivery of waste and recycling services across the district	244	-	50	294
Planning Reserve To meet the costs of enforcement action and planning appeals, which can vary greatly from year to year, and to manage the significant costs arising from the periodic preparation, examination in public and approval of the Local Development Framework	634	(38)	65	661
Rent Deposit / Private Leasing and Homelessness Prevention Reserves To provide funding to assist households in accessing affordable housing and avoiding homelessness	237	(28)	-	209
Housing Benefits Reserve To meet fluctuations in respect of housing benefits subsidy	266	(8)	250	508
Transformation Reserve A reserve established to enable the council to achieve further savings and efficiencies through service delivery review and other organisational change	142	(26)	-	116
HS2 Reserve To cover potential costs involved in the planned HS2 rail route	200	(96)	124	228
Community Support Reserve This reserve holds grant monies received until expenditure is incurred.	107	-	-	107
Workforce Strategy Reserve A reserve set aside to contribute towards future one off costs arising from organisational change and potential shared service arrangements	125	-	-	125
Business Rates Retention Reserve To respond to changes in funding following the localisation of business rates	250	-	-	250
Capital Projects Reserve This reserve is credited with interest earned and is held to provide resources for capital expenditure	3,666	(4,274)	608	-
Repairs & Renewals Fund For the replacement of vehicles, plant, machinery and equipment as required and as a contingency for major repairs to buildings	781	(142)	219	858
Total Earmarked Reserves	7,117	(4,639)	1,333	3,811

10. Property, Plant and Equipment

The main assets owned by the Council are shown below.

- **Land and Buildings** - King George V House (Council offices), Chiltern Pools, Chesham Leisure Centre, Chalfont Leisure Centre, 8 Public Conveniences, 16 surface car parks, 1 multi-storey car park, Barn Hall & Drake Hall and 9 community/sport centres
- **Vehicle, Plant & Equipment** - Recycling facilities and equipment, CCTV, IT equipment
- **Infrastructure Assets** - Pedestrianisation and enhancement schemes at Chesham, Old Amersham, Great Missenden, Chalfont St Peter and Little Chalfont
- **Community Assets** - Woodlands, Open Spaces, Quarrendon Estate, Commons and Manorial Waste
- **Surplus Assets Not Held For Sale** - Land for Potential waste transfer station at the Depot.

Movements in 2013/14

	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation:						
At 1 st April 2013	25,381	1,717	908	1,165	225	29,369
Additions	61	3,507	-	-	-	3,568
Revaluations	1,540	-	-	-	-	1,540
At 31st March 2014	26,982	5,224	908	1,165	225	34,504
Depreciation & Impairments:						
At 1 st April 2013	(961)	(1,323)	(547)	-	-	(2,831)
Charge for year	(576)	(599)	(32)	-	-	(1,207)
At 31 March 2014	(1,537)	(1,922)	(579)	-	-	(4,038)
Net book value at 31st March 2014	25,445	3,302	329	1,165	225	30,466

Comparative movements in 2012/13

	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation:						
At 1 st April 2012	25,328	1,666	908	1,165	225	29,292
Additions	299	51	-	-	-	350
Reclassifications - Transfer to Investment Property (Papersort Facility)	(246)	-	-	-	-	(246)
At 31st March 2013	25,381	1,717	908	1,165	225	29,396
Depreciation & Impairments:						
At 1 st April 2012	(400)	(1,122)	(515)	-	-	(2,037)
Charge for year	(571)	(201)	(32)	-	-	(804)
Reclassifications - Transfer to Investment Property (Papersort Facility)	10	-	-	-	-	10
At 31 March 2013	(961)	(1,323)	(547)	-	-	(2,831)
Net book value at 31st March 2013	24,420	394	361	1,165	225	26,565

Revaluations

All relevant assets were revalued in 2011/12 with a valuation date of 1 April 2011 by Wilks Head & Eve, Chartered Surveyors and Town Planners. The only exception is the Amersham Multi Storey Car Park which has been revalued as at 1 April 14.

	Land and Buildings (including car parks) £'000	Vehicles, Plant & Equipment £'000	Infra- structure Assets £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Carried at Historical Cost	2,152	5,224	908	1,165	-	9,449
Valued at Fair Value as at						
1 April 2011	21,606	-	-	-	225	21,831
1 April 2012	-	-	-	-	-	-
1 April 2013	-	-	-	-	-	-
1 April 2014	3,224	-	-	-	-	3,224
Total Cost or Valuation	26,982	5,224	908	1,165	225	34,504

Depreciation

Where depreciation is provided for, assets are being depreciated using the straight-line method over the following periods:

Buildings (where appropriate)	20 - 60 years
Infrastructure	30 - 60 years
Vehicles and equipment	3 - 10 years
Refuse & recycling receptacles (Bins)	10 - 14 years

Contractual Commitments

Leisure Centres - Under the contract with Greenwich Leisure the Council has responsibility for the structure and exterior of the Leisure Centres, including the repair and maintenance of visitor car parks with an agreed commitment, on average, of £100k p.a.

London Road Depot - Under a contract with Balfour for Depot investment works £1.7m was spent in 2013/14 and £404k remains committed in the budget to be spent in 2014/15.

Refuse & Recycling Receptacles (Bins) - Under the joint waste contract held with Serco the Refuse & Recycling Receptacles (bins) are being paid for over a 7 year period from March 2013 at a total cost to this council of £899,000.

11. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

London Road Depot	2012/13 £'000	2013/14 £'000
Income	(170)	(195)
Expenditure	244	247
Expenditure - Impairment	-	1,427
(Surplus)/Deficit in year	74	1,479

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

	2012/13 £'000	2013/14 £'000
Balance at start of year	1,238	1,511
Additions	37	1,772
Net gains / (losses) from fair value adjustments	-	(1,427)
Transfer from Property, Plant & Equipment	236	-
Balance at end of year	1,511	1,856

12. Intangible Assets

An element of the Council's capital expenditure does not fall within the definition of non-current assets but is classified as expenditure for capital purposes with respect to capital controls. Expenditure on intangible assets, namely IT software, is charged to service revenue accounts with amounts representing the benefit obtained in the year from expenditure on these items. The useful life assigned to IT software is five years. The movement on intangible asset balances during the year is as follows:

Purchased Computer Software	2012/13 £'000	2013/14 £'000
Balance at start of year:		
Gross carrying amounts	408	546
Accumulated amortisation	(175)	(262)
Net carrying amount at start of year	233	284
Additions	138	228
Amortisation for the period	(87)	(123)
Net carrying amount at end of year		
Gross carrying amounts	546	774
Accumulated amortisation	(262)	(385)
Net carrying amount at end of year	284	389

13. Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

Categories of Financial Instrument

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

	Long Term		Current	
	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000
Fixed deposits / money market loans	1,000	-	9,161	5,031
Available-for-sale financial assets	40	40	-	-
Total Investments	1,040	40	9,161	5,031
Debtors	2	-	746	3,478
Creditors	-	-	(3,224)	(2,949)

Note: Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments

Income, Expense, Gains and Losses

The gains and losses recognised in the Income and Expenditure in relation to financial instruments are made up as follows:

	Cash & Bank £'000	Loans & Receivables - Money Market Loans £'000	Total £'000
2013/14			
Interest income to I&E	6	168	174
Gain/(loss) for the year	6	168	174
2012/13			
Interest income to I&E	20	314	334
Gain/(loss) for the year	20	314	334

Fair Values of Assets and Liabilities

Fair Value - Financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Where an instrument is due to mature within the next 12 months the carrying amount is assumed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount

Impairment - Financial instruments are considered for impairment at year end. As at 31 March 2014 no impairment losses have been anticipated and no adjustment to their value has therefore been made.

14. Debtors

The amounts owed to the Council, net of impairment, are summarised as follows.

	2012/13 £'000	2013/14 £'000
General Debtors (net of impairments)	714	1,062
Central Government	2,359	1,403
Other Local Authorities	1,557	2,745
Council Tax (net of impairments)	102	100
Payments in Advance	285	405
	5,017	5,715

15. Cash and Cash Equivalents

	2012/2013 £'000	2013/2014 £'000
Cash held by the Council	1	1
Bank current accounts	203	174
Short-term deposits with banks/building societies (< 3 mths)	1,002	9,000
Money Market Funds	3,001	2,095
	4,207	11,270

16. Short Term Creditors

	2012/13 £'000	2013/14 £'000
General Creditors	(2,197)	(1,839)
Central Government	(17)	(40)
Other Local Authorities	(146)	(2,546)
	(2,360)	(4,425)

17. Receipts in Advance

	2012/13 £'000	2013/14 £'000
Receipts in Advance - General	(225)	(337)
Receipts in Advance - Council Tax	(8)	(91)
Receipts in Advance - NNDR	-	(117)
s106 Contributions - Provision of Car Parking	(88)	(88)
s106 Contributions - Affordable Housing	(639)	(1,062)
Other Grants and Contributions	(75)	(81)
	(1,035)	(1,776)

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

18. Provisions

	NDR Appeals £'000	Land Charges £'000	Redundancy / Early Retirement £'000	Total £'000
Balance at 1 April 2013	-	(87)	(14)	(101)
Additional provisions made	(583)	-	-	(583)
Amounts used	-	-	14	14
Balance at 31 March 2014	(583)	(87)	-	(670)

A provision has been made for potential land charge personal search fee refunds. The actual timing and value of the refunds is dependent on how the discussions with the claimants progress. However it is expected that the claims will be settled within the next 12 months.

A provision has been established in respect of Non-Domestic Rates appeals. It is expected that the majority of claims will be settled within the next 12 months.

19. Unusable Reserves**Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority 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.

	2011/12 Original £'000	2011/12 Restated £'000	2012/13 Restated £'000	2013/14 £'000
Balance at 1 April	-	-	7,725	7,271
Upward revaluation of assets	8,893	7,691	-	1,539
Difference between fair value depreciation and historical cost depreciation	-	34	(454)	(204)
Balance at 31 March	8,893	7,725	7,271	8,606

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 Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of services, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2012/13 £'000	2012/13 Restated £'000	2013/14 £'000
Balance at 1 April	(23,907)	(23,907)	(24,470)
Actuarial gains or (losses) on pensions assets and liabilities	494	-	-
Change in financial assumptions	-	(3,646)	(190)
Change in demographic assumptions	-	-	(2,558)
Experience loss(gain) on defined benefit	-	-	(1,721)
Return on assets less interest	-	4,584	833
Other Actuarial gains/losses	-	-	(2,447)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,361)	(2,855)	(2,502)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,304	1,354	2,599
Balance at 31 March	(24,470)	(24,470)	(30,456)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 (Adjustments between accounting basis and funding basis under regulations) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2012/13 Restated £'000	2013/14 £'000
Balance at 1 April	21,199	21,285
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
▪ Charges for depreciation and impairment	(804)	(1,207)
▪ Amortisation of intangible assets	(88)	(123)
▪ Revenue expenditure funded from capital under statute	(496)	(568)
▪ Disposals	-	(120)
Adjusting amounts written out of the Revaluation Reserve	454	204
Financing of Capital Expenditure		
▪ Use of internal capital reserves to finance new capital expenditure	635	5,797
▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	380	339
▪ Application of grants to capital financing from the Capital Grants Unapplied Account	6	-
Movement in the market value of Investment Properties	-	(1,427)
Other items	(1)	-
Balance at 31 March	21,285	24,180

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across to the General Fund from the Collection Fund.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	(1)	68
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	69	181
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	-	(770)
Balance at 31 March	68	(521)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg 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.

	2012/13 £'000	2013/14 £'000
Balance at 1 April	103	103
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	3
Balance at 31 March	103	106

20. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Portfolio / service areas. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

Assets and liabilities are reported on an annual basis via the approval of the annual accounting statements.

The income and expenditure of the Council's service areas recorded in the budget reports for the year is as follows:

Notes to the Accounts

2013/14	Leader	Deputy Leader	Community	Health & Housing	Sustain-able Development	Waste & Customer Services	Support	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-267	-2,361	-27	-714	-1,061	-2,831	-479	-7,740
Government grants	-	-3	-	-89	-	-20,039	-	-20,131
Funded from reserves	-96	-	-	-38	-55	-8	-26	-223
	-363	-2,364	-27	-841	-1,116	-22,878	-505	-28,094
Employee expenses	853	545	209	1,258	1,870	2,263	2,750	9,748
Transfer payments	-	-	-	8	-	19,211	-	19,219
Depreciation	-	310	389	506	-	501	165	1,871
Other operating expenses	187	1,241	341	471	268	3,774	1,582	7,864
Support service recharges	-553	-231	142	583	801	575	-1,535	-218
	487	1,865	1,081	2,826	2,939	26,324	2,962	38,484
Net Expenditure	124	-499	1,054	1,985	1,823	3,446	2,457	10,390

2012/13 (Restated)	Young People, Leisure, Community and Communications	Community Partnerships	Deputy Leader	Health and Housing	Leader	Finance & Resource Management	Waste Issues & Building Control	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Central Government grant	0	0	0	-23,121	0	-117	0	-23,238
Grants, reimbursements and contributions	-83	-41	-81	-143	-454	-733	-1,836	-3,371
Customer receipts	-20	-202	-1,798	-69	-617	-471	-1,751	-4,928
Internal Recharges	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	-1	0	-1
	-103	-243	-1,879	-23,333	-1,071	-1,322	-3,587	-31,538
Expenditure								
Employee costs	209	338	250	1,561	1,743	1,141	1,144	6,386
Premises related expenses	21	21	392	0	0	265	10	709
Transport related expenses	0	0	16	0	10	0	28	54
Supplies and services	403	98	210	263	741	482	1,232	3,429
Third party payments	103	17	164	22,753	190	60	4,695	27,982
Support services	115	225	269	985	1,128	528	448	3,698
Capital charges	390	8	111	0	0	26	119	654
Interest payments	0	0	0	0	0	0	0	0
	1,241	707	1,412	25,562	3,812	2,502	7,676	42,912
Net Expenditure	1,138	464	-467	2,229	2,741	1,180	4,089	11,374

Notes to the Accounts

Reconciliation of Portfolio Analysis to the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

2013/14	Portfolio analysis £'000	Services not in analysis £'000	Amounts not reported to Mgt £'000	Amounts not in CI&E £'000	Cost of Services as per CI&E £'000	Corporate amounts £'000	Total as per CI&E £'000
Fees, charges & other service income	-7,740	-	-	-	-7,740	-	-7,740
Interest and investment income	-	-	-	-	-	-174	-174
Income from council tax	-	-	-	-	-	-9,298	-9,298
Income from NDR	-	-	-	-	-	-1,207	-1,207
Government grants and contributions	-20,131	-	-	-	-20,131	-2,434	-22,565
Funded from reserves	-223	-	-	-	-223	-	-223
	<u>-28,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-28,094</u>	<u>-13,113</u>	<u>-41,207</u>
Employee expenses	9,748	-	-	-	9,748	1,052	10,800
Transfer payments	19,219	-	-	-	19,219	-	19,219
Depreciation	1,871	-	-	-	1,871	-	1,871
Other operating expenses	7,864	349	-1,252	-5	6,956	1,513	8,469
Support service recharges	-218	-	-	-	-218	-	-218
Interest payments	-	-	-	-	-	103	103
Precepts and levies	-	-	-	-	-	2,279	2,279
Gain / loss on disposal of fixed assets	-	-	-	-	-	-65	-65
	<u>38,484</u>	<u>349</u>	<u>-1,252</u>	<u>-5</u>	<u>37,576</u>	<u>4,882</u>	<u>42,458</u>
Surplus or deficit (CI&E Account)	<u>10,390</u>	<u>349</u>	<u>-1,252</u>	<u>-5</u>	<u>9,482</u>	<u>-8,231</u>	<u>1,251</u>

Notes to the Accounts

2012/13 (Restated)	Service Analysis	Not reported in Service Management a/cs	Not reported in Service Management a/cs - IAS19	Not included in I&E	Movements to/from reserves	Net cost of services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Income								
Central Government grant	-23,238					-23,238	-3,456	-26,694
Grants, reimbursements and contributions	-3,371	-380		52	653	-3,046	-53	-3,099
Customer receipts	-4,928			202		-4,726	-202	-4,928
Internal Recharges	0					0	0	0
Income from Council Tax						0	-9,618	-9,618
Interest	-1					-1	-334	-335
Total income	-31,538	-380	-	254	653	-31,011	-13,663	-44,674
Expenditure								
Employee costs	6,386		472	-74		6,784	75	6,859
Premises related expenses	709			-173		536	173	709
Transport related expenses	54					54	0	54
Supplies and services	3,429					3,429	0	3,429
Third party payments	27,982			-94	-423	27,465	539	28,004
Support services	3,698			-64		3,634	65	3,699
Capital charges	654	495		-26		1,123	26	1,149
Town and Parish Council Precepts							2,463	2,463
Interest payments								0
Payments to Housing Capital receipts pool				1		1		1
Gain or loss on disposal of non-current assets							-20	-20
Pensions Interest Cost and Expected return on pension assets							636	636
Total operating expenses	42,912	495	472	-430	-423	43,026	3,957	46,983
Surplus or deficit on the provision of services	11,374	115	472	-176	230	12,015	-9,706	2,309

21. Trading Operations

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

Service Area	2012/13 £'000	2013/14 £'000
Markets		
Income	(23)	(21)
Expenditure	31	26
(Surplus)/Deficit in year	8	5
Property Management		
Income	(61)	(65)
Expenditure	107	93
(Surplus)/Deficit in year	46	28
Total Trading Services Deficit	54	33

22. Members' Allowances

In line with Government requirements the Council's Scheme of Allowances consists of a Basic Allowance of £4,500 (£4,500 in 2012/13) and a Special Responsibility Allowance that depends on each individual Member's role in the Council. The allowance is not based on attendance. The total payments made under each category are shown below.

	2012/13 £'000	2013/14 £'000
Basic Allowance	189	185
Special Responsibility Allowance	86	89
Expenses	8	8
	283	282

23. Officers' Remuneration

The remuneration paid to the Authority's senior employees is shown in the table below. Chiltern District Council and South Bucks District Council now share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with Chiltern DC contributing 54.9% and South Bucks DC contributing 45.1% towards the costs.

2013/14	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contribution £
Chief Executive	CDC	128,000	-	-	308	128,308	35,413	163,721
Director of Services	SBDC	91,000	-	-	672	91,672	20,993	112,665
Director of Resources	SBDC	91,000	-	-	958	91,958	21,058	113,016
Head of Legal & Democratic Services	CDC	72,261	-	-	308	72,569	20,029	92,598
Head of Finance	SBDC	70,196	-	-	647	70,843	16,223	87,066
Head of Customer Services	CDC	67,201	-	-	227	67,428	18,610	86,038
Head of Business Support	CDC	74,067	-	-	308	74,375	20,527	94,902
Head of Health & Housing	CDC	74,488	-	-	308	74,796	20,644	95,440
Head of Sustainable Development	SBDC	70,196	-	-	958	71,154	16,294	87,448
Head of Community	SBDC	70,196	-	-	-	70,196	16,075	86,271
Head of Environment	SBDC	70,196	-	-	672	70,868	16,229	87,097

2012/13	Salary incl fees, allowances & performance related pay £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contribution £
Chief Executive (note 1)	125,250	-	-	336	125,586	33,406	158,992
Director of Services (note 2)	91,000	-	-	626	91,626	20,982	112,608
Director of Resources (note 3)	91,000	-	-	908	91,908	21,047	112,955
Head of Legal & Democratic Services (note 4)	21,640	-	-	54	21,694	5,770	27,464
Head of Personnel & Performance (note 5)	35,941	-	36,299	170	72,410	77,407	149,817
Head of Financial Services (note 6)	71,725	-	35,538	-	107,263	173,869	281,132
Head of Finance (note 7)	66,472	-	-	611	67,083	15,219	82,302
Head of Customer Services & Revenues (note 8)	67,112	-	35,918	336	103,366	151,620	254,986
Head of Customer Services (note 9)	-	-	-	-	-	-	-
Head of Business Support (note 10)	67,697	-	-	336	68,033	17,678	85,711
Head of Health & Housing (note 11)	69,685	-	-	336	70,021	18,300	88,321
Director of Planning & Environment (note 12)	-	-	-	-	-	-	-
Head of Building Control (note 13)	38,895	-	35,446	114	74,455	5,674	80,129
Head of Sustainable Development (note 14)	66,872	-	-	908	67,780	15,287	83,067
Head of Planning Services (note 15)	-	-	-	-	-	-	-
Head of Engineering & Contract management (note 16)	-	-	-	-	-	-	-
Head of Community (note 17)	67,103	-	-	-	67,103	15,079	82,182
Head of Environment (note 18)	66,295	-	-	626	66,921	15,223	82,144

Note 1: The Chief Executive is employed by Chiltern DC with South Bucks DC contributing 45.1% towards the costs.

Note 2: The Director of Services is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

Note 3: The Director of Resources is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

Note 4: The Head of Legal & Democratic Services commenced on the 10th December 2012 and is employed by Chiltern DC with South Bucks DC contributing 45.1% towards the costs.

Note 5: The post of Head of Personnel & Performance was made redundant on 30th September 2012 incurring additional pension costs.

Note 6: The post of Head of Financial Services was made redundant on the 31st March 2013 incurring additional pension costs.

Note 7: The Head of Finance is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

Note 8: The post of Head of Customer Services & Revenues was made redundant on 31st March 2013 incurring additional pension costs.

Note 9: The Head of Customer Services commenced on the 18th March 2013 and is employed by Chiltern DC with South Bucks DC contributing 45.1% towards the costs.

Note 10: The Head of Business Support is employed by Chiltern DC with South Bucks DC contributing 45.1% towards the costs.

Note 11: The Head of Health & Housing is employed by Chiltern DC with South Bucks DC contributing 45.1% towards the costs

Note 12: The post of Director of Planning & Environment was previously covered by interim arrangements which ceased on 31st October 2012.

Note 13: The post of Head of Building Control was made redundant on 31st July 2012.

Note 14: The Head of Sustainable Development, Planning & Building Control is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

Note 15: The Head of Planning Services was previously covered by interim arrangements which ceased on 31st July 2012.

Note 16: The post of Head of Engineering & Contract Management was previously covered by interim arrangements which ceased on 31st July 2012.

Note 17: The Head of Community is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

Note 18: The Head of Environment is employed by South Bucks DC with Chiltern DC contributing 54.9% towards the costs.

The table below reports the number of employees whose remuneration in the year exceeded £50,000. This table includes the senior officers detailed in the tables above, but only if they are directly employed by CDC. Note remuneration as defined excludes both employee and employer pension contributions.

Remuneration Band	2012/13 Number of employees	2013/14 Number of employees
£50,000 to £54,999	4	7
£55,000 to £59,999	1	1
£60,000 to £64,999	-	-
£65,000 to £69,999	1	1
£70,000 to £74,999	3	3
£75,000 to £79,999	-	-
£80,000 to £84,999	-	-
£85,000 to £89,999	-	-
£90,000 to £94,999	-	-
£95,000 to £99,999	-	-
£100,000 to £104,999	1	-
£105,000 to £109,999	1	-
£110,000 to £114,999	-	-
£115,000 to £119,999	-	-
£120,000 to £124,999	-	-
£125,000 to £129,999	1	1
Total	12	13

Exit Packages 2013/14

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost 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 £
Under £50,000	2	-	2	14,000
Over £50,000	-	-	-	-
Total cost included in bandings				14,000
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				-

The cost of £14,000 in the table above for exit packages was charged to the Authority's provision for redundancy / early retirement costs that was established last year.

Exit Packages 2012/13

The number of exit packages with total cost per band, and the total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost 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 £
Under £50,000	2	-	2	44,000
Over £50,000	2	1	3	606,000
Total cost included in bandings				650,000
Amounts provided for in CIES not included in bandings				14,000
Total cost included in CIES				664,000

The total cost of £664,000 in the table above includes £650,000 for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

The Authority's Comprehensive Income and Expenditure Statement includes a provision of £14,000 which has been agreed and is payable to officers. These costs are not included in the bands and therefore an additional line has been added to reconcile to the total cost of termination benefits reported in the Comprehensive Income and Expenditure Statement.

In accordance with the joint working Inter Authority Agreement between Chiltern District Council and South Bucks District Council, South Bucks District Council funded 45.1% of the exit costs associated with implementing a Joint Chief Executive and a Joint Senior Management Team.

24. 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 to non-audit services provided by the Council's external auditors. The note is prepared based on the fee payable for the audit work related to the financial year rather than amounts that have actually been paid in the year.

	2012/13 £'000	2013/14 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	54	54
Fees payable to the Audit Commission for the certification of grant claims and returns	16	12
Fees payable in respect of other services provided by the appointed auditor	-	-
Total	70	66

25. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

Credited to Taxation and Non Specific Grant Income	2012/13 £'000	2013/14 £'000
Non Domestic Rate Grant	2,885	-
Revenue Support Grant	56	1,961
Recognised Capital Grants and Contributions		
Affordable housing contribution (unconditional)	25	-
Bucks County Council capital contributions re Waste	19	-
	44	-
Non Service Related Government Grants		
National Non-Domestic Rate Top Up Grant	-	46
Small Business Rate Relief	-	267
Council tax freeze grant	177	-
New homes bonus grant	208	379
Local services support grant	72	-
Community right to challenge	9	9
Community right to bid	5	-
Capitalisation Provision	-	10
Council Tax Support	-	16
Assets of Community Value	-	8
Local Council Tax	-	39
Housing Benefits New Burdens	-	10
Transparency Code	-	3
	471	787
	3,456	2,748

Credited to Services	2012/13 £'000	2013/14 £'000
Council Tax/Housing Benefits Admin	401	361
Council Tax Subsidy	4,309	-
Mandatory Rent Allowances	18,381	19,447
Discretionary Housing	26	91
New Burdens (Council Tax Reform)	84	-
New Burdens (Business Rates Reform)	3	-
Implementing Welfare Changes	20	-
ESA Rule changes	2	-
DEFRA - Air Quality	30	-
Neighbourhood Planning	10	-
LA Data sharing Programme	-	10
HB Transitional Grant	-	5
LA IT payments	-	4
Clean Bus Technology	-	85
	23,266	20,003

26. 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 from operating independently or might have secured the ability to limit another party from bargaining freely with the Council.

Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides a proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in Note 25.

Other Local Authorities

The council has in place joint working arrangements with South Bucks District Council and Wycombe District Council. Further details are given in the Explanatory Forward.

Members

Members of the council have direct control over the council's financial and operating policies. The total allowances paid in 2013/14 are shown in Note 22. A review has been made of the register of Members Interests and of the declarations of interests made by Members during the year. In addition Members were asked to declare any related party transactions during the year. There are no matters that require disclosure.

Officers

A review has been carried out of the declarations of interests made by Chief Officers during the year. In addition Chief Officers were asked to declare any related party transactions during the year. There are no matters that require disclosure.

Entities controlled or significantly influenced by the council

(a) *Paradigm Housing Association* - The Council is entitled to nominate one Councillor to sit on the Board of the Association. The Council works closely with the Housing Association to meet social housing needs in the district. The housing waiting list and homelessness assessment and advice service are managed by the Council.

(b) *Citizens Advice Bureau* - The Council nominates one Councillor to sit on the Management Committee of the Chesham, Amersham and District Citizens Advice Bureau. In addition a number of Councillors sit on the Management Committee either in a personal capacity or as representatives of other organisations. The Council is the principal funder for the CAB and gave a grant of £123k during the year (2012/13 £123k).

(c) *Nexus Community* - Nexus Community took over responsibilities for leisure management on an interim basis from 1 April 2004 and a permanent basis from 1 April 2005. This includes responsibility for the operational management of the Council's leisure facilities, including Community Play and Sports Development. The Council retains a strategic and policy making role in the provision of leisure services. Following a merger in 2011 with Nexus, Greenwich Leisure Ltd, an Industrial and Provident Society which has exempt charity status and which operates on a "not for profit" basis now runs the contract. The Society is governed by a Board of Directors. Two nominated members and a Director of the Council are members of the Chiltern Leisure Advisory Board (CLAB) - a committee of the Society's Board. The CLAB has no legal liability and the decision making process principally remains with the Society's Board with the exception of delegated authority decisions as set out in the CLAB's terms of reference. The management fee paid to Greenwich Leisure Ltd in 2013/14 was £103k (2012/13 £102k).

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

Under the terms of the Joint Committee, any deficit or surplus earned by the Joint Committee is shared between the constituent authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. However, it has been agreed by all constituent authorities that any surplus will not be distributed, but will be retained by the Joint Committee for use in funding replacement capital expenditure and to meet future deficits. Chiltern District Council's share of the accumulated reserves is £1,249,541 (2012/13 £1,012,783).

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

Interest in Companies

The Council has an interest in three companies:

The Chiltern Woodlands Project

The aim of the Chiltern Woodlands Project is to promote and encourage the sensitive and sustainable management of Chiltern woods in order to protect the landscape of the Chilterns and maintain and enhance its biodiversity.

The company is limited by guarantee (of £1 per member) and supported by grant from 6 district councils and 2 county councils, each of whom are entitled to appoint a director. No grant was paid from Chiltern District Council in 2013/14 (2012/13 £0).

Although the company is technically a controlled company by virtue of the Local Authorities (Companies) Order 1995, its accounts have not been consolidated into the accounts of the Council on the grounds of materiality.

Further details on the activities and finances of the company can be obtained from:

John Morris, Director,
Chiltern Woodlands Project,
The Lodge
90 Station Road,
Chinnor,
Oxon OX39 4HA,
Tel: 01844 355503, Fax: 01844 355503,
Email: woodlands@chilternsaonb.org

Chiltern Open Solutions Ltd

During 2011/12 this company was established with the aim of maximising the potential income from the Chiltern and Dacorum Training Partnership. It was proposed to recruit a jointly funded full time professional training officer to work for the partnership for an initial period of 2 years. All requirements for Revenues and Benefits training would be met through this initiative with the aim to develop over time a sustainable generic service extended to other areas needing training updates.

To date the company remains dormant.

Green Deal Together Community Interest Company

The aim of the Green Deal Together Community Interest Company is to:

Successfully operate as a Green Deal Provider in the administrative areas of the contributing local authorities with the benefits of:

- Helping local installers access the Green Deal market and achieving local economic development opportunities.
- Providing residents and businesses with a credible scheme and stimulating energy saving improvements, carbon reduction and thermal comfort.
- Providing local authorities with a leadership role within the Green Deal landscape.

Chiltern District Council contributed £35,000 in 2013 in order to become a Founding Member Shareholder. This entitles the Council to nominate a Director of Green Deal Together Community Interest Company, and a share of any dividends.

The company is limited by shares. Each local authority has 35,000 shares, each at a value of £1.

Further details on the activities and finances of the company can be obtained from:

Tom Whitehead, GDT Manager
Green Deal Together
3 Welch Way
Witney
Oxfordshire, OX28 6JG
Tel 01993 226920
info@greendealtogether.org.uk
www.greendealtogether.org.uk

27. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2012/13 £'000	2013/14 £'000
<i>Capital Expenditure</i>		
Property, Plant and Equipment - Refuse and Street Cleansing Vehicles	-	2,604
Property, Plant and Equipment - Refuse Bins	-	899
Property, Plant and Equipment - Other	350	65
Intangible Assets	139	228
Revenue Expenditure Funded from Capital Under Statute	495	568
Investment Properties	37	1,772
Total Capital Expenditure	1,021	6,136
<i>Sources of finance</i>		
Capital reserves	608	4,274
Capital receipts	27	1,523
Government grants and other contributions	386	339
Total Funding for Capital Expenditure	1,021	6,136

28. Leases**Authority as Lessor - Finance Leases - Buildings**

The Council leased the west wing (30.5%) of its civic office building to Buckinghamshire County Council on a lease of 169 years. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2012/13 £'000	2013/14 £'000
Finance lease debtor		
- Current	4	4
- Non current	116	111
Unearned finance income	7	7
Gross investment in the lease	127	122

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

	2012/13 £'000	2013/14 £'000
Not later than one year	5	5
Later than one year and no later than five years	19	19
Later than five years	103	98
	127	122

Authority as Lessor - Operating Leases - Buildings

The Council leased the land under the west wing of its civic office building to Buckinghamshire County Council on a lease of 169 years. It has also granted numerous easements for rights of way over its land in perpetuity (implied as 80 years). The minimum lease payments receivable in future years are:

	2012/13 £'000	2013/14 £'000
Not later than one year	2	3
Later than one year and no later than five years	10	12
Later than five years	203	234
	215	249

Authority as Lessee - Operating Leases - Buildings

The Council acquired the land for two of its leisure centres by entering into operating leases, with respective lives of 125 and 99 years. The obligations outstanding at the year-end are as follows:

	2012/13 £'000	2013/14 £'000
Under one year	1	1
In the second to fifth years	4	4
Over five years	78	77
Total	83	82

The expenditure charged to the Cultural and Related Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was as follows.

	2012/13 £'000	2013/14 £'000
Operating lease payments	1	1
Total	1	1

Authority as Lessee - Finance Leases - Vehicles

The Council acquired the Refuse & Street Cleaning Vehicles for the joint waste contract with Wycombe District Council by entering into a finance lease. The obligations outstanding at the year-end are as follows:

	2012/13 £'000	2013/14 £'000
Under one year	-	464
In the second to fifth years	-	1,685
Over five years	-	359
	-	2,508

The expenditure charged to the Environmental and Regulatory Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was as follows:

	2012/13 £'000	2013/14 £'000
Finance lease payments	-	477
Total	-	477

29. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire at some point in the future, the authority has a current commitment to make these payments and this has to be disclosed in the accounts.

The authority participates in two pension schemes

- The Local Government Pension Scheme (LGPS) administered by Buckinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets in the longer term.
- Arrangements for the award of discretionary post retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

We recognise the costs of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is adjusted via the Comprehensive Income & Expenditure Statement.

Transactions Relating to Retirement Benefits

The following transactions have been made in the Income and Expenditure Account during the year.

Bucks County Council Pension Scheme	2012/13 £'000	2012/13 Restated £'000	2013/14 £'000
Comprehensive Income and Expenditure Statement:			
Cost of Services			
• Service costs	-	1,775	1,450
• Current service costs	1,225	-	-
• Past service costs/(gains)	302	-	-
• Curtailments and Settlements	248	-	-
• Administration expenses	-	24	41
• Net Interest on the defined liability (asset)	-	1,056	1,011
• Interest cost	2,420	-	-
• Expected return on assets in the scheme	(1,784)	-	-
Total post-employment benefits charged to the surplus or deficit on the provision of services	2,411	2,855	2,502
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:			
Remeasurement of the net defined benefit liability comprising:			
• Return on plan assets	-	4,584	833
• Actuarial gains and losses arising on changes in demographic assumptions	-	-	(2,558)
• Actuarial gains and losses arising on changes in financial assumptions	-	(3,646)	(190)
• Other	494	-	-
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	494	938	(6,083)
Movement in Reserves Statement:			
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,057)	(1,501)	97
Actual amount charged against General Fund Balance for pensions in the year			
• Employer's contributions payable to the scheme	1,303	1,303	1,549
• Employer's one-off contribution to the scheme	-	-	1,000
• Retirement benefits payable to pensioners	51	51	50

It should be noted that the Council's accounts do not include IAS19 pension accounting entries in respect of Chilterns Crematorium staff although they are treated as employees of the Council for Pension Scheme purposes.

Assets and Liabilities in relation to Retirement Benefits

A notional split has been applied to the figures to reflect the fact that both Chiltern District Council and Chilterns Crematorium employees participate in the scheme but as a single authority.

The reconciliation of present value of the scheme liabilities for this council are:

Bucks County Council Pension Scheme	31 March 2013 £'000	31 March 2013 Restated £'000	31 March 2014 £'000
Opening Liability 1 April	53,558	53,558	59,699
Current Service Cost	1,225	1,225	1,433
Interest Cost	2,420	2,420	2,565
Contributions by Scheme Participants	324	324	341
Change in financial assumptions	-	3,646	190
Change in demographic assumptions	-	-	2,558
Experience loss/(gain) on defined benefit obligation	-	-	1,721
Actuarial (Gains) and Losses	3,646	-	-
Curtailments	248	-	-
Benefits Paid	(1,973)	(1,973)	(2,830)
Unfunded Pension Payments	(51)	(51)	(50)
Past Service Costs including curtailments	302	550	17
Closing Liability 31 March	59,699	59,699	65,644

The reconciliation of fair value of the scheme assets for this council are:

Bucks County Council Pension Scheme	31 March 2013 £'000	31 March 2013 Restated £'000	31 March 2014 £'000
Opening fair value of Fund assets 1 April	29,651	29,651	35,229
Expected return on fund assets	1,784	-	-
Interest on Assets	-	1,364	1,553
Return on Assets less Interest	-	4,584	833
Other Actuarial Gains/(Losses)	-	-	(2,447)
Actuarial Gains and (Losses)	4,140	-	-
Administration expenses	-	(24)	(41)
Employer Contributions including unfunded	1,354	1,354	2,599
Contributions by Scheme Participants	324	324	341
Benefits Paid	(2,024)	(2,024)	(2,879)
31 March	35,229	35,229	35,188

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Scheme History

	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Present Value of Liabilities in LGPS	(60,626)	(45,485)	(53,558)	(59,699)	(65,644)
Fair Value of Assets in LGPS	29,542	31,071	29,651	35,229	35,188
Surplus/(Deficit) in LGPS	(31,084)	(14,414)	(23,907)	(24,470)	(30,456)

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £30,456k has a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy as the deficit on the pension fund will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2015 is £1.5 million.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Buckinghamshire County Council scheme has been assessed by Barnet Waddingham, an independent firm of actuaries, estimates being based on the latest full actuarial valuation of the scheme as at 31 March 2013.

The main **actuarial** assumptions used in their calculations were as follows.

Bucks County Council Pension Scheme	2011/12	2012/13	2013/14
Mortality Assumptions			
Longevity at 65 for current pensioners:			
• Men	20.0	20.1	23.6
• Women	24.0	24.1	26.0
Longevity at 65 for future pensioners:			
• Men	22.0	22.1	25.8
• Women	25.9	26.0	28.3
Rate of increase in pensions	2.5%	2.6%	2.7%
Rate of inflation	3.3%	3.4%	3.5%
Rate of increase in salaries	4.7%	4.8%	4.5%
Rate for discounting scheme liabilities	4.6%	4.4%	4.4%
Take up of option to convert annual pension into retirement lump sum	50%	50%	50%

Note: These are long term actuarial assumptions and do not necessarily reflect current circumstances.

The pension scheme assets consist of the following categories, by proportion of the total assets held.

	31 March 2012 % p.a.	31 March 2013 % p.a.	31 March 2014 % p.a.
Equities	68	70	68
Gilts	8	4	5
Other Bonds	9	9	10
Property	9	8	8
Cash	2	1	1
Alternative Assets	4	8	8

Sensitivity Analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	64,387	65,472	66,576
Projected service cost	1,212	1,239	1,266
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	65,602	65,472	65,342
Projected service cost	1,239	1,239	1,239
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	66,463	65,472	64,498
Projected service cost	1,266	1,239	1,211
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	63,224	65,472	67,739
Projected service cost	1,197	1,239	1,280

30. Contingent Assets and Liabilities

The Authority has the following contingent asset:

The Authority currently charges VAT on car parking fees and pays this over to HM Revenue and Customs. However whether car park fees levied by councils should be subject to VAT is currently the subject of an ongoing legal challenge. If the result of this is that the Authority's car parking fees are not liable for VAT, then the Authority could be due a refund of overpaid VAT.

There are no other contingent assets or liabilities that require disclosure.

31. Nature and Extent of Risks arising from Financial Instruments

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the council
- **Liquidity risk** - the possibility that the council might not have funds available to meet its commitments to make payments
- **Market risk** - the possibility that financial loss might arise for the council as a result of changes in interest rates.

The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the council 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

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the credit rating agencies. The annual investment strategy also imposes a maximum sum to be invested with a financial institution located within each category. No investment limits were exceeded during the reporting period and the council does not expect any losses from non-performance by any of its counterparties in relations to deposits.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £16m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The following analysis summarises the council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2014	Historical Experience of default	Experience adjusted for market conditions at 31 March 2014	Estimated maximum exposure to default and uncollectabi lity at 31 March 2014	Estimated maximum exposure at 31 March 2013
	£000	%	%	£000	£000
Deposits with banks and other financial institutions	16,090	-	-	-	-
Customers	3,948	0.34%	0.96%	38	37

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.

The council does not generally allow credit for customers. £206k of the total sundry debtors balance of £2,548k is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2013 £000	31 March 2014 £000
Less than three months	102	87
More than three months	63	119
Total	165	206

Liquidity Risk

The council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. All trade and other payables are due to be paid in less than one year. It is the council's policy to be debt free, however, arrangements are in place for temporary borrowing should the need arise for cash-flow purposes. The strategy is to ensure that a sufficient proportion of investments are held on demand and / or mature within 1 year. There is no significant risk that the council will be unable to raise finance to meet its commitments if required.

	Cash and Bank £'000	Loans and Receivables - Money Market Loans £'000
As at 31 March 2014	174	
On demand	-	7,090
Under 3 months	-	4,000
3 months to 1 year	-	5,000
Total	174	16,090
As at 31 March 2013		
On demand	203	3,000
Under 3 months	-	6,000
3 months to 1 year	-	4,000
1 year to 2 years	-	1,000
Total	203	14,000

Market Risk: Interest rate risk

The council is exposed to risk in terms of its exposure to interest rate movements on its investments. A rise in interest rates would have the following effects:-

- investments at variable rates - the interest income credited to Balance Sheet reserves will rise (the Surplus or Deficit on the Provision of Services is not affected since interest is not used to fund services except for a standard amount of £150k re housing)
- investments at fixed rates - the fair value of the asset will fall

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

According to this assessment strategy, at 31 March 2014, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	240
Impact on Surplus or Deficit on the Provision of Services	-
Decrease in fair value of fixed rate investment assets	(108)
Impact on Other Comprehensive Income and Expenditure	108

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

Market Risk: Price Risk

The authority does not invest in equity shares and thus is not exposed to losses arising from movements in the price of shares.

Market Risk: Foreign Exchange Risk

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

This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Council as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and the Government.

	Note	2012/13 Total £'000	2013/14 Council Tax £'000	2013/14 NDR £'000	2013/14 Total £'000
Income					
Income from Council Tax	1	(63,209)	(64,745)	-	(64,745)
Transfer from General Fund - Council Tax Benefit *		(4,360)	-	-	-
Income Collectable from Business Ratepayers	2	(19,366)	-	(20,443)	(20,443)
		<u>(86,935)</u>	<u>(64,745)</u>	<u>(20,443)</u>	<u>(85,188)</u>
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		-	-	10,332	10,332
Buckinghamshire County Council		47,930	44,884	1,860	46,744
Thames Valley Police & Crime Commissioner		6,862	6,554	-	6,554
Bucks and MK Fire Authority		2,630	2,463	206	2,669
Chiltern District Council **		<u>9,556</u>	<u>9,048</u>	<u>8,266</u>	<u>17,314</u>
		66,978	62,949	20,664	83,613
Payment of Business Rates to National Pool		19,090	-	-	-
Business Rates Transitional Protection Payments		-	-	39	39
Business Rates Cost of Collection		117	-	118	118
Business Rates Interest on Refunds		-	-	4	4
Business Rates Provision for Appeals		-	-	1,457	1,457
Impairment of Debts					
Write offs of uncollectable amounts		182	42	97	139
Increase / (reduction) in allowance for impairment		43	8	(7)	1
Contribution to previous year's Coll Fund surplus		155	486	-	486
		<u>86,565</u>	<u>63,485</u>	<u>22,372</u>	<u>85,857</u>
(Surplus) / Deficit for the Year		<u>(370)</u>	<u>(1,260)</u>	<u>1,929</u>	<u>669</u>
Balance brought forward 1 April		(109)	(479)	-	(479)
Balance carried forward 31 March		<u>(479)</u>	<u>(1,739)</u>	<u>1,929</u>	<u>190</u>
Analysis of Share of Surplus					
Central Government		-	-	965	965
Buckinghamshire County Council		(343)	(1,240)	174	(1,066)
Thames Valley Police & Crime Commissioner		(49)	(181)	-	(181)
Bucks and MK Fire Authority		(19)	(68)	19	(49)
Chiltern District Council		<u>(68)</u>	<u>(250)</u>	<u>771</u>	<u>521</u>
		<u>(479)</u>	<u>(1,739)</u>	<u>1,929</u>	<u>190</u>

* Council Tax Benefit ceased on 31 March 2013. It was replaced by Council Tax Support.

** Includes amounts collected on behalf of parish councils.

1. Council Tax

This Council's requirement from the Council Tax was £162.53 (2012/13 £159.50). The average Council Tax at band D including all precepts on the Collection Fund was £1,511.51 (2012/13 £1,506.05). Income from Council Tax shown on the account can be analysed as follows.

	2012/13 £'000	2013/14 £'000
Gross Charge	(74,334)	(75,125)
Less:		
Benefits / Support	4,360	4,200
Disabled Relief	68	79
Exemptions	1,635	851
Discounts	4,894	5,046
Personal Disregard	168	204
	(63,209)	(64,745)

The Council Tax Base for 2013/14 was assessed as 41,646.72 band D equivalent properties (2012/13 44,472.98).

Band	Chargeable Dwellings	Discount Deduction	2nd Homes	Net Dwellings	Band D Ratio	Band D Equivalent Dwellings
A	495	119.50	22.80	398.30	6/9	265.53
B	1,276	340.25	7.20	942.95	7/9	733.41
C	4,157	640.50	16.40	3,532.90	8/9	3,140.36
D	5,766	598.75	14.80	5,182.05	9/9	5,182.05
E	6,203	496.25	12.40	5,719.15	11/9	6,990.07
F	6,376	411.50	14.80	5,979.30	13/9	8,636.77
G	8,684	365.25	12.40	8,331.15	15/9	13,885.25
H	1,784	68.25	8.40	1,724.15	18/9	3,447.50
Adjust for estimated collection rate of 98.5% - Council Tax Base						41,646.72

2. Income from Business Ratepayers

The Council collects Business Rates for the area, which is based on rateable values multiplied by the rate poundage set by central government.

Non-domestic rateable value (at end of year)	2012/13 £54.674m	2013/14 £54.387m
Rate poundage - Standard Multiplier	45.8p	47.1p
- Small Business Multiplier	45.0p	46.2p

To be added at a later date

To be added at a later date

Accounting Period

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accrual

Accrual accounting is one of the main accounting concepts. It ensures that income / expenditure is shown in the accounting period that it is earned / incurred, and not as money is received or paid.

Actuary

A suitably qualified independent person who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses

Actuarial gains and losses represent 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.

Amortisation

A measure of the cost or amount of benefit of an intangible asset that has been consumed during the period.

Appropriation

The transfer of resources between reserves.

Asset

An asset is something that the Council owns that has a monetary value.

- A current asset is one that will be used or cease to have material value by the end of the next financial year e.g. stock or debtors
- A non-current asset provides benefits for a period of more than one year e.g. Council Offices

Balance Sheet

A financial statement summarising the financial position of the Council, in particular its assets, liabilities and other balances at the end of each accounting period.

Billing Authority

A local authority charged by statute with responsibility for the collection of, and accounting for, Council Tax and Non Domestic Rates.

Budget

A budget is a financial statement that expresses the Council's service delivery plans and capital programme in monetary terms.

Capital Adjustment Account

This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets.

Capital Expenditure

Expenditure on the acquisition or refurbishment of a non-current asset and other eligible items that will be of benefit to the Council in providing its services for more than one year.

Capital Financing

This term describes the various sources of money used to pay for capital expenditure.

Capital Programme

This is a plan for capital spending in future years. It shows the capital schemes that the Council intends to carry out.

Capital Receipt

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure, but they cannot be used to finance revenue expenditure.

CLG

The Department for Communities and Local Government, the central government department responsible for local government.

Collection Fund

A statutory fund maintained by the Council, which is used to record council tax and non-domestic rates collected by the Council, along with payments to central Government, precepting authorities and its own general fund.

Community Assets

This is the land and property that the Council intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples include open spaces.

Contingent Liability

A possible or present obligation arising from a past event which may arise in the future but which cannot be determined in advance. A contingent liability is not recognised in the accounts as an item of expenditure.

Council Tax

Council tax is levied on households and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council Tax Support

Assistance provided by the Council to adults on low incomes to help them pay their council tax bill.

Creditor

This term applies to money the Council owes to others for work done or goods and services it has received during the financial year but not paid for at the end of the accounting period.

Current Asset

An asset which is easily convertible to cash or expected to become cash within the next year.

Current Liability

An amount which will become payable within the next financial year.

Debtor

This term applies to money that others owe to the Council for work done or goods and services that have been provided to them by the Council during the financial year but have not been paid for by the end of the accounting period.

Depreciation

A measure of the cost or amount of benefit of a non-current asset that has been consumed during the period.

Events after the Reporting Period

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

External Audit

The independent examination of the activities and accounts of the Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Fees and Charges

Income raised by charging users of services for the facilities. For example planning applications fees, charges for the use of leisure facilities etc.

Finance Lease

A lease that transfers all the risks and rewards of ownership of an asset to the lessee. Such assets are included within the lessee's balance sheet.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Forward Purchase Contracts

The purchase of investment assets in advance of the settlement date (ie agreeing to make an investment next month).

General Fund

The main fund of the Council from which payments are made to meet the costs of providing services.

Government Grants

Grants made by central government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

Gross Expenditure

The total cost of providing the Council's services before taking into account income from fees and charges for services, and grants.

Heritage Assets

Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (eg antique furniture, paintings, books and manuscripts).

Housing benefit

An allowance provided by the Council to persons on low income to meet, in whole or part, their rent. The cost of housing benefit is largely met by a central Government grant.

Impairment

This is a reduction in the value of a non-current asset as shown in the balance sheet to reflect its current value.

Infrastructure Assets

Inalienable non-current assets, expenditure on which is recoverable only by continued use of the asset created e.g. Pedestrianisation.

Intangible Assets

Assets that do not have physical substance but are identifiable and are controlled by the Council and bring benefits to the Council for more than one financial year e.g. software licences.

International Financial Reporting Standards (IFRS)

IFRSs are set by the International Accounting Standards Board, the independent standard setting body of the International Accounting Standards Committee Foundation.

Inventories

These are items of stores that the Council has bought to use on a continuing basis but has not yet used.

Liability

A liability arises when the Council owes money or other assets to others.

Materiality

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

Non-Current Asset

An asset which is not easily convertible to cash or not expected to become cash within the next year.

Non Domestic Rates (NDR)

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy.

Operating Lease

This is an agreement for rental of assets where the risks and rewards of ownership of the asset remain with the lessor. Annual rentals are charged to revenue.

Out-turn

The actual results for the financial year.

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf. Precepts are paid from the Collection Fund.

Precepting Authorities

Those authorities which are not billing authorities, ie do not collect the council tax and non-domestic rate. Buckinghamshire County Council, Thames Valley Policy Authority and Buckinghamshire & Milton Keynes Fire Authority are 'major precepting authorities' and parish councils are 'local precepting authorities'.

Provisions and Reserves

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence.

Rateable Value

The annual assumed rental value of a property that is used for business purposes.

Related Parties

Bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Remuneration

All amounts paid to or receivable by an employee including sums due by way of expenses, allowances and the estimated money value of any other benefits received by an employee otherwise than in cash.

Reserves

A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

Residual Value

This is the net realisable value of an asset at the end of its useful life.

Retirement Benefits

Retirement benefits comprise all forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. They do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before normal retirement age or an employee's decision to accept voluntary redundancy.

Revaluation Reserve

An account containing any unrealised surpluses arising from the revaluation of non-current assets.

Revenue Expenditure

The day to day expenses associated with the provision of services.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

An example of this type of expenditure is where a capital grant is made by the Council to another organisation. This counts as capital expenditure but does not create an asset that belongs to the Council.

Revenue Support Grant (RSG)

A general grant paid by central government to local authorities as a contribution towards the cost of their services.

Section 106 Agreements

Where a developer undertakes to provide community benefits.

Service Reporting Code of Practice (SeRCOP)

The SeRCOP provides guidance on the content and presentation of costs and service activities. The code is driven by the requirements of the International Financial Reporting Standards.

Useful Life

This is the period over which the Council will derive benefits from the use of a non-current asset.

Chiltern District Council

Audit Committee Summary

For the year ended 31 March 2014

Audit results report – ISA 260

25 September 2014

— Maria Grindley, Director
— mgrindley@uk.ey.com

— Susan Gill, Manager
— SGill4@uk.ey.com



Building a better
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Contents

- ▶ Executive Summary
- ▶ Extent and progress of our work
- ▶ Addressing audit risk
- ▶ Financial statements audit – issues & findings
- ▶ Arrangements to secure economy, efficiency and effectiveness
- ▶ Independence and Audit Fees
- ▶ Appendix

Executive Summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to 'those charged with governance' on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013-14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- As of 25 September 2014, we expect to issue an unqualified opinion. We have found a potential prior period adjustment relating to the valuation of property, plant and equipment, with a few other disclosure errors which the Council has agreed to correct in the financial statements, and one small error of £154,000 which the Council has not agreed to correct but has no effect on its financial position. We have not completed all our audit work in respect of section 106 contributions, income testing, and closing procedures.

Value for money

- We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- We expect to issue an unqualified confirmation to the National Audit Office (NAO) regarding the Whole of Government Accounts submission.

Audit certificate

- The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Council's responsibilities

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its code of governance, including how it has monitored and evaluated the effectiveness of governance arrangements in the year, and on any planned changes in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Express an opinion on the 2013-14 financial statements.

Report on any exception in the governance statement or other information included in the foreword.

As a component auditor, follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

Consider and report any matters that prevent us being satisfied that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).

This report contains our findings related to the areas of audit emphasis, our views on the Council's accounting policies and judgments and material internal control findings.

This report is intended solely for the information and use of the Council. It is not intended to be, and should not be, used by anyone other than the specified parties.

Addressing audit risks

Audit risks

I Our audit plan identified two significant risks of material misstatement. Here we set out how we have gained audit assurance over these risks.

Audit Risk identified within our Audit Plan	Audit Procedures performed	Assurance gained and issues arising
<p>Risk of misstatement due to fraud and error</p>	<p>Based on the requirements of auditing standards our approach has involved :</p> <ul style="list-style-type: none"> ▶ Identifying the risk of material misstatement due to fraud and error at the planning stages of the audit ▶ Inquiry of management about risks of fraud and the controls put in place by management to address those risks ▶ Understanding the oversight given by those charged with governance of management's processes over fraud ▶ Considering the effectiveness of management's controls designed to address the risk of fraud ▶ Determining an appropriate strategy to address those identified risks of fraud ▶ Performing mandatory procedures regardless of specifically identified fraud risks 	<p>Assurance gained and issues arising</p> <ul style="list-style-type: none"> ▶ As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk. ▶ Our audit procedures have not identified any material misstatement or irregular accounting entries that would place us on alert regarding the above or challenge management actions. ▶ We have obtained representation from management and those charged with governance which provide us with assurance that arrangements are in place to mitigate the risk of material misstatement due to fraud or error and that there is the exercise of oversight on the part of the Audit Committee. ▶ We have obtained assurance that the risk of material misstatement due to fraud and error has been mitigated.
<p>Localisation of business rates</p>	<p>Based on the requirements of auditing standards our approach involved:</p> <ul style="list-style-type: none"> ▶ Ensuring consistency with guidance and developments ▶ Reviewing the methodology of the accounting estimates for reasonableness and evidence of management bias ▶ Reviewing some large individual cases to ensure they conform with the methodology 	<ul style="list-style-type: none"> ▶ We found that the Council had been consistent with guidance to date and it had ensured that the information passed on to its consultants (Analyse Local) was up-to-date. ▶ We reviewed the overall amount provided for by Chiltern District Council against provisions made by other District Councils and found that it was mid-range. ▶ We reviewed the report run for the first quarter of 2014-15 to see what effect there might be as a result of activity in appeals coming in after the date of the accounts and found that any change in estimate would not be material

Financial Statements audit

Issues and errors arising from the audit

Progress of our audit	Corrected errors
<p>The following areas of our work programme remain to be completed. We will provide an update of progress at the Audit Committee meeting:</p> <ul style="list-style-type: none"> ▶ Receipt of a letter of representation; ▶ Satisfactory completion of work arising from the potential need for a prior period adjustment (PPA) as a result of changes to asset valuations provided by Wilks, Head and Eve in previous years; ▶ Satisfactory completion of audit procedures in respect of section 106 contributions and income testing, and receipt of outstanding information as requested in our queries log; and ▶ Receipt of revised financial statements and checking the agreed audit adjustments. 	<p>Our audit identified very few disclosure errors which we have highlighted to management for amendment, but we have yet to review the revised working papers and revised financial statements.</p>
<p>Subject to the satisfactory resolution of the above items, we propose to issue an unqualified auditor's report on the financial statements.</p>	<p>Other matters</p> <p>As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Council's financial reporting process including the following:</p> <ul style="list-style-type: none"> ▶ Qualitative aspects of your accounting practices; ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions; and ▶ Other audit matters of governance interest.
<p>There is a potential PPA on the value of assets but the amount is still being determined. There is also one error within the draft financial statements which management have chosen not to adjust; however it is between long and short-term provisions and is not material at £154,000.</p>	<p>We have no matters which we wish to report.</p>

Findings and issues

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Council only to the extent necessary to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and

▶ It is consistent with other information that we are aware of from our audit of the financial statements.

We have identified some weaknesses in the operation of internal controls but none that might result in a material error in your financial statements of which you are not aware.

Request for written representations

We will request a management representation letter to gain management's confirmation in relation to a number of matters, for which we do not currently have sufficient audit evidence. In addition to the standard representations, we request a specific representation on the NDR appeals provision because the information was provided by an external consultant. If we have others we will report them to the Committee.

Whole of Government Accounts

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

We are currently concluding our work in this area and will report any matters that arise to the Audit Committee.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that Chiltern District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Council's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience	Criteria 2 - Arrangements for securing economy, efficiency and effectiveness
<ul style="list-style-type: none">▶ "Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future"▶ We did not identify any significant risks in relation to this criteria.▶ We have no issues to report in relation to this criteria.	<ul style="list-style-type: none">▶ "Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity"▶ We did not identify any significant risks in relation to this criteria.▶ We have no issues to report in relation to this criteria.

Independence & Audit Fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since the confirmation in our Audit Plan issued in March 2014.
- ▶ We complied with the Ethical Standards for Auditors and the requirements of the Audit Commission's Code and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.
- ▶ We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.
- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and us. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 25 September 2014.

- ▶ We confirm that we have met the reporting requirements to the Audit Committee, as 'those charged with governance' under International Standards on Auditing (ISA) 260. Our communication plan to meet these requirements was set out in our Audit Plan of March 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013/14	Scale fee 2013/14	Variation comments
Total Audit Fee – Code work	TBC	£54,150	To update once audit is completed.
Non-Audit work	0	0	N/A

- ▶ Our final fee is likely to be as planned.
- ▶ We confirm that we have not undertaken non-audit work outside of the Audit Commission's Audit Code requirements.

Appendix 1 - Unadjusted audit errors

- The following errors have been identified during the course of our audit work.
- Adjustments have been made by management within the revised financial statements.

Item of Account	Nature of Error	Error Type	Statement of Comprehensive Income & Expenditure		Balance Sheet		
			Description	F, P, J	Debit	(Credit)	Debit
NDR appeals provision	Short-term provision should be long-term	F		£154K	£154k		
Totals				£154k	£154k		

- Key
- ▲ F – Factual error
 - ▲ P – Projected error based on audit sample error and population extrapolation
 - ▲ J – Judgemental error

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.





Chiltern District Council

Internal Audit Progress Report

2014/15

Audit Committee: 25 September 2014



INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at Chiltern District Council as at 29 August 2014. The report is based on internal audit work carried out by TIAA and management representations that have been received during the period since 1 April 2014.

PROGRESS AGAINST THE 2014/15 ANNUAL PLAN

2. Our progress against the Annual Plan for 2014-15 is set out in Appendix A.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

3. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

AUDITS CARRIED OUT SINCE THE 1 APRIL 2014

4. The table below sets out details of audits carried out since the previous meeting of the Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE

(Note - no audits have reached final report for 2014/15 as at 29 August 2014)

CHANGES TO THE ANNUAL PLAN 2014/15

5. The following change to the 2014/15 Annual Plan has been agreed with management:

Annual Crematorium Audit – this will now be undertaken every April to provide data for the External Auditor. The audit for April 2014 was undertaken as part of the 2013/14 work programme. The audit for 2014/15 can therefore be cancelled.

FRAUDS/IRREGULARITIES

6. We have not been advised of any frauds or irregularities in the period since the last progress report was issued.

LIAISON

7. We continue to liaise with EY and have made available working paper files and the report on key financial systems. Regular meetings are held with the Audit Manager for the client.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

8. We have not brought any audit to final report stage at the time of this report to the Audit Committee. Therefore there are no Priority 1 recommendations to report at this time.

RESPONSIBILITY/DISCLAIMER

10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2014/15

System	Planned Quarter	Days	Current Status	Comments
HR Issues arising from Service Reviews	1	6	Audit in progress	
Community Grants	1	5	Audit Postponed	Revised date for audit to be determined
Absence Management	1	5	Draft report issued	
Licensing	1	6	Fieldwork complete drafting report	
Data Protection/FOI	2	5	Audit Postponed	A new system is being installed to manage this area. An audit will be progressed once this is in place
Procurement	2	5	Audit in progress	
Housing Grants(energy efficiency)	2	5	Audit delayed by client	Scope to be revised
H and S Contractor Arrangements	2	5	Audit to commence in September	
Grounds Maintenance	2	5	Audit to commence in September	
Chiltern Crematorium	2	5	Audit Cancelled	Crematorium audits to be undertaken in April each year. 2014 audit has been completed as part of 13/14 plan.
Chiltern Crematorium (project governance)	2	4	Audit to commence in September	
Payroll	2	8	Audit Planning Memorandum to be drafted	Audit for 14/15 will not include Wycombe and Aylesbury Vale Councils
Counter Fraud	2	5	Audit Planning Memorandum to be drafted	Terms of Reference for audit to be agreed
Joint Working (with SBC)	2	8	Audit to commence mid-September	
Main Accounting	3	6		

System	Planned Quarter	Days	Current Status	Comments
Debtors	3	7		
Creditors (inc VAT)	3	7		
Housing Benefits	3	7		
Council Tax Support	3	7		
Cash and Bank	3	6		
Treasury Management	3	6		
Council Tax and NDR	3	12		
ICT audit contingency	3	30		
Governance	4	6		
Car Parking	4	7		
Audit Follow up	4	6		
Annual Audit Letter	4	1		
TOTAL		185		
Management time		14		
GRAND TOTAL		199		

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued



Follow Up Review of Internal Audit Recommendations

Chiltern District Council

FINAL



June 2014

2013/14

Follow Up Review of Internal Audit Recommendations

Follow Up Review of Internal Audit Recommendations

- EXECUTIVE SUMMARY -

INTRODUCTION

- This follow up review by TIAA established the management action that has been taken in respect of the recommendations arising from the internal audit reviews listed below which were completed to final report stage as at 31st March 2014 at Chiltern District Council. The review was carried out in April and May 2014.

Figure 1 – Reviews followed up

Review	Year	Final Report issued
Budgetary Control	2013/14	08/10/2013
Cash & Bank	2013/14	07/03/2014
Cemeteries	2013/14	10/10/2013
Contracts	2013/14	04/10/2013
Council Tax/NDR (Compliance)	2013/14	19/11/2013
Council Tax Support	2013/14	28/03/2014
Creditors	2013/14	17/01/2014
Crematorium	2013/14	18/09/2013
Data Quality	2013/14	27/09/2013
Emergency Planning	2013/14	07/08/2013
Environmental Health (Food Hygiene)	2013/14	18/09/2013
Housing Benefits	2013/14	31/03/2014
Joint Working with South Bucks	2013/14	19/11/2013
Main Accounting	2013/14	07/03/2014
Payroll	2013/14	20/02/2014
Recruitment	2013/14	18/10/2013
Risk Management	2013/14	28/03/2014
Treasury Management	2013/14	07/03/2014

Follow Up Review of Internal Audit Recommendations

KEY FINDINGS

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Figure 2 - Summary of the action taken on Recommendations made

Evaluation	Number of Recommendations
Implemented	48
In Process of Being Implemented	2
Revised Target Date	3
Considered but not Implemented	-
Not Applicable	11
Not Implemented	-

SCOPE AND LIMITATIONS OF THE REVIEW

3. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
4. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
5. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

Follow Up Review of Internal Audit Recommendations

RELEASE OF REPORT

6. The table below sets out the history of this report.

Date draft report issued:	20 th June 2014
Date management responses recd:	30 th June 2014
Date final report issued:	30 th June 2014

Follow Up Review of Internal Audit Recommendations

- DETAILED REPORT -

FOLLOW UP

Management representations were obtained on the action taken to address the recommendations. Only limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

Title of review:	Assurance Review of Creditors
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Date issued:	17/01/2014
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Page 109

Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
1	It was evident from the walkthrough that there are a number of effective controls in place, and that there is a separation of duties with the Accounts Assistant being responsible for processing the payment run, and the Principal Accountants responsible for reviewing high value payments and authorising the final payments. It was noted, however, that there is no formalised practice within the procedure notes for the review or sign-off by senior members of the Finance team at key stages of the payment run process. A general review of the 15 relevant payment runs for the sample of 25 invoices selected under Control 4 indicated an inconsistent approach as to sign-offs,	Procedure notes should be reviewed to ensure that there is a clear control framework in place (reflecting current working practices) in relation to the review and sign-off by senior members of the Finance team at key stages of the payment run process. Officers should be reminded of the importance of signing off all documentation as evidence of review and authorisation.	2	<p>Agreed.</p> <p><i>Due to staff shortages and the introduction of Integra in April 2013, our working practices have consciously changed over time.</i></p> <p><i>Now that the systems have bedded in we will look to formalise the sign off procedures.</i></p>	January 2014	Principal Accountant (GM).	<p>Revised implementation date. (30.09.14)</p> <p><i>It was confirmed by the Principal Accountant that this area has been discussed with the members of the creditors team, and it is felt more appropriate to review this area following the implementation of the shared Finance team in August 2014.</i></p>

Item 10

Follow Up Review of Internal Audit Recommendations

Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
	giving little assurance that items had been reviewed or authorised by a senior member of the Finance team prior to the payment run being finalised.						
2	It was noted that the Integra guidance note relating to new supplier set up does not include details as to the documentary evidence required by the Finance team (e.g. a letterhead or formal confirmation of address and bank details) prior to a new supplier being set up. With respect to amendments to supplier details, there is no guidance note in place which details the process to be followed. In practice, if bank account details are to be changed, a member of the finance team is required to substantiate such a change by contacting the company by telephone using a number obtained from previous correspondence or through directory enquiries.	Guidance notes should be expanded to include details as to evidence required for new supplier set up, and to formalise the process for substantiating supplier amendments, in order to ensure that a clear control framework is in place.	3	Agreed.	By the end of the financial year.	Principal Accountant (GM).	Revised implementation date (30.09.14). It was confirmed by the Principal Accountant that this area has been discussed with the members of the creditors team and it is felt more appropriate to review this area following the implementation of the shared Finance team in August 2014.

Follow Up Review of Internal Audit Recommendations

Title of review:	Assurance Review of Data Quality
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Date issued:	27/09/2013
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Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
3	It was confirmed that there are information asset registers in place for each Service Area, which set out details of the types of records being held, the format, the officer with overall responsibility for each type of record, the retention period, and the location of the information (either physical or electronic). A review of the information asset registers for the Health and Housing, Finance, and Revenues and Benefits departments, along with discussions with officers from those departments, indicated a number of instances where the custodian identified was not up to date due to personnel changes, and also where the physical location of information was not up to date.	Information asset registers should be reviewed to ensure that they contain accurate and up to date information in relation to the retention of records.	2	We are working with the Audit Manager, and Head of Business Support to assess a timeframe in which to complete the review of the information asset registers.	31/10/13	Head of Business Support	<p>In process of being implemented.</p> <p>The overview of information asset registers rest with the Information Governance Group (IGG). The IGG is putting together an IG organisation chart to identify data owners and administrators.</p> <p>Once the individuals have been identified their responsibilities will be re-enforced around file management, data security, retention and disposal to ensure the registers are regularly reviewed.</p> <p>The IGG will continue to regularly remind the data owners and administrators to review registers. Training and other actions to embed the roles and</p>

Follow Up Review of Internal Audit Recommendations

Rec.	Original Finding	Original Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)	Current Status
							<i>responsibilities will be part of the IGG's work.</i>
4	The Records Disposal Plan refers to biannual record disposal sessions in order to enable disposal activities to happen in a systematic, consistent way. Discussions with officers in the Health and Housing, Finance, and Revenues and Benefits departments indicated that such a consistent approach is not carried out as envisaged by the Records Disposal Plan. It was noted, however, that in the case of the Health and Housing department, the vast majority of information is now retained electronically and therefore such disposal sessions may no longer be relevant (at least in the case of paper records).	The Records Disposal Plan should be reviewed in order to ascertain if the procedures contained therein remain relevant and appropriate, and if so this should be communicated to all responsible officers in order to ensure that a consistent approach is adopted across the Council with respect to the disposal of records.	3	<i>The Information Governance Group (IGG) is responsible for reviewing the Records Disposal Plan and communicating any amendments. A review of the Records Disposal Plan has been added to the agenda for the next IGG meeting. At the IGG meeting we will set a timeframe in which to complete the review.</i>	31/10/13	<i>Head of Business Support</i>	Revised implementation date (29/08/14). <i>A review of the Records Retention and Disposal Policy has been scheduled into the IGG workplan. The policies for both Chiltern and South Bucks are due to be reviewed in July 2014. After the policy has been reviewed a record disposal session will be scheduled with relevant staff.</i>

CDC AUDIT WORK PROGRAMME

Classification: OFFICIAL

Members are asked to consider whether there are any items they wish to add to, or move within, the proposed work programme.

Topic	Frequency	22 Jan 15	19 Mar 15	Jun 15	Sep 15
Assurance Statements					
Annual Governance Report	Annual				
Update on Governance / Internal Control Issues	As and when				
Internal Audit					
Audit Plan	Annual				
Fraud & Corruption Plan & Annual Report	Annual				
Interim Progress Reports	Each meeting				
Annual Internal Audit Report	Annual				
External Audit					
Annual Audit Plan	Annual				
External Audit Results Report	Annual				
Certification of Claims & Returns Report	Annual				
Annual Audit Letter (Sent out by email to all Members)	-				
Statement of Accounts					
Review Draft Accounts	Annual				
Approval of Final Accounts	Annual				
Other					
Contract & Financial Procedure Rules	As necessary				
Training	As necessary				
Work Programme	Each meeting				

Classification: OFFICIAL

CHILTERN DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE
STANDARDS WORK PROGRAMME
2014/15

	Contact	2014		2015	
		27.02.14	12.06.14	05.02.15	02.10.15
27.02.14					
<ul style="list-style-type: none"> • Anti-fraud and corruption and Whistle blowing polices • Standards Framework Update • Review of Dispensations Procedure • Review of Work Programme 2014/15 	Neil Berry Joanna Swift Joanna Swift Joanna Swift	X X X X			
12.06.14					
<ul style="list-style-type: none"> • Annual Complaints Monitoring Report 2013/14 • Subscription to Standards Exchange • Review of Code of Conduct and Complaints Procedure • Revised Planning Code of Good Practice 	Joanna Swift Joanna Swift Joanna Swift Joanna Swift		X X X X		
22.01.15					
<ul style="list-style-type: none"> • Standards Training for new councillors • Guidance on declaration of interests • Review of work programme 2015/16 	Joanna Swift Joanna Swift Joanna Swift			X X X	
19.03.15					
<ul style="list-style-type: none"> • Complaints monitoring report 2014/14 • Subscription to Standards Exchange 	Joanna Swift Joanna Swift				X X