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CHILTERN
District Council



Audit and Standards Committee (CDC)

Thursday, 29th June, 2017 at 6pm *

*** Please note:** there will be general Audit Committee training from 6pm. The meeting will commence at the conclusion of the training at 6.30pm

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

A G E N D A

- 1 Evacuation Procedures
- 2 Minutes (*Pages 5 - 12*)
To agree the Minutes of the meetings held on 9 March and 16 May 2017.
- 3 Apologies for Absence
- 4 Declarations of Interest
- 5 Complaints Monitoring Report 2016/17 (*Pages 13 - 16*)
Appendix: Complaints Procedure (Pages 17 - 26)
- 6 Appointment of Independent Persons (*Pages 27 - 30*)
Appendix: Role Description and PS for Independent Person (Pages 31 - 34)

- 7 Protocol on Gifts and Hospitality (*Pages 35 - 38*)
 - Appendix 1: Protocol for Members Relating to Gifts and Hospitality (Pages 39 - 48)*
 - Appendix 2: Joint Anti-Fraud, Bribery and Corruption Policy (Pages 49 - 58)*
- 8 Standards Work Programme (*Pages 59 - 60*)
- 9 tiaa Annual Assurance Report 2016/17 (*Pages 61 - 66*)
- 10 tiaa Progress Report 2016/17 (*Pages 67 - 78*)
- 11 tiaa Progress Report 2017/18 (*Pages 79 - 84*)
- 12 Chiltern District Council Annual Fraud Report (*Pages 85 - 92*)
- 13 Ernest & Young Audit Fee Letter (*Pages 93 - 96*)
- 14 Annual Governance Statement (*Pages 97 - 116*)
- 15 Draft Accounts 2016/17 (*Pages 117 - 124*)
 - Appendix: Statement of Accounts (Pages 125 - 198)*
- 16 Risk Management Update Report (*Pages 199 - 204*)
- 17 Audit Work Programme (*Pages 205 - 206*)
- 18 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 (CDC)

Councillors: J L Gladwin (Chairman)
A K Bacon
C J Ford
C J Jackson
V Martin
D W Phillips
N I Varley
C J Wertheim
R J Jones

Independent D Gleen
Persons: Mrs C Langley

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CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the
CDC AUDIT AND STANDARDS COMMITTEE
held on **9 MARCH 2017**

PRESENT: Councillor J L Gladwin - Chairman

Councillors: A K Bacon
J A Burton
C J Ford
D W Phillips
C J Wertheim

APOLOGIES FOR ABSENCE were received from Councillors C J Jackson, R J Jones and N I Varley, also received from Mr D Gleen and Mrs C Langley.

The Chairman welcomed Sue Gill and Ben Cooper from Ernst & Young and Chris Harris from TIAA to the meeting. Apologies were received from Andrew Brittain of Ernst & Young.

44 MINUTES

The Minutes of the meetings of the Audit & Standards Committee held on 26 January 2017 were agreed by the Committee and signed by the Chairman as a correct record with the following additions.

With regard to the proposed audit training for members of the Committee (Minute 43), it was requested that the training be arranged for existing Members of the Committee. It was suggested that this could be arranged for the half hour before a Committee meeting and it was agreed that this would be a convenient time to hold the training. Officers would look at options for an internal or external speaker to lead the training, and also the training session would be open to South Bucks members.

The request for a further audit on employee expenses with sampling to ensure compliance (Minute 38) was discussed. It was advised that this was now on the annual plan for April each year. It was requested however that the past financial year 2016/17 be looked at first. Chris Harris agreed to add this to the work schedule and report back to the June Committee meeting.

45 DECLARATIONS OF INTEREST

There were no declarations of interest.

46 STANDARDS WORK PROGRAMME

The Committee considered the new Standards Work Programme for 2017/18. It was noted that the annual complaints monitoring report would be presented at the 29 June meeting. There was also a need to re-appoint Independent Persons (IP's) as their 5 year tenure would end in July 2017. It was proposed to invite the existing IP's to continue for a further 2 year extension as this would complete the period up to the end of the current Council term in 2019. If they agree to continue, the appointments would need to be recommended to Council for approval. If they do not want to continue, the posts would need to be advertised externally.

It was advised that the Annual Report of the Committee on Standards in Public Life may be reported to the September meeting if it contains information relevant to local government standards issues

Different options for training were discussed and it was agreed that June (following May elections) was a good time for training as it would pick up any changes to Committee membership.

RESOLVED

That the proposed work programme for Standards matters in 2017/18 be noted.

47 AREAS FOR REFRESHER TRAINING/WORKSHOPS FOR MEMBERS ON STANDARDS ISSUES

The Committee were asked to consider and agree the areas and topics for refresher training on standards issues over the coming year. It was noted that for some Committees, making substitutions was difficult unless Members had had necessary training. There would therefore be a general invitation to all Members to attend training workshops.

For Planning, a specialist barrister was being considered to lead a training session which could be open to all Members and help them to advise their electors on their planning issues. Licensing was another specialist area that would benefit from refresher training. Homelessness, Appeals and Complaints and Resources Overview were also recommended for further training.

RESOLVED

That a programme of training be arranged with outside speakers as necessary to which all Members be invited to attend if they wish but

particularly targeted at Committee Members. Dates for training would be arranged in consultation with relevant Chairman.

48 CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015-16

The report set out details of the Certification of claims and returns 2015-16 report, carried out in accordance with DWP methodology and highlighting the main issues. Changes made, due to errors discovered was considered to be low. Overall it was considered to be a good report and thanks were given to the Officers who assisted with the work.

Members considered that the percentage of errors seemed high for the test sample but it was advised that this was not statistically significant, or an indication of materiality.

The fee structure was discussed but it was noted that this was prescribed by the DWP and there were rebates if less work was found than expected.

RESOLVED

That the Certification of Claims and Returns Annual Report 2015/16 be noted.

49 ANNUAL ASSURANCE LETTER

The External Auditor's letter, requesting information on how the Audit & Standards Committee gains assurance from Management had been received. Members considered the proposed response to the questions in the letter. It was noted that the questions were very similar to the previous year.

With regard to question four, "Is the Committee aware of any organisational or management pressure to meet financial or operating targets?", it was considered that the Council was under constant pressure to meet such targets. It was therefore proposed that the response is altered to read that there is no "exceptional" pressure.

It was also noted that the Governance arrangements were audited by internal auditors who had a duty to report any errors to the Audit Committee.

RESOLVED

That the Audit & Standards Committee agree the proposed response to the External Auditor's letter with amendment as detailed above.

50 INTERNAL AUDIT PROGRESS REPORT 2016-17

Chris Harris from TIAA presented the Internal Audit Programme Report for 2016/17. Since the last Audit Committee meeting, a further 4 reports had been finalised. The annual plan had also had a further 4 audits added to it, including Treasury Management. Overall, most reports had reached the draft stage and were expected to be completed by 31 March 2017.

The Property and Asset Management report had been outstanding since 20 July 2016 and there was a request for the relevant officer responsible to provide an explanation to the Committee of why this could not be resolved and completed.

It was noted that some audits had been delayed at the request of the Human Resources Manager due to new IT systems being implemented. The new absence management policy and system had been introduced last autumn but staff were still learning to use it. An audit would be carried out as early as possible to check the accuracy of the new system. It was not considered helpful to audit the previous arrangements.

The Committee considered the completed Debtors report in appendix B. The sample testing found that 5 request forms had not had the correct authority signature and 3 credit notes had been completed without the requisite authority. Members were concerned that Officers were not recognising the importance of the correct procedure. It was agreed that there would be an emphasis on the importance of compliance at the next Heads of Service meeting.

RESOLVED

To note the progress made on the internal audit annual plan 2016/17.

51 INTERNAL AUDIT PLAN 2017-18

The Audit Strategic Plan 2017/18 to 2019/20 and Annual Plan 2017/18 were presented to the meeting. The plans had been prepared based on previous plans, audits now due, meeting Heads of Service, new changes and comparing with other District Councils. The Rolling Strategic Plan sets out the number of days needed to carry out each audit. Many of the forthcoming audits would be done jointly with South Bucks District Council with the exception of the Golf Club (South Bucks District Council) and Crematorium (CDC).

ICT had been allocated 24 days and it was explained that although this had been reduced from 36 days previously (due to new systems being implemented), it was still an area of high risk eg cyber security. The plan

presented to the next meeting would have more detail about how the days work would be allocated.

RESOLVED

To note the Audit Strategic Plan 2017/18 to 2019/20 and the Annual Plan 2017/18.

52 AUDIT WORK PROGRAMME

RESOLVED

That the work programme of the Audit Committee be noted.

The meeting ended at 7.35 pm

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the
AUDIT AND STANDARDS COMMITTEE (CDC)
held on **16 MAY 2017**

PRESENT: Councillor J Gladwin - Chairman

Councillors: D Phillips
J Wertheim
C Ford
R Jones
V Martin
A Bacon

APOLOGIES FOR ABSENCE were received from Councillors C Jackson and N Varley

1 ELECTION OF CHAIRMAN

It was moved by Councillor D Phillips, seconded by J Wertheim, and

RESOLVED:

That Councillor J Gladwin be elected Chairman of the Audit & Standards for the remainder of the Municipal Year 2017/18.

The meeting ended at 7.45 pm

SUBJECT:	Complaints Monitoring Report 2016/17
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

This report informs the Committee about complaints received by the monitoring officer in 2016/17 that members have breached the code of conduct.

RECOMMENDATION

That the complaints information for 2016/17 is noted

2. Reasons for Recommendations

It is good practise for the Council to review the complaints received about members on a regular basis and consider any action required to address issues raised.

3. Content of Report

- 3.1 The Committee monitors complaints on an annual basis due to the historically low number of complaints made against elected and co-opted members of local authorities in Chiltern District.
- 3.2 As the Committee is aware from 1 July 2012 the responsibility for assessing, investigating and hearing complaints about member conduct was passed to principal councils under the Localism Act 2011, together with the discretion to adopt local arrangements. The Council adopted a light touch Complaints Procedure which is attached at Appendix 1 for information. Although the Localism Act removed the responsibility for Chiltern District Council to ensure high standards of conduct amongst town and parish councils in the district, any complaints that town or parish councillors may have breached their council's code of conduct are also dealt with under this complaints procedure.
- 3.3 Historically the number of formal complaints about councillors in Chiltern District has been very low. There has been a slight increase in complaints about CDC councillors in 2016/17 with the monitoring officer receiving 3 complaints and a decrease in complaints about members of town/parish councils from 2 to 1. The complaints about district councillors related to comments made at meetings of the Planning Committee. One complaint proceeded to Stage 1 but it was not referred for investigation. The other 2 complaints are still at Stage 1. The complaint about the town/parish councillors did not proceed to Stage 1.

- 3.4 The number of complaints received in financial year 2017/18 are set out in the following table, together with the comparison for 2015/16.

Authority	2016/17	2015/16
CDC	3	1
Town/Parishes	1	2
Total	4	3

- 3.5 In addition to the number of complaints received, it is useful to consider the type/nature of the allegations being made and this is shown in the table below. Members should note that complaints can fall into more than one category.

Nature of Allegation	Number of Allegations	
	Towns/parishes	CDC
a) Failure to treat others with respect/bullying	1	2
b) Bringing the Council into disrepute		2
c) Using position for personal advantage		
d) Failure to register a pecuniary interest		
e) Failure to disclose a pecuniary interest/withdraw from meeting		1
f) Failure to register a non-pecuniary interest		2
g) Other		

- 3.6 Whilst the number of complaints has increased slightly they still remain at a low level compared to the number of councillors in the district and it has not proved necessary to proceed further than Stage 1 of the Complaints Procedure. However, the monitoring will be including a refresher on standards of behaviour and the principles of conduct in public life in proposed future training for members.

4. Consultation

Not applicable.

5. Options

The Committee has the option of requesting more frequent reports or the provision of different statistical information in order to assist with their monitoring role.

6. Corporate Implications

Financial - None
Legal – As set out in the report
Risks issues – None
Equalities - None

7. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the monitoring of complaints contributes to ensuring good governance.

Background Papers:	None except those referred to in the report
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Complaint procedure and form concerning Member conduct

Use this form if you have a complaint about:

- **A member(s) that has, or may have, breached the Code of Conduct of the District or one of the Towns/Parishes in the Chiltern District.** A copy of Chiltern District Council's Code of Conduct can be accessed from the A – Z section at: www.chiltern.gov.uk. The Codes of Conduct for Town/Parish Councils can be obtained by contacting the Clerk to the relevant council.
- **Conduct that occurred while the member(s) in question was in office.** (Conduct of an individual before they were elected, co-opted or appointed, or after they have resigned or otherwise ceased to be a member, cannot be considered).
- **One or more named members of the following authorities:**

- | | |
|--|---|
| <input checked="" type="checkbox"/> Chiltern District Council | <input checked="" type="checkbox"/> Cholesbury-Cum St Leonards Parish Council |
| <input checked="" type="checkbox"/> Amersham Town Council | <input checked="" type="checkbox"/> Coleshill Parish Council |
| <input checked="" type="checkbox"/> Ashley Green Parish Council | <input checked="" type="checkbox"/> Great Missenden Parish Council |
| <input checked="" type="checkbox"/> Chalfont St Giles Parish Council | <input checked="" type="checkbox"/> Latimer and Leyhill Parish Council |
| <input checked="" type="checkbox"/> Chalfont St Peter Parish Council | <input checked="" type="checkbox"/> Little Chalfont Parish Council |
| <input checked="" type="checkbox"/> Chartridge Parish Council | <input checked="" type="checkbox"/> Little Missenden Parish Council |
| <input checked="" type="checkbox"/> Chenies Parish Council | <input checked="" type="checkbox"/> Penn Parish Council |
| <input checked="" type="checkbox"/> Chesham Bois Parish Council | <input checked="" type="checkbox"/> Seer Green Parish Council |
| <input checked="" type="checkbox"/> Chesham Town Council | <input checked="" type="checkbox"/> The Lee Parish Council |

DO NOT use this form if you wish to complain about:

- Dissatisfaction with a decision or action of the authority or one of its committees,
- A service provided by the authority
- The authority's procedures
- The actions of people employed by the authority

These do not fall within the jurisdiction of the Code of Conduct.

Additional help and information:

- Your complaint must be in writing – **(signed and dated please)**. This includes fax and electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing. Contact the Council's Monitoring Officer or Deputy Monitoring Officer for assistance.
- If English is not your first language we can also help.
- If your complaint is clearly **not** about member conduct then the Monitoring Officer will not consider your complaint – but where possible will refer you to the relevant procedure available.
- If you need any support in completing this form, please let us know as soon as possible.
- Your complaint will be considered in 3 stages as set out below. At each stage we will keep you informed. Not every complaint that falls under the Code will be referred for investigation. A decision will be made using the referral criteria below.

What happens next?

When you submit your complaint we will write to you to let you know we have received it. Your complaint will then be considered in 3 stages – the aim being to reach a satisfactory resolution.

Under Stages One and Two only the details contained on your complaint form will be considered therefore it is very important that you set your complaint out clearly and provide at the outset all the information you wish to be considered.

Stage One

We will tell the Member that you are complaining about that we have received a complaint and provide them with a copy – unless you have completed section 5 requesting confidentiality (in which case your details will not be disclosed unless and until your request for confidentiality has been considered – see further below).

The Member will be invited to respond within 20 working days – including in their response any suggestion to resolve the complaint.

This response will be made available to you and you will be asked if you are satisfied – if yes, no further action will be taken or the action proposed by the Member will proceed - or you will be asked if you wish your complaint to be considered further under Stage Two.

Stage Two

Your complaint will then be considered by the Councils Monitoring Officer and the Chairman/Vice-Chairman of the Councils Audit and Standards Committee – in consultation with a duly appointed 'Independent Person'* whose views will be taken into account - who will decide whether your complaint should be referred for investigation. This will happen within an average of 20 working days of the date of the commencement of Stage Two.

Whilst each allegation will be considered on its individual merits, the following "Referral Criteria" will be used to decide whether to accept a complaint for investigation or take no further action.

Referral Criteria

- the public benefit in investigating the alleged complaint
- the availability and cost of resources with regard to the seriousness of the alleged matter
- is the information submitted, sufficient to make a decision as to whether to refer for investigation
- is the subject member still a serving member
- is the complaint the same as or similar to a previous complaint
- the time passed since the alleged conduct occurred
- the complaint involves conduct too trivial to warrant further action
- does the complaint appear to be malicious, politically motivated or tit for tat
- whether the matter complained of is an individual act or part of a continuous pattern of behaviour which should be cumulatively considered
- steps taken or proposed to remedy the action complained of
- the complainants view of the action taken or proposed.

When a decision has been made, you will be notified in writing whether your complaint has been referred for investigation or not. At the same time we write to you, we will also write to the member(s) you have complained about and the parish or town clerk (if applicable). We will send these letters within five working days of the decision being reached. The decision is made available for public inspection once the member the complaint is about has been given a copy of the decision.

There is no right of appeal under this complaints procedure if the decision at Stage Two is not to investigate.

Stage Three

If the decision at Stage Two is to investigate the complaint, the monitoring officer will appoint an investigator whose report will be considered by the Hearings Sub-Committee of the Councils Audit and Standards Committee– or in some cases to the full Committee - in most cases you will be invited to attend.

The remedies available if a breach is found to have occurred are limited to the following –

- Report to Council
- Formal letter to subject Councillor
- Formal censure by motion
- Recommendation to Leader/Group Leader or Town/Parish Council as applicable, that the member is removed from Special Responsibilities – i.e. Cabinet/Committees/Outside Bodies.
- Press release or other publicity.

Please note the Council has no authority to withhold allowances or to suspend members.

Your completed form should be submitted to:



The Monitoring Officer
Chiltern District Council
King George V House
King George V Road
Amersham
Buckinghamshire HP6 5AW



Monitoring Officer – Joanna Swift

Tel: 01494 732761



Deputy Monitoring Officer – Sue Markham

Tel: 01494 732203



01494 – 729000



monitoringofficer@chiltern.gov.uk

* **An Independent Person** is someone who has been appointed by the Council under Section 28 of the Localism Act 2011. Independent Persons must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the District Council – i.e. by full Council.

A Person is considered not to be 'independent' if :-

- they are or have been in the previous 5 years an elected or co-opted member or officer of the District Council or any Parish in the area an elected or co-opted member of any committee or sub-committee of the District Council or any Parish in the area or
- they are a relative or close friend of a current elected or co-opted member or officer of the District Council or any Parish in the area – or any elected or co-opted members of any committee or sub-committee of such a Council.

Except that previous co-opted independent members of Standards Committees can be independent persons if they are appointed on or before 24 July 2012

COMPLAINT FORM**1. Please provide us with your name and contact details:**

Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	
Signed:	
Dated:	

2. Please tick the box which best describes you:

<input type="checkbox"/>	A member of the public
<input type="checkbox"/>	An elected or co-opted member of an authority
<input type="checkbox"/>	Member of Parliament
<input type="checkbox"/>	Local authority Monitoring Officer
<input type="checkbox"/>	Other council officer or authority employee
<input type="checkbox"/>	None of the above - please give details below:

3. Please provide the name(s) of the Member(s) that you believe have breached the Code of Conduct and the name of their authority.

Title	First name	Last name	Council or authority name

IMPORTANT INFORMATION

When completing your complaint form:

Your address and contact details will not usually be released unless necessary or to deal with your complaint.

We will tell the following people that you have made this complaint:

- the member(s) you are complaining about
- the monitoring officer of the authority
- the Independent Person/s
- the Chairman/ Vice-Chairman of the Councils Audit and Standards Committee who consider your complaint
- the parish or town clerk (if applicable)

We will give them:

- Your name
- A copy of your complaint

If you have serious concerns about your name or details of your complaint being released, please complete section 5 of this form.

Nature of your complaint

It is very important that you set your complaint out fully and clearly, and provide all the information at the outset. You should also provide any documents or other material that you wish to be considered. Although you are not required to prove your complaint at this stage of the proceedings, you do have to demonstrate that you have reasonable grounds for believing that the member(s) complained about has breached the Code of Conduct.

Please therefore explain in this section (or on separate sheets) what the member has done that you believe breaches the Code of Conduct. If you are complaining about more than one member you should clearly explain what each individual person has done that you believe breaches the Code of Conduct.

For example:

Appendix

- You should be specific, wherever possible, about exactly what you are alleging the member said or did. For instance, instead of writing that the member insulted you, you should state what it was they actually said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

4. Please provide us with the details of your complaint. Continue on a separate sheet if there is not enough space on this form

5. Only complete this next section if you are requesting that your identity/full details of your complaint are kept confidential

In the interests of fairness and natural justice, we believe members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with full details of that complaint.

We are unlikely to withhold your identity or the details of your complaint unless you have good reason to believe that to do so would be contrary to the public interest, would prejudice any subsequent investigation or you have reasonable grounds for believing you or any witness in the matter would be at risk.

The Member will still be informed that a complaint has been made - and unless to do so would lead to the disclosure of your identity, will be informed the paragraphs of the Code alleged to have been breached - however your details and a full copy of the complaint will be withheld until your request has been considered.

The assessment of a request for confidentiality will be considered against the following criteria – but with the balance always being in favour of disclosure unless exceptional circumstances exist to determine otherwise:

1. The complainant has reasonable grounds for believing that they will be at risk of physical harm if their identity is disclosed.
2. The complainant is an officer who works closely with the subject member and they are afraid of the consequences to their employment or of losing their job if their identity is disclosed.
3. The complainant suffers from a serious health condition and there are medical risks associated with their identity being disclosed (medical evidence may be required to be submitted).
4. Any other very special circumstances put forward by the complainant which identify reasonable grounds for believing that disclosure of details would result in the complainant or witnesses being intimidated or lead to evidence being compromised or destroyed.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The Monitoring Officer will consult with the Independent Person to consider your request alongside the substance of your complaint. If your request for confidentiality is not granted, please indicate if you wish the Council to continue to consider your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:

NOTE – If you request confidentiality – you must answer the following question by deleting YES or NO.

Do you still wish to have your complaint

considered if your request for confidentiality

YES

NO

is denied in full or part?

THIS PAGE TO BE REMOVED - FOR STATISTICAL PURPOSES ONLY

Please could you provide some monitoring data? This data will not be disclosed to a third party. We will only use personal information internally for the purposes for which it has been provided.

<i>Please tick one box.</i>	Male	Female
Are you male or female?	<input type="checkbox"/>	<input type="checkbox"/>

Which of these age groups apply to you? Please tick one box.			
Up to 16	<input type="checkbox"/>	45 – 54	<input type="checkbox"/>
16 – 18	<input type="checkbox"/>	55 – 64	<input type="checkbox"/>
19 – 24	<input type="checkbox"/>	65 – 79	<input type="checkbox"/>
25 – 44	<input type="checkbox"/>	80 plus	<input type="checkbox"/>

<i>Please tick one box</i>	Yes	No
Do you have any long-standing illness, disability or infirmity? (Long standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time).	<input type="checkbox"/>	<input type="checkbox"/>
Are you without a permanent home?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have access to your own method of transport?	<input type="checkbox"/>	<input type="checkbox"/>
Are you registered as unemployed?	<input type="checkbox"/>	<input type="checkbox"/>
Do you provide unpaid care for another person?	<input type="checkbox"/>	<input type="checkbox"/>

To which of these groups do you consider you belong? Please tick one box.			
WHITE		BLACK OR BLACK BRITISH	
British	<input type="checkbox"/>	Caribbean	<input type="checkbox"/>
Irish	<input type="checkbox"/>	African	<input type="checkbox"/>
Other White background	<input type="checkbox"/>	Other Black background	<input type="checkbox"/>
Roma Gypsy or Traveller	<input type="checkbox"/>		
MIXED		ASIAN OR ASIAN BRITISH	
White and Black Caribbean	<input type="checkbox"/>	Indian	<input type="checkbox"/>
White and Black African	<input type="checkbox"/>	Pakistani	<input type="checkbox"/>
White and Asian	<input type="checkbox"/>	Bangladeshi	<input type="checkbox"/>
Other mixed background	<input type="checkbox"/>	Other Asian background	<input type="checkbox"/>
CHINESE	<input type="checkbox"/>	OTHER ETHNIC GROUP	<input type="checkbox"/>

SUBJECT:	Appointment of Independent Persons
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

This report advises the Committee on the requirements for appointing Independent Persons and the terms of office of existing appointees.

RECOMMENDATION

1. That the Committee agree the revised role description for Independent Persons attached at Appendix 1.

2. That Full Council be recommended to extend the terms of office of the Council's current Independent Persons, Mrs Caroline Langley and Mr David Gleen, for a further 2 years until 10 July 2019.

2. Reasons for Recommendations

The appointment of two Independent Persons is an agreed part of the Council's standards framework and provides resilience in case of illness or other absence. There is also a new mandatory requirement introduced by the Employment Procedure Amendment Regulations 2015 to invite at least two Independent Persons to join a panel set up to consider the dismissal of statutory officers. Mrs Langley and Mr Gleen were appointed for a term of 5 years in July 2012 and have received training on the role. The process for recruiting new independent persons requires the Council to advertise this role in the local press which is costly and recent experience at SBDC is that interest from the public is very low. Extending the terms of office of the current appointees will ensure that the Council continues to have experienced independent persons in place and provide flexibility to deal with any changes arising from proposals to modernise local government in Buckinghamshire.

3. Content of Report

- 3.1 Under the Localism Act 2011 an Independent Person must be appointed through a process of public advertisement, submission of an application and approval by a positive vote of a majority of all members of the Council – i.e. by full Council. To be considered 'independent' an applicant must not be, or have been within the previous 5 years, an elected or co-opted member or an officer of the District Council or any Parish or Town Council in the area, or of any committee or sub-committee of the District Council or any Parish/Town Council, or, be a relative or close friend of a current elected or co-opted member or an officer of the District Council or any Parish/town Council in the area

- 3.2 The Council undertook this process in 2012 and appointed Mrs Caroline Langley and Mr David Gleen as Independent Persons for a term of 5 years from July 2012. The Council also agreed that Independent Person would be paid an allowance of £200, together with reimbursement of any travelling expenses incurred whilst exercising their role. Both Mrs Langley and Mr Gleen have attended specialist training provided by Hoey Ainscough through the Council's subscription to Standards Exchange.
- 3.3 Since these appointments were made in 2012 the government has introduced a new mandatory requirement for Independent Persons to be involved in the dismissal procedure for statutory officers. The Council's Employment Procedure Rules have been updated to reflect this requirement but it is also necessary to include this in the Independent Person's role description and an updated version is attached at Appendix 1 for approval.
- 3.4 The terms of office of the current Independent Persons will expire shortly and to ensure that the Council complies with its statutory requirements as well as provisions in the adopted Complaints Procedure, it is necessary to either start a recruitment process to appoint new Independent Persons or agree to extend the terms of office of the current post holders. The recruitment process prescribed in the Localism Act requires the Council to advertise the role in the local press which is costly. Furthermore experience from a recent recruitment process at SBDC is that interest from the public is currently very low. Therefore, the option of extending the terms of office of the current appointees has also been considered. This does raise an issue about maintaining a degree of independence from the Council but an extension of 2 years (as opposed to a further 5 year term) is considered to be acceptable. Additionally with current uncertainty around proposals for modernising local government in Buckinghamshire, an extension of 2 years would maintain flexibility for any future authority/ies.

4. Consultation

Not applicable.

5. Options

The Committee has the option of advertising the upcoming vacancies and selecting new applicants to fill these roles or extending the terms of office of the existing appointees. In terms of ensuring that appointees retain a degree of independence, it is suggested that any extension be for no longer than 2 years.

6. Corporate Implications

Financial – As set out in the report

Legal – As set out in the report

Risks issues – The Council would be in breach of its statutory duty if it had no Independent Person available to advise on members complaints. It is also now a requirement under the Employment Procedure Amendment Regulations 2015 for the Council to invite at least two Independent Persons to take part in the panel considering the dismissal of statutory officers.

Equalities - The Council's policies on equalities would be followed in any recruitment process for new Independent Persons

7. Links to Council Policy Objectives

Whilst there are no direct links to the Council's main policy objectives, it has a duty under the Localism Act to have arrangements in place to deal with allegations that members may have breached the code of conduct. The effective use of Independent Persons as part of this process is a matter of good governance and is important in preserving the confidence of local communities.

8. Next Steps

Any new appointments or extensions of existing appointments would be referred to Full Council for approval.

Background Papers:	None except those referred to in the report.
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APPENDIX 1

CHILTERN DISTRICT COUNCIL

ROLE DESCRIPTION: Independent Person

Job Purpose

The Council is required to promote and maintain high standards of conduct by its elected and co-opted members and in discharging this duty it must, in particular, adopt a code dealing with the conduct that is expected of those members.

The Council must also have arrangements in place to investigate and make decisions on allegations that members may have failed to comply with the Council's code of conduct. These arrangements also apply to allegations that members of town and parish councils in the District may have failed to comply with the code of conduct adopted by their council.

These arrangements must also include the appointment of at least one independent person whose views are to be sought, and taken into account, before a decision is made on an allegation following a decision to investigate. The views of the independent person may also be sought on other matters and at other stages of the complaints process, by members of the council whose conduct is the subject of an allegation and by members of town or parish council's whose conduct is the subject of an allegation.

Under the Employment Procedure Amendment Regulations 2015 the Council must also invite at least two Independent Persons to join the panel set up to consider the dismissal of the Council's statutory officers, namely the Head of Paid Service, Chief Finance Officer and Monitoring Officer.

Role

Independent persons should:-

- develop and apply knowledge of the code of conduct
- develop a clear understanding of the way in which local authorities work
- read reports, briefings and background information in advance of meetings/hearings
- be inquisitive, open-minded and non-judgemental
- be prepared to discuss issues and give views; and

- be committed to a defined term of office

Contacts

Monitoring/Deputy Monitoring officer, elected and co-opted members of the District Councils, elected and co-opted members of town and parish councils, other independent persons

Key Tasks

- To provide a view on allegations that an elected or co-opted member may have failed to comply with their council's code of conduct following an investigation by the monitoring officer
- To provide a view on the appropriate sanction to be imposed on an elected or co-opted member who may have failed to comply with their council's code of conduct following an investigation by the monitoring officer.
- To receive reports from the monitoring officer relating to probity and ethical standards within the council and parish/town councils in the District, and give views on the implementation of any recommendations.
- To participate in any meetings of the council considering probity and ethical standards within the council and parish/town council in the District
- To participate in any hearings of the Council concerning conduct complaints as required.
- To be available to provide a view to a member the subject of a complaint.
- To be a member of the panel considering the dismissal of the Council's statutory officers which would make a recommendation on this to Full Council

Equal Opportunities

The Independent Person is expected to demonstrate and promote a commitment to the Council's equal opportunities policies.

INDEPENDENT PERSON - PERSON SPECIFICATION

	Essential	Desirable
Qualifications: <ul style="list-style-type: none"> • No specific qualifications or background is required 		
Knowledge and Skills: <ul style="list-style-type: none"> • A good communicator with questioning skills • Assertive • Inquisitive, open-minded and non-judgemental 	✓ ✓ ✓	

<ul style="list-style-type: none"> • Understanding of the local authority standards regime • Understanding of the principles behind the members' code of conduct • Awareness of the background to the introduction of the ethical framework for local government • IT skills – word processing software and e-mail 	<p>✓ ✓ ✓</p>	<p>✓</p>
<p>Experience:</p> <ul style="list-style-type: none"> • Experience in considering evidence and dealing with ethical issues • Experience of providing confidential advice • An interest in public service and local government in particular 	<p>✓ ✓ ✓</p>	
<p>Competencies:</p> <ul style="list-style-type: none"> • A person in whose impartiality and integrity member and the public can have confidence • Understand and comply with confidentiality requirements 	<p>✓ ✓</p>	
<p>Other requirements:</p> <ul style="list-style-type: none"> • Able to attend meetings/hearings ad hoc if required, and devote preparation time for each meeting • Must be of good standing • Must not currently have and must not enter into any contractual relations with the council under which he/she will gain personally • Will have disclosed to the council any matter in his/her background which, if it became public, might cause the council to reconsider the appointment • Will not be an active member of any political party or have a public profile in relation to political activities • Will not have been an officer, elected member or co-opted member of Chiltern District Council or any town or parish council in the District, within 5 years of the date of his/her appointment as independent person • Will not have been a relative or close friend of an officer, elected member or co-opted member of Chiltern District Council or any town or parish council in the District, within 5 years of the date of his/her appointment as independent person • Committed to serving up to a 5 year term of appointment • Have a ICT/internet facilities at their disposal to assist with carrying out the above functions. 		

SUBJECT:	Protocol on Gifts and Hospitality
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

To seek the Committee's views on how best to raise members' awareness of the revised protocol on receipt of gifts and hospitality which was agreed by Full Council on 16 May.

RECOMMENDATION

That members note the revised Protocol on Gifts and Hospitality attached at Appendix 1 and consider proposals for ensuring members are made aware of its requirements

2. Reasons for Recommendations

To ensure high ethical standards are maintained and members are aware of their responsibilities.

3. Content of Report

- 3.1 The principles of conduct in public life expect members to act with openness, selflessness, integrity and honesty. These principles underpin the Council's statutory duty to promote and maintain high standards of behaviour amongst its elected members, as well as the Code of Conduct. The acceptance of gifts and hospitality can impact on the perception that members (and by association, the Council) act in the public interest and not for personal advantage or gain. Adopting rules dealing with acceptance of gifts and hospitality is therefore not just an administrative issue.
- 3.2 The Council's Code of Conduct provides that receiving gifts or hospitality with an estimated value of at least £50 is a personal interest and details of the person organisation from whom the gift or hospitality is received must be declared in the members' register of interests. The monitoring officer must be notified of the personal interest within 28 days and the name of the person or organisation giving the gift or hospitality will be added to the register which is published on the Council's website.
- 3.3 In addition to the requirement in the Code of Conduct the Council has adopted a separate Protocol on receipt of gifts and hospitality attached at Appendix 1. This has been updated as part of the recent review of the Council's Constitution to make reference to the Bribery Act 2010 and also links to the Joint Anti-fraud, Bribery and Corruption Policy which is attached at Appendix 2 for ease of reference.

- 3.4 It is important to note that under the Bribery Act it is a criminal offence to request, agree to receive or accept a bribe. Bribery is defined as the offering **or receiving** of a financial or other advantage in connection with the improper performance of a function which is expected to be performed impartially or in good faith. This definition does therefore cover the actions of councillors undertaking their council duties. The Act also defines corruption as the dishonest influencing of actions or decisions. Paragraph 4 of the Joint Anti-fraud, Bribery and Corruption Policy reminds members of their obligations under the 7 principles of conduct in public life and of the importance of registering and declaring pecuniary and personal interests.
- 3.5 The Protocol sets out general principles which members should apply when deciding whether it would be proper to accept any gift or hospitality which can, of course, range from promotional materials such as branded pens and calendars, to working lunches with outside organisations and unsolicited gifts. The Protocol provides examples of circumstances when the receipt of small value gifts or hospitality may be accepted by members and a procedure for recording and obtaining specific consent from the monitoring officer for the acceptance of other gifts and hospitality.
- 3.6 The Council's internal auditors have recently carried out an audit into how the Council deals with the receipt of gifts and hospitality at both member and officer level. Any findings or recommendations from this audit will be reported verbally if received before the meeting. It is however timely for the Committee to consider how the recently update protocol should be brought to members attention. Initially the monitoring officer proposes to include an item in the weekly Members' Bulletin and to arrange for the consent forms to available to members on the intranet. Comments and suggestions from the Committee on other actions to ensure the Protocol is brought to wider attention would be welcome.

4. Consultation

Not applicable.

5. Options

The Committee can consider options on how best to publicise the Protocol.

6. Corporate Implications

Financial – As set out in the report

Legal – As set out in the report

Risks issues – As set out in the report.

Equalities - No specific implications

7. Links to Council Policy Objectives

Whilst there are no direct links to the Council's main policy objectives openness and transparency in relation to the receipt of gifts and hospitality is a matter of good governance and is important in preserving the confidence of local communities.

8. Next Steps

To undertake publicity about the Protocol as agreed by the Committee.

Background Papers:	None except those referred to in the report.
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PART 5

SECTION B: Protocol for Members Relating to Gifts and Hospitality

Classification: OFFICIAL

1. INTRODUCTION

- 1.1 The acceptance of gifts and hospitality by Councillors is not merely an administrative issue. It reflects directly upon the perception of Councillors and of the Council as acting in the public interest and not for personal advantage. The principles of conduct in public life require all Councillors to act with openness, integrity and honesty.
- 1.2 A requirement to declare details of any person from whom Councillors receive gifts and/or hospitality with an estimated value of £50 or more as a Personal Interest is set out in the Council's Code of Conduct. Failure to declare such details is a breach of the Code of Conduct and could lead to a formal complaint being made against the Councillor concerned.
- 1.3 Furthermore, the Bribery Act 2010 makes it a criminal offence to request, agree to receive or accept a bribe and defines corruption as the dishonest influencing of actions or decisions. The corrupt acceptance of a gift or hospitality can lead to an unlimited fine or up to 10 years' imprisonment.

.. ..

2. AIMS OF THE PROTOCOL

- 2.1 This Protocol sets out:
 - the principles which you should apply whenever you have to decide whether it would be proper to accept any gift or hospitality;
 - a procedure for obtaining consent to accept a gift or hospitality, when you consider that it would be proper to accept it;
 - a procedure for declaring any gift or hospitality which you receive and in certain circumstances accounting to the Council for gifts received;
 - a procedure for accounting to the Council for any gift intended for the Council

3. LIMITS OF THE PROTOCOL

- 3.1 This Protocol does not apply to the acceptance of any facilities or hospitality which may be provided to you by the Council.

4. CONSEQUENCE OF BREACHING THE PROTOCOL

- 4.1 If you do not abide by this Protocol, you may put yourself at risk of being named in a report made to the Audit and Standards..
- 4.2 If you have any doubts about the application of this Protocol to your own circumstances you should seek advice from the Monitoring Officer or Deputy Monitoring Officer.

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5. GENERAL PRINCIPLES

- 5.1 In deciding whether it is proper to accept any gift or hospitality, you should apply the following principles. Even if the gift or hospitality comes within one of the general consents set out below, you should not accept it if to do so would be in breach of one or more of these principles:
- 5.2 **Never accept a gift or hospitality as an inducement or reward for anything you do as a Councillor**
- 5.3 As a Councillor, you must act in the public interest and must not be swayed in the discharge of your duties by the offer, prospect of an offer, or the non-offer of any inducement or reward for discharging those duties in a particular manner.
- 5.4 The Bribery Act 2010 provides that if you request, agree to receive or accept a financial or other advantage intending that, in consequence, a function of a public nature should be performed improperly (whether by you or another person), you commit a criminal offence carrying a maximum term of imprisonment of 10 years. The Act defines improper performance as acting in breach of trust or failing to act either in good faith or impartially. 5.5 Further, the Council's Code of Conduct for Members provides that you must act in the public interest and not for personal advantage and must not conduct yourself in a manner which is likely to bring the Council into disrepute..
- 5.6 **You should only accept a gift or hospitality if there is a commensurate benefit to the Council.**
- 5.7 The only proper reason for accepting any gift or hospitality is that there is a commensurate benefit for the Council which would not have been available but for the acceptance of that gift or hospitality.
- 5.8 Acceptance of hospitality can confer an advantage on the Council, such as an opportunity to progress the business of the Council expeditiously through a working lunch, or to canvass the interests of the Council and the district at a meeting. Acceptance of a gift is much less likely to confer such an advantage. Therefore, unless the benefit to the Council is clear, and is commensurate with the value of the gift or hospitality, the presumption must be that the gift or hospitality is purely for your personal benefit. In that case it should be declined.
- 5.9 As set out above, the Council's Code of Conduct Members provides that you must not use your position for your own personal advantage which would include acceptance as a Councillor of a gift or hospitality for your own benefit or advantage, rather than for the benefit of the Council..
- 5.10 **Never accept a gift or hospitality if acceptance might be open to misinterpretation.**
- 5.11 The appearance of impropriety can be just as damaging to the Council and to you as a Councillor as actual impropriety. The Council's ability to govern rests upon its reputation for acting fairly and in the public interest. You must therefore consider whether the acceptance of the gift or hospitality is capable of being interpreted as a

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sign that you or the Council favours any particular person, company or section of the community or as placing you under any improper obligation to any person or organisation. If there is any possibility that it might be so interpreted, you must either refuse the gift or hospitality or take appropriate steps to ensure that such a misunderstanding cannot arise.

5.12 Certain occasions are particularly sensitive, and require the avoidance of any opportunity for such misunderstanding. These include:

- 1) occasions when the Council is going through a competitive procurement process, in respect of any indication of favour for a particular tenderer.
- 2) determinations of planning applications or planning policy, in respect of any person or organisation which stands to gain or lose from the determination,
- 3) funding decisions, when the Council is determining a grant application by any person or organisation.

5.13 **Never accept a gift or hospitality which puts you under an improper obligation.**

5.14 Recognise that some commercial organisations and private individuals see the provision of gifts and hospitality as a means of buying influence. If you accept a gift or hospitality improperly, it is possible that they may seek to use this fact to persuade you to determine an issue in their favour. Equally, if others note that you have been prepared to accept a gift or hospitality improperly, they may feel that they will no longer be able to secure impartial consideration from the Council.

5.15 **Never solicit a gift or hospitality.**

5.16. You must never solicit or invite an offer of a gift or hospitality in connection with your position as a Councillor unless the acceptance of that gift or hospitality would be permitted under this Protocol. You should also take care to avoid giving any indication that you might be open to such any improper offer.

6. CONSENT REGIMES

6.1 General Consent Provisions

For clarity, the Council has agreed that you may accept gifts and hospitality in the following circumstances:

- 1) civic hospitality provided by another public authority
- 2) modest refreshment in connection with any meeting in the ordinary course of your work, such as tea, coffee, soft drinks and biscuits
- 3) tickets for sporting, cultural and entertainment events but only if these are sponsored by the Council

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- 4) small gifts of low intrinsic value below £25, branded with the name of the company or organisation making the gift, such as pens, pencils, mouse pads, calendars and diaries. However, you should take care not to display any such branded items when this might be taken as an indication of favour to a particular supplier or contractor, for example in the course of a procurement exercise
- 5) a modest alcoholic or soft drink on the occasion of an accidental social meeting with an employee of a contractor or party with whom you have done business on behalf of the Council. In such cases, you should make reasonable efforts to return the offer where this is practicable
- 6) a modest working lunch not exceeding £15 a head in the course of a meeting in the offices of a party with whom the Council has an existing business connection and where this is required in order to facilitate the conduct of that business. Councillors should not make such arrangements themselves, but request officers to settle the detailed arrangements, and officers are under instruction, when arranging any such meeting, to make it clear to the other party that such a lunch must not exceed a value of £15 a head
- 7) modest souvenir gifts with a value below £25 from another public authority given on the occasion of a visit by or to that authority
- 8) hospitality received in the course of an external visit or meeting which has been duly authorised by the Council. Councillors should not make such arrangements themselves, but request officers to settle the detailed arrangements, and officers are under instruction to make it clear that any such hospitality for Councillors and officers is to be no more than commensurate with the nature of the visit
- 9) other unsolicited gifts, where it is impracticable to return them to the person or organisation making the gift, provided that the Councillor deals with the gift strictly in accordance with the following procedure:
 - (i) The Councillor must, as soon as practicable after the receipt of the gift, and in any event within 28 days pass it to the Monitoring Officer together with written statement setting out the information described in Paragraphs 6.2 below. [The Form attached to this Protocol as Appendix 2 can be used for this purpose]
 - (ii) The Monitoring Officer will write to the person or organisation making the gift thanking them on your behalf for it and informing them that you have donated the gift to a Charity of your choice on whose behalf it will be raffled or otherwise disposed of in due course.

6.2 Special Consent Provisions

If you wish to accept any gift or hospitality which is in accordance with the General Principles set out in Paragraph 1, but is not within any of the general consents set out in Paragraph 2(a), you may only do so if you have previously obtained specific consent in accordance with the following procedure:

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- 1) You must make an application in writing to the Monitoring Officer, setting out:
 - (i) the nature and your estimate of the market value of the gift or hospitality
 - (ii) who the invitation or offer has been made by or on behalf of
 - (iii) the connection which you have with the person or organisation making the offer or invitation, such as any work which you have undertaken for the Council in which they have been involved
 - (iv) any work, permission, concession or facility which you are aware that the person or organisation making the offer or invitation may seek from the authority
 - (v) any special circumstances which lead you to believe that acceptance of the gift or hospitality will not be improper

[You may use the Special Consent Application Form attached to this Protocol as Appendix 1]

- 2) You must not accept the gift or hospitality until you have received the appropriate consent.
- 3) If consent is refused you will decline the gift or hospitality and confirm to the Monitoring Officer that you have done so.
- 4) The Monitoring Officer will record all applications received under this part of the Protocol and all refusal made or consents granted in a register kept for that purpose which shall be open to public inspection. [Note that this does not relieve you of the obligation to register the receipt of gifts and hospitality in accordance with Paragraph 7, below]
- 5) If consent is granted and the offer is a gift, you will accept it for and on behalf of Chiltern District Council and hand it to the Monitoring Officer who shall immediately take the following steps:
 - (i) issue you with a receipt for the gift;
 - (ii) add the gift to the Councils inventory; and
 - (iii) consult with the Chief Financial Officer and Chairman of the Council as to what measures are appropriate for the protection and/or use of the gift to ensure that it is properly applied for the benefit of the Council.

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7. DECLARATION OF GIFTS

- 7.1 Where you accept any gift or hospitality which you estimate to have a market value or cost of provision of £50 or greater, regardless of whether you are authorised to accept such gift or hospitality by the General or Specific Consent provisions set out in Paragraph 2 above, you must, as soon as possible after receipt of the gift or hospitality, and in any event within 28 days of receipt notify the Monitoring Officer by email to monitoringofficer@chiltern.gov.uk and make an addition to your Register of Personal Interests to record details of the person from whom the gift or hospitality was received.. The Register of Interests is available for public inspection and published on the Council's website.

[NB Even if the value of the gift or hospitality is less than £50, if you are concerned that its acceptance might be misinterpreted, and particularly where it comes from a contractor or tenderer, you may make a voluntary disclosure in the same manner to ensure that there is nothing secret or underhand about the gift or hospitality.]

8. GIFTS TO THE COUNCIL

- 8.1 Gifts to the Council may take the form of the provision of land, goods or services, either to keep or to test with a view to future acquisition, an offer to carry out works or sponsorship of a function which is organised or supported by the Council. The following principles will govern the issue of gifts to the Council:-

- 1) You should not solicit any such gift on behalf of the Council except where the Council has formally identified the opportunity for participation by an external party and how that participation is to be secured, for example in relation to sponsorship of musical and theatrical performances and developers' contributions under Section 106 Agreements.
- 2) If you receive such an offer on behalf of the Council, you must first consider whether it is appropriate for the Council to accept the offer (in terms of whether the acceptance of the gift might be seen as putting the Council under any improper obligation and whether there is a real benefit to the Council which would outweigh any dis-benefits).
- 3) You do not have delegated authority to accept a gift on behalf of the Council and so you should report the offer directly to the Monitoring Officer who has such delegated authority, together with your recommendation.
- 4) The Monitoring Officer will write back to the person or organisation making the offer to record the acceptance or non-acceptance of the gift and if accepted, record the gift for audit purposes by adding it to an inventory and consult with the Chief Financial Officer and Chairman of the Council to ensure that the gift is properly applied for the benefit of the Council.
- 5) If at any time you have any concerns about the motives of the person or organisation making the offer, or whether it would be proper for the authority to accept the gift, you should consult the Monitoring Officer.

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9 DEFINITIONS

- 1) "Gift or hospitality" includes any:
 - (i) the free gift of any goods or services
 - (ii) the opportunity to acquire any goods or services at a discount or on terms which are more advantageous than those which are available to the general public
 - (iii) the opportunity to obtain any goods or services which are not available to the general public
 - (iv) the offer of food, drink, accommodation or entertainment, or the opportunity to attend any cultural, sporting or entertainment event.
- 2) References to the "value" or "cost" of any gift or hospitality are references to the higher of:
 - (i) your estimate of the cost to the person or organisation of providing the gift or consideration
 - (ii) the open market price which a member of the public would have to pay for the gift or hospitality, if it were made available commercially to the public, less the cash sum of any contribution which you would be required to make toward that price to the person or organisation providing or offering the gift or hospitality.

APPENDIX 1**Application for a Special Consent to accept a Gift or Hospitality not authorised by the General Consent Provisions of the Protocol For Members Relating to Gifts and Hospitality**

Name	
Ward	
What is the nature of the gift or hospitality offered or invited?	
What is your best estimate of its market value or cost?	
Please give details of the person or organisation who has made the offer or invitation?	
What connection do you have with the person or organisation making the offer?	
So far as you are aware, please give details of any work, permission, concession or facility that the person or organisation making the offer or invitation has sought or is seeking from the Council.	
Are there any special circumstances that might justify the acceptance of the gift or hospitality offered or invited?	
DECLARATION	
<p>I understand that if this application relates to the offer of a gift and the Monitoring Officer gives his consent to my acceptance of it, the gift will be belong to Chiltern District Council and I will account to the Monitoring Officer for it in accordance with Paragraph 2 (2) (e) of the Protocol relating to Gifts and Hospitality</p>	
Signed	Date

APPENDIX 2**Declaration of Receipt of Gifts or Hospitality by Councillors**

Name	
Ward	
What was the gift or hospitality?	
What is your best estimate of its market value or cost?	
Who provided it?	
When and where did you receive it?	
Does it come within one of the general consents set out in the Protocol? If so, which?	
Did you get the consent of any officer before accepting it? If so, who?	
Were there any special circumstances justifying acceptance of this gift or hospitality?	
Do you have any contact in your job with the person or organisation providing the gift or hospitality?	
Signed	Date

PART 9
SECTION E: Joint Anti-Fraud, Bribery and Corruption Policy

CHILTERN DISTRICT COUNCIL AND SOUTH BUCKS DISTRICT COUNCIL
ANTI- FRAUD, BRIBERY AND CORRUPTION POLICY

1. DEFINITIONS

1.1 Fraud is defined as the illicit gaining of cash or some other benefit by a deception.

The Fraud Act 2006 sets out particular offences:

- Fraud by false representation
- Fraud by failure to disclose information
- Fraud by abuse of position

1.2 The fraud act goes on further to establish the principle that there is a liability on company officers and the corporate body itself if an offence is committed with the consent or connivance of officers of the corporate body.

1.3 Also that there need only be an intention to make a gain for themselves or another or cause loss to another or expose them to risk. It does not have to be successful or directly result in a gain for the person committing the offence.

1.4 Bribery is defined as the offering or receiving of a financial or other advantage in connection with the improper performance of a position of trust or function expected to be performed impartially or in good faith.

1.5 The Bribery Act 2010 outlines specific offences for individuals.

- An offence of offering, promising or giving a bribe.
- An offence of requesting, agreeing to receive or accepting a bribe.
- Bribery of a foreign public official.
- A corporate offence of “failing to prevent” bribery.

1.6 The corporate offence of failing to prevent bribery would not normally apply to a local authority carrying out its statutory duties. However it would apply to any commercial activity undertaken by the Councils or its agents.

1.7 Corruption is defined as the dishonest influencing of actions or decisions.

2. CULTURE OF THE COUNCILS

2.1 Chiltern District Council and South Bucks District Council seek to maintain an environment that makes any form of corruption or fraud difficult to perpetrate.

All reasonable, practicable steps will be taken to minimise the risk and the affect of fraud and corruption by its Members, staff, customers or clients. The need for appropriate controls is acknowledged and the Councils will seek to sustain such controls in the administrative, financial operational and IT systems employed in the delivery of external and internal services and management.

This policy is to support the Councils adoption of the three main aims as recommended by CIPFA'S strategy document Fighting Fraud Locally – The Local Government Fraud Strategy:

- Acknowledge Fraud Risks
- Prevent – Controls and developing anti-fraud culture
- Pursue – Punish offenders and recover losses

2.2 Section 17 of the Crime and Disorder Act 1998 places a general duty on Councils to responsibly conduct their duties in a way that does all that is reasonable to prevent crime and disorder in the area. This means that all policies, strategies, plans and budgets should be considered from the standpoint of their potential contribution to the prevention of crime and disorder. In support of this the Councils will enter into agreements with police and law enforcement agencies, including Bucks County Council safeguarding teams to share data for both prevention and detection of crime and disorder in particular to address the threat from serious or organised crime.

2.3 Responsibility for the prevention of fraud and corruption rests as much with every member of staff as it does with senior management and members. It is the responsibility of all managers to ensure that there are appropriate and adequate controls in place within the systems for which they are responsible. Controls will be designed to deter, prevent and detect all forms of fraud and corruption, and also identify a clear pathway for investigation.

2.4 The Councils expect all of their suppliers, contractors, agents and partner organisations and individuals, to act with honesty and integrity and client officers will be responsible for monitoring their actions and for ensuring that their terms of reference, agreements and/or contracts include a clause to that effect. Each Council will expect that all of its dealings will be conducted on the same basis, and expects its Members and staff to lead by example.

2.5 A comprehensive framework will be maintained of guidance, codes of practice, codes of conduct and regulations with which their members and staff are expected to comply. These documents will be available on the intranet. This will help to ensure that policies and objectives are achieved in a proper and fair manner.

3. REPORTING OF FRAUD BRIBERY OR CORRUPTION

3.1 Any Officer, members and external partners who have reason to think an irregularity is taking place are encouraged to raise concerns either through normal line managers or directors and in every case to the Audit Fraud and Error Reduction Manager.

3.2 Line Managers and Directors must report any matters referred to them to a Director and Chief Executive and in every case to the Audit Fraud and Error Reduction Manager. On the same basis any irregularity identified as part of an audit, complaint or ombudsman report should be reported in the same manner as soon as it is identified.

3.3 The Councils have a protected disclosure “whistle blowing” policy detailing how to raise concerns and how the Councils will deal with the concerns and what to do if you are still dissatisfied.

3.4 The protected disclosure policy confirms that there will be no victimisation of any “whistle blowers” or suppression of information in any instance. Every effort will be made to ensure anonymity and confidentiality is maintained. Any information received anonymously is dealt with in accordance with the Councils Internal Investigation procedures.

3.5 There is of course a need to ensure that procedures for reporting and investigating suspected fraud and corruption are not misused. Staff should be aware that maliciously raising false concerns is a disciplinary offence. Similarly for external individuals or organisations having dealings with the council who maliciously raise false concerns, appropriate action will be taken.

3.6 The Audit Fraud and Error Reduction Manager will report all instances of suspected or actual fraud and corruption to the Management Team and report proven frauds to the external auditors. The Management Team will report all such matters to the appropriate Cabinet and relevant Portfolio Holder.

4. MEMBERS

4.1 As elected representatives of the public, Council Members have a duty to be fair, honest and open in their roles. They are bound by:

- Government Legislation
- Bribery Act
- Data Protection Act
- The Councils constitution
- The Councils standing orders
- Financial and Contracts procedure rules
- Code of practice – members/officers relations
- Locally Adopted codes of conduct, policies and procedures

4.2 Members are expected to adhere to the Seven Principles of Public Life:

- Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

- Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.

- Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

- Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

- Leadership

Holders of public office should promote and support these principles by leadership and example.

4.3 In particular members are required to declare and register any direct or indirect pecuniary interest by them or their partner in any companies, charitable organisation, voluntary groups or other societies or associations. They are required to abstain from any debate or vote which pertains to matters involving any such organisation in which they have an interest and are required to leave the room during such debates.

5. Staff

5.1 All council staff including permanent or temporary agency staff will be bound by the Councils Code of Conduct. Officers who are members of professional bodies shall abide by any code of conduct and /or professional ethics issued by those bodies. All staff will be bound by their terms and conditions of employment. Procedure notes, job descriptions and managerial instructions define the role of staff on a day to day basis. All staff are also bound by the Councils constitutions, financial procedure rules and contract procedure rules.

6. Systems

6.1 The Chief Financial Officer (Section 151 Officer) for each council has a statutory duty to ensure that proper arrangements are in place to administer the Councils' finances and financial systems. The Councils acknowledge this role and support the post holder in his/her duties and considers their advice on changes to the system controls, financial administration and associated rules and regulations.

6.2 The Councils have an ICT Security Policy in place that applies to all staff and members. Access to computer systems and networks owned or operated by the Councils impose certain responsibilities and obligations and are granted subject to council policies. Users must not attempt to circumvent or subvert security measures, and should not extract and/or save council data or documents deemed as “restricted” outside the council’s networks. The council’s networks will incorporate security measures to prevent cyber attacks, and it is incumbent on all users to ensure they safeguard access to data to prevent unauthorised access.

6.3 Staff are required to make themselves aware of their responsibilities in relation to the Proceeds of Crime Act Money and Anti- Money Laundering procedures and in particular the requirement to complete standard forms for any suspicions of money laundering activity to be passed to the Director of Resources. An anti-money laundering form to be completed for any cash transaction in excess of £2,000.

6.4 Senior Managers shall ensure that the Councils financial procedures comply with the six principals contained within the Bribery Act 2010 namely:

- Proportionate procedures
- Top Level commitment
- Risk Assessments
- Due Diligence
- Communication (Training)
- Monitoring- Review

6.5 Staff and Members should make themselves aware of the elements of the Bribery Act and register any gifts or hospitalities in the appropriate register. Any attempts to bribe an officer or member shall be reported in accordance with section 3.1 to 3.3 of this policy.

6.6 All instances of Fraud and Corruption shall be reported and decisions taken by the individual Councils. Both Councils will share information on potential and proven fraud or corruption to assist with the prevention and or detection of fraud or corruption.

7. DETECTION INVESTIGATION AND RECOVERY OF LOSS.

7.1 The Councils maintain a proactive attitude to the prevention and detection of all forms of fraud and corruption through the use of:

- Management controls
- Internal audits
- External Audit
- Scrutiny by Members (Audit Committee)
- Fraud risk assessments
- Expertise of the Fraud and Error Team
- Other specialist resources, such as forensic Investigation
- Relevant External Agencies such as DWP- Police
- Training of Staff and Members in Anti-Fraud and corruption measures

7.2 All allegations of fraud or irregularity will be investigated by Audit, Fraud and Error Reduction Manager reporting to the relevant Head of Service, Director, Chief Executive or leader as appropriate.

7.3 The Councils will make every effort to identify and quantify losses that have occurred as a result of any Fraud or Corruption Recovery of all financial gains obtained as a result of a fraud will be pursued regardless to any other action the Councils may take. Recovery action will include but not limited to:

- Agreed repayment terms
- Civil Recovery using both County and High Courts
- The use of the Proceeds of Crime Act 2006

7.4 In addition to recovering any financial loss the Councils will apply sanctions in accordance with national legislation and their corporate enforcement policy and individual departments sanction strategies. These will include:

- Warning Letters
- Formal Cautions
- Administration Penalty (Fine)
- Prosecution

7.5 The Councils will take part in the National Fraud Initiative Data Matching exercise to identify potential Frauds. The Councils will take every opportunity to data match with outside agencies such as Department of Work and Pensions, NHS Anti-Fraud Teams, housing providers such as Paradigm Housing Association and other agencies wherever the law allows.

7.6 This policy will be reviewed on a bi-annual basis by the committee of each council with responsibility for audit matters.

June 2016

CHILTERN DISTRICT COUNCIL

STANDARDS WORK PROGRAMME

2017/2018

		2017		2018	
	Contact	29.06.17	27.09.17	25.01.18	08.03.18
29.06.17					
<ul style="list-style-type: none"> Complaints Monitoring Report 2016/17 	Joanna Swift	X			
<ul style="list-style-type: none"> Appointment of Independent Persons 	Joanna Swift	X			
<ul style="list-style-type: none"> Protocol on Gifts & Hospitality 	Joanna Swift	X			
27.09.17					
<ul style="list-style-type: none"> Current issues and update on the Standards Framework 	Joanna Swift		X		
<ul style="list-style-type: none"> Annual Report of the Committee on Standards in Public Life 	Joanna Swift		X		
<ul style="list-style-type: none"> Subscription to Standards Exchange 	Joanna Swift		X		
25.01.18					
<ul style="list-style-type: none"> Annual Review of Code of Conduct and Complaints Procedure 	Joanna Swift			X	
<ul style="list-style-type: none"> Review of member training in 2017 	Joanna Swift			X	
08.03.18					
<ul style="list-style-type: none"> Review of Protocol on the Role of the Monitoring Officer 	Joanna Swift				X
<ul style="list-style-type: none"> Work programme for 2018/19 	Joanna Swift				X



Chiltern District Council

Internal Audit Annual Report 2016/17

Internal Audit Annual Report

INTRODUCTION

This is the 2016/17 Annual Report by TIAA on the internal control environment at Chiltern District Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

TIAA is satisfied that for the areas reviewed during the year that Chiltern District Council has reasonable and effective risk management, control and governance processes in place. Also, there was evidence to support the Council’s achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the Council’s risk management, control and governance processes or the ongoing financial viability which must be obtained by the Council from its various sources of assurance.

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2016/17 Annual Audit Plan approved by the Audit and Standards Committee was for 340 days (this includes South Bucks Council) of internal audit coverage in the year. During the year there were 4 changes to the Audit Plan and these changes were agreed by the Audit and Standards Committee.

All the planned work has been carried out and the reports have been issued (Annex A).

The following audits were carried out which was in addition to the work set out in the Annual Audit Plan:

- Purchasing Cards
- Treasury Management Practices
- Expenses
- Health & Safety (Contractor Arrangements)

ASSURANCE

TIAA carried out 26 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council’s objectives. We also carried out 2 reviews that did not generate an assurance due to being advisory audits. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	16	13
Reasonable Assurance	10	11
Limited Assurance	0	0
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2016/17.

Urgent	Important	Routine
0	21	38

AUDIT SUMMARY

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	0	4	9
Compliance	0	14	25
Operational	0	3	4
Reputational	0	0	0

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
21

INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

PERFORMANCE AND QUALITY ASSURANCE

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	95%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2016 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

RELEASE OF REPORT

The table below sets out the history of this Annual Report.

Date Report issued:	5 th June 2017
---------------------	---------------------------

Actual against planned Internal Audit Work 2016/17

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Governance	Assurance	9	9		
Procurement	Assurance	8	8		
Counter Fraud	Assurance	8	8		
Complaints and Compliments	Assurance	6	-		Cancelled
Performance Management/Efficient Working	Assurance	10	10		Report at draft stage
Information Governance/Data Quality	Assurance	9	9		
Main Accounting	Assurance	8	8		
Payroll	Assurance	13	10		
Debtors	Assurance	10	10		
Creditors	Assurance	10	10		
Council Tax Support	Assurance	10	10		
Council Tax and NDR	Assurance	20	20		
Cash and Bank	Assurance	9	9		
Treasury Management Practices	Assurance	-	4		Additional Review
Budgetary Control	Assurance	8	8		
Expenses		-	8		Additional Review
Mobile/Agile Working	ICT	10	10		Report at draft stage
Information Risk Management	ICT	10	10		Report at draft stage
Network Project Implementation	ICT	10	10		Report at draft stage
Controls over access to the internet	Assurance	6	6		
Risk Management Assistance	Assurance	10	10		No report generated

Environmental Health	Assurance	10	10		
Licensing	Assurance	10	10		
Health and Safety – contractor arrangements	Assurance	-	5		Additional Review - Report at draft stage
Health and Safety – internal arrangements	Assurance	8	8		
Disabled Facilities Grants	Regulatory	5	5		
Housing DECC Grants – energy efficiency	Regulatory	10	20		
Leisure Contracts	Assurance	8	8		Report at draft stage
Waste – Joint service Chiltern and Wycombe	Assurance	8	-		Cancelled
Car Parking	Assurance	11	11		
Property and Asset Management	Assurance	8	8		
Individual Electoral Registration	Assurance	8	-		Cancelled
Absence Management	Assurance	8	-		Cancelled
Recruitment	Assurance	8	-		Cancelled
Annual Internal Audit	Assurance	5	5		
New Administration System	Assurance	5	5		
Follow Up		10	10		Work in progress – reviewing the 16/17 recommendations
Annual Assurance Report		2	2		
Audit Management		32	22		
Purchasing cards		-	11		Additional Review
	Total Days	340	317		



Chiltern District Council

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Internal Audit Progress Report

2016/17

Audit and Standards Committee – 29 June 2017

INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at Chiltern District Council as at 6 June 2017.

PROGRESS AGAINST THE 2016/17 ANNUAL PLAN

2. Our progress against the Annual Plan for 2016-17 is set out in Appendix A.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. 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 COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2016/17

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2016/17. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
Housing Benefits & Council Tax Support	Substantial	13/03/17	13/03/17	18/03/17	0	0	1	0
Treasury Management Practices	Advisory	23/03/17	23/03/17	27/03/17	0	0	0	0
Procurement	Reasonable	24/03/17	27/03/17	28/03/17	0	1	7	3
Governance	Substantial	30/03/17	30/03/17	04/04/17	0	0	2	0
Car Parking Income	Substantial	29/03/17	31/03/17	05/04/17	0	0	0	0
Health & Safety-Internal Arrangements	Reasonable	30/03/17	03/04/17	05/04/17	0	3	1	0
Counter Fraud	Advisory	30/03/17	08/05/17	15/05/17	0	1	3	0
Cash and Bank	Substantial	10/03/17	18/05/17	23/05/17	0	0	1	0

*Operational Effectiveness Matters

CHANGES TO THE ANNUAL PLAN 2016/17

6. The following audits are additional to the annual plan:
- Purchasing Cards.
 - Contractor Health and Safety – follow on from 15/16 audit.
 - Expenses.
 - Treasury Management Practices

The following audits are deleted from the annual plan:

- Individual Electoral Registration (audit undertaken in later part of 2015/16).
- Waste - joint service between CDC and Wycombe D.C. (The previous year's follow up was concluded late in 2016/17 – audit to be undertaken in 2017/18)
- Complaints and Compliments (the new system is not yet in place – audit to be undertaken in 2017/18)
- HR – Absence Management (new system not yet embedded – audit to be undertaken in 2017/18)
- HR – Recruitment (new system not yet embedded – audit to be undertaken in 2017/18)

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FRAUDS/IRREGULARITIES

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

LIAISON WITH EXTERNAL AUDIT

8. We liaise with EY and provide reports and working paper files, as required.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

RISK MANAGEMENT

10. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.
- The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Item 10

Appropriate training has been developed and will be delivered during July 2017 on "Risk Management in a Changing Environment" for all middle managers. This has been incorporated into the current personnel training programme for staff.

DISCLAIMER

11. 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 2016/17

System	Planned Quarter	Days	Current Status	Comments
Performance Management/Efficient Working	1	10	Draft report issued June 2017	Audit commenced 23 February 2017
Purchasing Cards	1	11	Final report issued June 2016	Additional Review to 2016/17 plan
Contractor Health and Safety – follow on	1	5	Draft report issued May 2017	Additional Review to 2016/17 plan
Property and Asset Management	1	8	Final report issued March 2017	
Information Governance/Data Quality	1	9	Final report issued October 2016	
Health & Safety – internal arrangements	1	8	Final report issued April 2017	
Licensing	1	10	Final report issued October 2016	
Environmental Health	1	10	Final report issued December 2016	
Absence Management	1	8	Cancelled	Request by Head of Service to postpone
Expenses	1	8	Final report issued November 2016	Additional Review to 2016/17 plan
Chiltern Crematorium-annual Internal Audit	2	5	Final report issued February 2017	
Chiltern Crematorium-New Administration System	2	5	Draft report issued May 2017	
ICT - Controls over access to the internet	2	6	Draft report issued May 2017	
Individual Electoral Registration	2	8	Cancelled	An audit of this system was undertaken during 2015/16 and a further audit is not required at this time
Recruitment	2	8	Cancelled	Awaiting implementation of new IT system
Leisure Contracts	2	8	Draft report issued June 2017	
Waste-Joint Service Chiltern and Wycombe	2	8	Cancelled	To be undertaken in 2017/18

System	Planned Quarter	Days	Current Status	Comments
Budgetary Control	2	8	Final report issued October 2016	
ICT - Information risk management	2	10	Draft report issued May 2017	
ICT - Network project implementation	3	10	Draft report issued May 2017	
ICT - Mobile / agile working	3	10	Draft report issued May 2017	
Main Accounting	3	8	Final report issued January 2017	
Governance	3	9	Final report issued April 2017	
Procurement	3	8	Final report issued March 2017	
Debtors	3	10	Final report issued February 2017	
Council Tax and NDR	3	20	Final report issued March 2017	
Cash and Bank	3	9	Final report issued May 2017	
Benefits	3	10	Final report issued March 2017	
Council Tax Support	3	10	Final report issued March 2017	
Creditors	3	10	Final report issued January 2017	
Payroll	3	13	Final report issued February 2017	
Complaints and Compliments	3/4	6	Cancelled	To be undertaken in 2017/18
Follow up	4	10	Ongoing	Work in progress – reviewing of 16/17 recommendations
Car Parking	4	11	Final report issued April 2017	
Risk Management Assistance	3/4	10	Complete	No report generated
Counter Fraud	4	8	Final report issued May 2017	
Disabled Facilities Grants	TBA	5	Final Report issued July 2016	
Housing DECC Grants – energy efficiency	TBA	20	Final report issued February 2017	Additional 10 days agreed

KEY:

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

Audits Finalised since last Audit Committee

Title of review: **Procurement**

Date issued: **March 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Compliance	For two of the procurement exercises sampled, either limited or no information was able to be located due to the fact that the lead officers no longer worked for the Councils.	Staff to be reminded to store all relevant supporting documentation either in local or central shared drives in accordance with procurement procedures to provide a full audit trail which is readily accessible.	2	<p><i>Agreed.</i></p> <p><i>The Contracts Procedure Rules are quite clear that:</i></p> <p><i>A Contract Owner must keep records on the decisions and activities they take concerning how they prepare for, enter into, manage, extend, vary and terminate each of the Councils' contracts.</i></p>	<i>Immediate</i>	<i>All Head of Service</i>

Title of review: **Health & Safety-Internal Arrangements**

Date issued: **April 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	It was noted that attendance at 2016 Health and Safety Committee meetings did not meet the expectations set out in the terms of reference, with a large number of apologies at each meeting. The Director of Services and a number of Heads of Service had not attended at all during the 2016 calendar year, and there were no meetings where all service areas were represented. Attendance by senior managers at Health & Safety Committee meetings is key to ensuring that Health & Safety matters are given the requisite level of importance in line with legislative requirements.	Action be taken to ensure that attendance at Health and Safety Committee meetings is in line with the expectations set out in the Committee terms of reference.	2	<i>The committee dates will be set for the year ahead and HOS invited to attend with appointments placed in diaries.</i> <i>The need to attend will be advised to all HOS at the next HOS meeting.</i>	19/04/17	GC

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Smart Log software is used to provide officers with online training material and to record completion of such training. Training currently covers Fire Awareness training, Display Screen Equipment training and specific training for Fire Wardens. The system records the due date for carrying out the training, and sends automated emails to officers on a weekly basis reminding them to carry out the training when it becomes overdue. At the time of the audit, eight users were overdue by more than two years, and more than 20 users were overdue by more than a year.	Action be taken to ensure all officers are carrying out regular fire awareness and DSE training/assessments.	2	<p><i>Currently reviewing the operation of Smart Log as part of the Mobile working project and recommendation will be made to MT.</i></p> <p><i>All staff will be reminded to complete the training.</i></p> <p><i>Staff who have not completed the Smart Log system will be targeted and required to complete within 2 months.</i></p>	<p>31/3/18</p> <p>31/6/17</p> <p>31/05/17</p>	<p>NPH</p> <p>HOS</p> <p>GC</p>
3	Compliance	For three service areas (Environment, Sustainable Development, and Business Support) it was noted that the internal audit risk assessment summaries had not yet been completed, and a limited number of individual risk assessments had been produced for these areas.	Action be taken to ensure that all risk assessment summaries are completed at the earliest opportunity.	2	<i>HOS to ensure these are reviewed completed and updated.</i>	31/03/18	HOS

Title of review: **Counter Fraud**

Date issued: **May 2017**

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	<p><i>Checklist 11. The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.</i></p> <p>There is guidance that covers process but does not provide clear guidance on the importance of pre-employment checking.</p>	<p>Guidance be strengthened in relation to the types of pre-employment checking that should be undertaken and this guidance should be integrated for both councils as opposed to the separate arrangements in place at present.</p>	2	<p><i>A joint recruitment policy is in development and this recommendation will be considered as part of that process.</i></p>	30/09/17	Principal hr Advisor NPH



Chiltern District Council

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**Internal Audit Progress Report
2017/18**

Audit and Standards Committee – 29 June 2017

INTRODUCTION

1. This summary report provides the Audit and Standards Committee with an update on the progress of our work at Chiltern District Council as at 6 June 2017.

PROGRESS AGAINST THE 2017/18 ANNUAL PLAN

2. Our progress against the Annual Plan for 2017-18 is set out in Appendix A.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. 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 COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2017/18

5. There have been no audits finalised since our last report to the Audit and Standards Committee for the year 2017/18.

CHANGES TO THE ANNUAL PLAN 2017/18

6. None

FRAUDS/IRREGULARITIES

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

LIAISON WITH EXTERNAL AUDIT

8. We liaise with EY and provide reports and working paper files, as required.

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

RISK MANAGEMENT

11. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.

The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Appropriate training has been developed and will be delivered during July 2017 on "Risk Management in a Changing Environment" for all middle managers. This is being incorporated into the current personnel training programme for staff.

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Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Current Status	Comments
Governance – Gifts and Hospitality	1	8	Planned start date 01/06/17	In Progress
Disable Facilities Grants	1	5	Planned start date 14/06/17	In Progress
Cemeteries	1	8	Planned start date 03/05/17	In Progress
Harmonised Policies and Procedures	1	8	Planned start date 20/04/17	In Progress
iTrent Payroll System (HR Module)	1	6	Planned start date 02/05/17	In Progress
Crematorium - Annual Internal Audit	1	5	Planned start date 16/06/17	In Progress
Expenses	1	8	Planned start date 15/05/17	In Progress
Ground Maintenance	1	8	Planned start date 27/04/17	In Progress
Risk Management	1	8		
Complaints and Compliments	2	6	Planned start date 30/06/17	
Temporary Accommodation	2	9	Planned start date 10/07/17	
Absence Management	2	8	Planned start date 11/09/17	
Purchase Cards	2	8	Planned start date 10/07/17	
Recruitment	3	8	Planned start date 04/12/17	
Main Accounting	3	7		
Payroll	3	12		
Accounts Receivable (Debtors)	3	9		
Accounts Payable (Creditors)	3	9		

System	Planned Quarter	Days	Current Status	Comments
Contracts	3	10		
Information Governance/Data Quality	3	8		
Data Protection	3	8		
Business Continuity	3	7		
Emergency Planning	3	6		
Benefits	3	13		
Council Tax Support	3	13		
Council Tax and NDR	3	20		
Cash and Bank	3	8		
Treasury Management	3	8		
ICT - Targeted Audits to be agreed and reported to the next Audit (and Standards) Committee	3	24		
Waste Services (Chiltern, Wycombe and South Bucks)	3	11		
Car Parking	4	7		
Commercial Rents/Debt Recovery	4	8		
Crematorium - New Administration System	4	5		
Follow up		10		
Risk Management Assistance	ongoing	10		

KEY:

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

SUBJECT:	<i>Annual Fraud Report</i>
REPORT OF:	<i>Customer Services - Councillor Fred Wilson</i>
RESPONSIBLE OFFICER	<i>Nicola Ellis Head of Customer Services</i>
REPORT AUTHOR	<i>Alistair Webb, 01494 732227, awebb@chiltern.gov.uk</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

This report is to advise the Audit Committee of the Anti- Fraud and Error reduction activity undertaken in 2016/17 and an action plan for 2017/18.

RECOMMENDATION

Members are asked to note and comment on the outcomes and future activity.

2. Reasons for Recommendations

The report is for information only and no action is required.

3. Report

3.1 This report details the anti-fraud and error reduction activity completed during the 2016/17 financial year and the outcomes where appropriate. It also includes an action plan for areas of work to be reviewed in the year 2017/18, with the intention of identifying risk areas and taking proactive work to prevent and deter fraud and error.

3.2 The Revenues Fraud and Error Reduction Team is responsible for carrying out anti-fraud activity in relation to Housing Benefit and Local Council Tax Support. It also provides assistance to Internal Audit, providing the main resource for fraud and irregularity matters as well as carrying out a planned fraud review of high risk fraud areas.

3.3 Since May 2016 the Anti-Fraud team is part of a shared revenues service with South Bucks District Council. In relation to fraud matters the councils have been working in partnership since 2009.

Background

3.4 In 2016/17 Chiltern District Council awarded a total of £18,851,123 in Housing Benefit and £3,522,341 in Local Council Tax Support.

3.5 The Revenues Team carry out fraud prevention while making the schemes as accessible and customer friendly as possible. From October 2016 the Council operates a risk based verification process with cases risked scored at the outset to identify cases require further checking of circumstances while allowing the more straightforward, lower risk cases to be processed without the burden of verification.

- 3.6 In support of the risk based approach from October 2016 the council has introduced an online claim form, as part of the claim process once the claim is submitted instant background checks are carried out and this generates a list of verification requirements to be provided by the customer to support the application.
- 3.7 For on-going benefit and reduction claims the Fraud and Error Team target cases based on known risk factors or as a result of information received from third parties, including HMRC, DWP and the general public to ensure claims are accurate and identify errors at the earliest opportunity.
- 3.8 As part of the review of procedures, the team have introduced an online review form enabling the claimant to view the claim details held and declare relevant changes. This is partially automated feeding directly into the benefit system. The adoption of this review module is intended to develop further into an online “change of circumstances” that will allow further automation.

4 Housing Benefit Fraud and Error

- 4.1 The Fraud Team provide support to the DWP’s Single Fraud Investigation Service. The SFIS teams have no direct access to Housing Benefit records. The Fraud Team act as the main contact point, providing documentation, statements and decisions on benefit overpayments and agreements on the offer of Administrative Penalties.
- 4.2 A total of 9 cases were referred for investigation by CDC staff. Resulting in one prosecution. SFIS requested support on 18 cases with one case referred to Crown Prosecution Service awaiting decision on further action.
- 4.3 The fraud team also act as the main contact for the DWP’s annual audit of Housing Benefit (Housing Benefit Review). Of the ten cases selected one identified an official error due to a system error on applying the benefit cap. No other issues identified.
- 4.4 The table below identifies the total “fraud” overpayments identified by Chiltern District Council in 2016/17 and the recovery position at the time of this report. The totals include Housing and Council Tax Benefit and Local Council Tax Reductions:

Total fraud overpayments raised 2016/17	Total recovered to date
£38,584	£38,584

- 4.5 Chiltern District Council takes part in a DWP incentive scheme FERIS (Fraud and Error Reduction Scheme) designed to encourage LA’s to identify fraud and error. If an LA exceeds a quarterly benefit reduction target this generates a financial reward. Chiltern received a total of £18,960 in reward payments for the first three quarters of 2016/17.

The table below demonstrates results notified to date as identified by DWP.

Baseline figure = DWP'S estimate of expected reductions based on previous year's activity.

Actual reductions = the achieved reductions.

% of baseline achieved.

Lower threshold to achieve a reward = baseline + 10%.

	QTR 1	QTR 2	QTR3	Total Rewards
Baseline F&E Reduction	£30,975	£31,837	£25,362	£18,960
Total F&E Reduction	£37,729	£36,546	£32,311	
% of Baseline	122.00%	114.70%	127.30%	
Lower Threshold (Baseline + 10%)	£35,524	£33,429	£26,630	
Reward Payment	£7,406	£4,148	£7,406	

4.6 DWP have at the time of this report not confirmed the final quarters FERIS rewards but indications are it will be between 2k/4k making the annual payments in excess of £20k. DWP have confirmed that from April 2017 the scheme has been radically altered removing all thresholds and providing a one off upfront payment of £17,358 to be used exclusively for dealing with HMRC/RTI data matches.

4.7 In addition to these results the Fraud and Error team identified 21 cases that, although not suitable for a sanction, resulted in reduction or removal of benefit entitlement with a weekly value of £2,328 and overpayments totalling £31,123. This includes claims referred before award where the claim is clearly based on false declarations and action by the Fraud Team has prevented an incorrect award. Unfortunately SFIS has a national policy of only considering sanctions on cases where there is a Fraud overpayment in excess of £2,000, with Local authorities tasked with fraud prevention.

4.8 To assist in identifying fraud and error the DWP provide referrals based on real time income details (RTI) provided to HMRC. The team have concentrated on these cases clearing both mandatory referrals and extra optional referrals made available from June 2016. The table below demonstrates the value of these cases with a comparison with 2015/16 results. From April 2017 Chiltern has signed up to the DWP's continuing RTI optional referrals receiving £17k in funding to target these cases.

RTI results 2015/16				
Total referrals	Total HB overpayments	No of cases	Total Council Tax Overpayments	No of Cases
318	£163,388	195	46,313	159
	Total HB underpayments	No of cases	Total Council Tax Underpayments	No of cases
	£1,459	23	£2,257	45
RTI results 2016/17				
Total referrals	Total HB overpayments	No of cases	Total Council Tax Overpayments	No of Cases
1032	£136,500	295	18,401	204
	Total HB underpayments	No of cases	Total Council Tax Underpayments	No of cases
	£2,414	15	£1,827	28

5. Council Tax and Housing Fraud Investigations.

5.1 Fraud Admin penalties were considered appropriate for 6 cases of fraud against the Council Tax Support scheme and benefits totalling £7,670 in excess awards. In addition to the penalties, all outstanding council tax was recovered. In general these related to a failure to declare a change of circumstances rather than a deliberate false statement. Penalties are offered but if not accepted the council would normally proceed for prosecution. Therefore the cases must be of court ready standard and satisfy both evidential and the public interest test to proceed further. No cases were deemed suitable for immediate prosecution.

Details	Reason	Penalty
Mr S Holmer Green	Undeclared savings	£1,000
Ms S Chalfont St Peter	Undeclared savings	£419
Ms S Amersham	Undeclared Income	£336
Ms M Chalfont St Peter	undeclared savings	£166
Mr R Chesham	undeclared income	£750
Mr R Chesham	undeclared savings	£2,350
		£5,021

- 5.2 The Fraud Team maintains close links with Paradigm Housing Association and have provided assistance with housing tenancy fraud issues and as a result Paradigm were able to recover three tenancies and two further tenancies were regularised with the tenant returning. The value of recovered tenancies is estimated as £2,786, this is based on the average cost of Bed and Breakfast placement. The council has preferred rights to nominate to the recovered tenancies.
- 5.3 Chiltern continues to take part in the bi-annual National Fraud Initiative and annual council tax Single Persons Discount data matching. The latest release is currently being worked on targeting the recommended cases.

NFI Single Persons Discount results to date:

No of cases where discount withdrawn	Value of withdrawn discount
26	£7,133

Corporate Anti- Fraud Activity

- 5.4 Two whistleblowing reports raised- investigated and no fraud issues identified. Procedural recommendations to be addressed by new recruitment procedures.
- 5.5 Internal investigations concerning potential data breach- no evidence of any breach. Recommendations over security training and suppression of access to relevant accounts.

6. Options.

- 6.1 The Council has a duty to protect the local public purse and the Revenues Fraud and Error Team provide a resource for prevention, detection and recovery of fraud and irregularity.

6. Corporate Implications

- 7.1 The Fraud and Error Team are an integral part of the Revenues Service but provide a fraud investigation service across the Council.
- 7.2 For legal implications the Fraud and Error Team have external links with experienced criminal lawyers and will liaise and consult with our own legal services as and when required.

8. Links to Council Policy Objectives

8.1 This report links to the following objectives of the Council:

- Cost effective customer focused services - ensuring correct benefit entitlement minimises losses to the Council;
- Safer and healthier communities - benefit fraud is a crime and the prevention and detection of fraud reduces crime in the community.

9. Next Steps

9.1 To consider and agree the 2017/18 action plan.

Background Papers: None

**Appendix 1:
Corporate Fraud Audit Plan 2017/18**

Area of work	Action to be taken	Timetable
Introduce Fraud Penalties on Council Tax irregularities	Introduce Civica Penalty module. Review sanction strategy	31/03/2018
Review of Single Person Discounts	Full review to be carried out.	30/12/2017
Review Business Rate exemptions	Sample of exemptions to be fully audited.	30/12/2017

Appendix 2: Evidence to Support Meeting the Requirement to Identify Principal Risks to Achievement of Objectives (Step 2)

Please see Item 14 on the Agenda

Appendix 3: Evidence to Support Meeting the Requirement to Identify and Evaluate Key Controls to Manage Principal risks (Step 3)

Please see Item 14 on the Agenda

Appendix 4: Annual Governance Statement 2016/17

Please see Item 14 on the Agenda

Bob Smith
Chief Executive
Chiltern District Council
Council Offices
King George V Road
Amersham
Buckinghamshire
HP6 5AW

12 April 2017

Direct line: 0118 928 1167

Email: abriddain@uk.ey.com

Dear Bob

Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at Chiltern District Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. PSAA will play a new and different role in these arrangements.

Indicative audit fee

For the 2017/18 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017/18. It is therefore proposed by PSAA that scale fees are set at the same level as those for 2016/17: these fees reflect the significant reductions made to scale fees since 2012/13.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers:

- the audit of the financial statements

- the Value for Money conclusion
- the Whole of Government accounts.

For Chiltern District Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- the overall level of risk in relation to the audit of the financial statements is not significantly different from the previous year;
- officers meet the agreed timetable of deliverables;
- internal controls for the key processes identified in our audit strategy operate effectively;
- we can rely on the work of internal audit as planned;
- our accounts opinion and value for money conclusion are unqualified;
- the council provides good quality documentation;
- there is an effective control environment; and
- we get prompt responses to our draft reports.

Meeting these assumptions will help to ensure the delivery of our audit at the indicative audit fee which is set out below.

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. We will review and update fees as necessary and within the parameters of our contract.

Certification fee

PSAA sets an indicative certification fee for our work on certifying the housing benefit subsidy claim. The indicative fee for 2017/18 will be based on actual benefit certification fees in 2015/16. However as PSAA has not yet finalised the actual 2015/16 benefit certification fee, they have not yet set the 2017/18 scale fees.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with a complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2017/18 relates to work on the housing benefit subsidy claim for the year ended 31 March 2018. We will set the fee at this level and update our risk assessment after we have completed 2016/17 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	41,288	41,288	41,288
Certification of housing benefit subsidy claim	TBC	12,678	9,240

Any extra work that we may agree to undertake (outside the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative code audit fee will be billed in 4 quarterly instalments of £10,322. We will also bill 25% of the indicative certification fee each quarter once it has been determined.

Audit plan

We expect to issue our plan in January 2018. This will include any significant financial statement risks identified, planned audit procedures to respond to them, and any changes in fee. It will also set out the significant risks identified to the Value for Money conclusion. Should we need to make any significant amendments to the fee during the audit, we will discuss them first with the Head of Finance and if necessary prepare a report for discussion with the Audit and Standards Committee.

Audit team

The key members of the audit team for the 2017/18 financial year are:

Andrew Brittain
Executive Director

abrittain@uk.ey.com

Tel: 07976 515115

Susan Gill
Manager

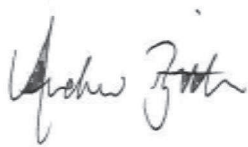
sgill4@uk.ey.com

Tel: 07779 575702

We are committed to providing you with a high quality service. If at any time you would like to discuss how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We will look into any complaint carefully and

promptly and 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.

Yours sincerely



Andrew Brittain
Executive Director
For and on behalf of Ernst & Young LLP

cc.	John Gladwin	Chairman of the Audit and Standards Committee
	Jim Burness	Director of Resources
	Rodney Fincham	Head of Finance

SUBJECT:	<i>Annual Governance Statement 2016/17</i>
REPORT OF:	<i>Director of Resources</i>
RESPONSIBLE OFFICER	<i>Rodney Fincham, Head of Finance</i>
REPORT AUTHOR	<i>Rodney Fincham, 01494 732260</i> rodney.fincham@southbucks.gov.uk
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

1.1 The purpose of this report is to provide Members with sufficient evidence so that they can:

- conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
- approve the statutory Annual Governance Statement for 2016/17.

RECOMMENDATION

1. Members are asked to:

- **review the assurances provided,**
- **consider whether there are any other significant gaps in control / assurance; and then**
- **approve the Annual Governance Statement.**

2. Background

2.1 Governance is defined as:

'Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner'
(CIPFA / SOLACE).

It comprises the systems and processes, and culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Internal control is the name given to the policies, procedures, systems and review mechanisms that are put in place to ensure that the organisation is subject to adequate management to ensure that the organisation meets its objectives. **Internal audit** is one element of internal control.

2.2 The Accounts and Audit Regulations 2015 require that the system of internal control is reviewed at least once a year and that a Governance Statement is produced and included in the annual Statement of Accounts. The actual requirement is as follows:

3. A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

6.(1) A relevant authority must, each financial year

(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and

(b) prepare an annual governance statement;

(2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must

(a) consider the findings of the review required by paragraph (1)(a)

(i) by a committee; or

(ii) by members of the authority meeting as a whole; and

(b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of

(i) a committee; or

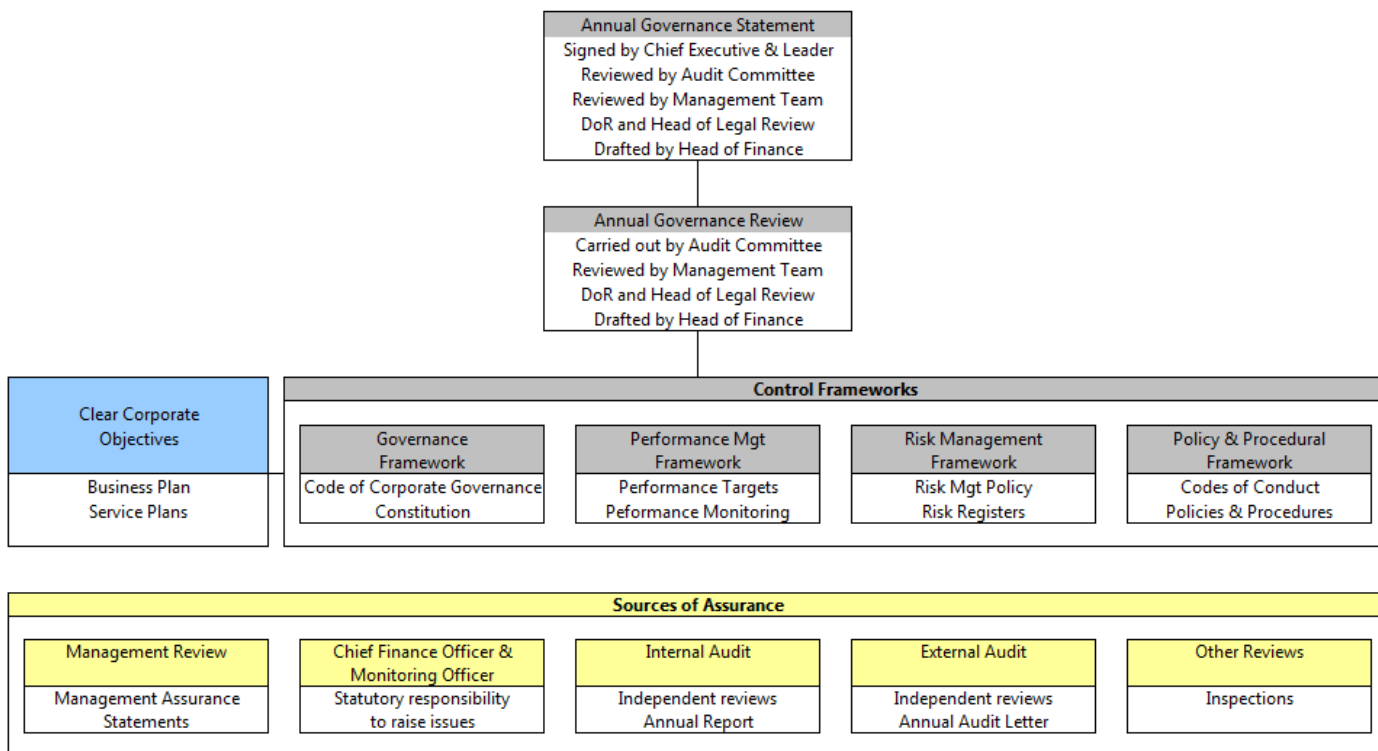
(ii) members of the authority meeting as a whole.

3. Responsibility for Undertaking the Review

3.1 The terms of reference for the Audit & Standards Committee encompass the responsibility, on behalf of the Authority, to conduct the review of internal control and be responsible for reviewing the Annual Governance Statement.

4. Overall Framework

4.1 The diagram below summarises the Authority’s Corporate Governance Assurance Framework.



4.2 Essentially for there to be good corporate governance there needs to be clear corporate objectives supported by four effective frameworks covering Governance, Performance Management, Risk Management and Policies & Procedures.

4.3 And in order to assess the arrangements it is helpful to draw on five sources of assurance namely – Management Review, Statutory Officer Review, Internal Audit, External Audit and Other Reviews.

5. Review of Governance Framework

5.1 The review of the Governance Framework can be undertaken by following 8 steps as set out in the following table.

	Requirement	Comment
1	Establish principal statutory obligations and corporate objectives, and put in place effective Corporate Governance and Performance Management arrangements.	This has been met by: <ul style="list-style-type: none"> Establishing the Council's aims and objectives. Producing the Business Plan and Service plans. Producing the other plans and strategies within the organisation. Adopting a Code of Corporate Governance. Implementing a Performance Management Framework. Further details with regard to meeting this requirement are included in Appendix 1.
2	Identify principal risks to achievement of objectives.	This has been met by the production of strategic and operational risk registers. Further details with regard to meeting this requirement are included in appendix 2.
3	Identify and evaluate key controls to manage principal risks.	This is met as the risk registers require risks to be assessed and mitigating controls identified. Further details with regard to meeting this requirement are included in Appendix 3. The latest internal audit of risk management (Nov 15) resulted in a 'reasonable assurance' rating.
4	Obtain assurances on effectiveness of key controls.	This is met as it occurs throughout the year as part of the ongoing management of the organisation. However for the purpose of the annual review of internal control it is useful to summarise the key sources of assurance and this is done in section 6 of this report below.
5	Evaluate assurances and identify gaps in control / assurances.	See section 7 of this report below.
6	Draw up an action plan to address weaknesses and ensure continuous improvement of the system of Corporate Governance.	The actions to be taken to address the weaknesses identified are detailed in the Draft Annual Governance Statement.
7	Produce Annual Governance Statement.	Draft statement included as Appendix 4.
8	Report to Members.	This report meets this requirement.

6. Sources of Assurances

6.1 The following table summarises the five key sources of assurance, and the assurances obtained from these sources for 2016/17.

Source of Assurance	Comment from Guidance	Assurance Obtained
Management and Member Review	Managers should routinely monitor and review the internal controls as an integral part of the risk management process.	Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members. For 2016/17 all Heads of Service were required to complete a Management Assurance Return to highlight any known weaknesses in internal control.
The Role of the Chief Finance Officer and the Monitoring Officer	The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis.	During the year no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services).
Internal Audit	The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion.	The 2016/17 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that <i>'In my opinion, Chiltern District Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.'</i>

Source of Assurance	Comment from Guidance	Assurance Obtained
External Audit	External Audit are another potential source of assurance on the operation of internal controls although it should be noted that the audit reports / management letters will not cover the full range of activities and risks, and that external auditors are not required to form an opinion on the effectiveness of the relevant body's corporate governance procedures or its risk and control procedures.	To date External Audit have not raised any significant issues of concern with Management.
Other Review Agencies and Inspectorates	The system of internal control covers the whole of the Authority's operations. Aspects of these operations are subject to independent external review and these reports also provide the body with relevant assurance.	Full Public Sector Network (PSN) compliance has been maintained.

7. Gaps in Control and Governance Assurances

- 7.1 Main Governance and control issues are detailed in section 6 of the Annual Governance Statement (Appendix 4).
- 7.2 It is suggested that there are no other significant issues to add but Members are requested to consider whether there are any other significant issues of concern and whether these issues need to be disclosed in the Annual Governance Statement.

8. Annual Governance Statement

- 8.1 A draft Annual Governance Statement is included as Appendix 4.
- 8.2 Members are asked to review the draft Annual Governance Statement and consider whether changes are needed.

9. Corporate Implications

- 9.1 There are no direct financial, legal or human resource implications from this report.

10. Links to Council Policy Objectives

10.1 This report relates to the Authority's Corporate Governance Framework which underpins the effective operation of all the Council's activities.

11. Next Step

11.1 The Statement will be reviewed by external audit as part of their audit review process.

11.2 The Chief Executive and Leader will be required to sign off the Annual Governance Statement and this will be published in the Annual Statement of Accounts.

Background Papers:	None
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Appendix 1: Evidence to Support Meeting the Requirement to Establish Principal Statutory Obligations and Organisational Objectives (Step 1)

<i>Requirement A - There is a mechanism established to identify principal statutory obligations.</i>		
Suggested measure	Evidence	
A1 - Responsibilities for statutory obligations are formally established.	The Authority's constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.	✓
A2 - Record held of statutory obligations.	Service plans detail key statutory obligations in the key service aims and action plan sections.	✓
A3 - Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used.	<p>Service managers keep up to date with legislative changes via their professional networks.</p> <p>The legal section also receives notification of changes in legislation, including local government laws ie Lawtel updates, and subscribes to planning and local government encyclopaedias.</p> <p>Where necessary managers write reports on substantive changes, and will update their procedures as required.</p>	✓
A4 - Effective action is taken where areas of non-compliance are found in either mechanism or legislation.	If a non-compliance is found (eg during an audit) then the relevant service manager will update their procedures as required, and will report any substantive issues to the relevant member body.	✓

Requirement B – There is a mechanism in place to establish corporate objectives.		
Suggested measure	Evidence	
B1 - Consultation with stakeholders on priorities and objectives.	The Authority works within the Local Strategic Partnership framework and has consulted on its priorities. In addition for any major service changes (e.g. waste services, parking charges) the Authority has a well-established record of consultation.	✓
B2 - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	A Business Plan was approved at Cabinet on 15 July 14. A refreshed The Business Plan 2016 -2020 was approved by Cabinet on 20 April 2016.	✓
B3 - Priorities and objectives are aligned to principal statutory obligations and relate to available funding.	The Authority's priorities encompass the organisation's statutory obligations and the Business Plan is set based on an understanding of the available resources.	✓
B4 - Objectives are reflected in departmental plans and are clearly matched with associated budgets.	Individual service plans are produced for each service area in line with the actions agreed in the Business Plan, and the budget implications of the actions are considered as part of the budget setting process.	✓
B5 - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners.	The Authority's objectives are cascaded to all staff via team meetings and are published in the Business Plan. Key objectives for the year ahead are also mentioned as part of the annual staff briefings.	✓

Requirement C – Effective corporate governance arrangements are embedded within the Authority.		
Suggested measure	Evidence	
C1 - Code of corporate governance established.	The Authority adopted its a new Code of Corporate Governance in 2007 March 2017 —part of Constitution. The code is based on the revised CIPFA / SOLACE framework document for corporate governance in local authorities.	✓
C2 - Review and monitoring arrangements in place.	Officer and Member consideration of the Annual Governance Statement effectively covers this issue.	✓
C3 - Committee charged with Governance responsibilities.	The Audit & Standards Committee is charged with corporate governance responsibilities.	✓
C4 - Governance training provided to key officers and all members.	All staff have an induction which includes information about Governance eg the Staff Code of Conduct etc. Training is provided as part of the induction process for Members following the Council elections.	✓
C5 - Staff, public and other stakeholder awareness of corporate governance.	The Statement of Corporate Governance is published in the Annual Statement of Accounts, which is available on the website. The Intranet also provides access for staff and Members to key policies and statements.	✓

Requirement D – Performance management arrangements are in place.		
Suggested measure	Evidence	
D1 - Comprehensive and effective performance management systems operate routinely.	There is a clearly defined performance management framework within the organisation.	✓
D2 - Key performance indicators are established and monitored.	Key performance indicators are established and reported to Cabinet and Overview on a regular basis.	✓
D3 - The authority knows how well it is performing against its planned outcomes.	Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis.	✓
D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	When drawing up service plans previous and relative performance is considered.	✓
D5 - The authority continuously improves its performance management.	The Authority is continuing to develop and improve its performance driven culture. Steps are in hand to have a workforce strategy that is consistent across SBDC and CDC. This builds on the Harmonisation of T&C by putting in place joint HR policies and procedures, including a skills and competency framework linked to performance management.	Part

Appendix 2: Evidence to Support Meeting the Requirement to Identify Principal Risks to Achievement of Objectives (Step 2)

<i>Requirement – The Authority has robust systems and processes in place for the identification and management of strategic and operational risk</i>		
Suggested measure	Evidence	
1 - There is a written strategy and policy in place for managing risk.	The Authority has a Risk Management Policy and Risk Management Strategy.	✓
2 - The authority has implemented clear structures and processes for risk management, which are successfully implemented.	An annual report on Risk Management is considered by the Audit & Standards Committee each year. Strategic risks are identified by Senior Officers and considered by both Overview and Cabinet. Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting. Operational risks registers are maintained by each service and recorded on Covalent. The major budget / financial risks are identified as part of the annual budget setting process and included in the budget reports to Members.	✓
3 - The authority has developed a corporate approach to the identification and evaluation of risk, which is understood by all staff.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.	✓
4 - The authority has well defined procedures for recording and reporting risk.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.	✓
5 - The authority has well established and clear arrangements for financing risk.	Risk financing is of limited relevance to the Authority. However where appropriate insurance cover is obtained to mitigate risks.	✓
6 - The Authority has developed a programme of risk management training for relevant staff.	Staff induction includes appropriate risk awareness training. The Director of Resources holds risk review meetings with senior Managers, which include an element of support and coaching. Risk Management is part of the Middle Managers Development Programme.	✓
7 - The corporate risk management board (or equivalent) adds value to the risk management process.	Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting.	✓

Suggested measure	Evidence	
8 - A Corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice.	The Authority does not have an officer dedicated to risk management work. Instead risk management is championed by the Director of Resources and risk management work is picked up by other officers on an ad hoc basis, and for senior managers it is part of the core competencies for their roles.	✓
9 - Managers are accountable for managing their risks.	All risks are allocated to named officers and they are responsible for managing these.	✓
10 - Risk management is embedded throughout the authority.	Risk management is considered to be reasonably well embedded. The latest internal audit of risk management resulted in a 'Reasonable Assurance' rating.	✓
11 - Risks in partnership working are fully considered.	Key risks related to significant partnerships or contracts are identified as part of the risk management process.	✓
12 - Where employed, risk management information systems meet users' needs.	The Covalent performance management system includes the risk registers and adequately meets the Council's current requirements.	✓

Appendix 3: Evidence to Support Meeting the Requirement to Identify and Evaluate Key Controls to Manage Principal risks (Step 3)

<i>Requirement – The Authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</i>		
Suggested measure	Evidence	
1 - There are written financial regulations.	The Authority has formal written Financial Procedure Rules.	✓
2 - There are written contract standing orders.	The Authority has formal written Contract Procedure Rules.	✓
3 - There is a whistle blowing policy.	The Authority has a Protected Disclosure Policy (Whistleblowing) Charter .	✓
4 - There is a counter fraud and corruption policy.	The Authority has an Anti-Fraud, Bribery and Corruption Policy.	✓
5 - There are codes of conduct in place.	There is a Member code of conduct. There is an employee code of conduct. Articles are included in Grapevine to remind members and officers about these. Dignity at work policy.	✓
6 - A register of interests is maintained.	A register of interests is maintained and regularly updated.	✓
7 - Where a scheme of delegation has been drawn up, it has been approved and communicated to all relevant staff.	Delegated matters are detailed in the Constitution, which is widely available.	✓
8 - A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff.	A CDC / SBDC Joint Procurement Strategy was agreed in 2014. It is available to staff and members online on the CDC website.	✓
9 - Business / service continuity plans have been drawn up for all critical service areas.	Work continues Further work is needed to ensure that there are robust service recovery plans for all areas, and that these reflect recently established joint teams and that these plans have been tested. (Issue for disclosure – Business Continuity Planning.)	Part
10 - The corporate / departmental risk registers include expected key controls to manage principal risks.	The annual service plans require internal controls to be listed for all risks.	✓

Suggested measure	Evidence	
11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored.	Key risks are regularly monitored and reviewed and where appropriate these are linked with the corporate performance management arrangements. do not set key risk indicators for all risks. However this is not considered to be a significant issue. Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk.	✓
12 - The authority's internal control framework is subject to regular independent assessment.	Internal Audit regularly reviews the internal control framework.	✓
13 - A corporate Health & Safety Policy has been drawn up.	The Authority has a Health & Safety Policy, which is available on the intranet.	✓
14 - A corporate complaints policy / procedure has been drawn up.	The Authority has a general complaints Procedure as set out in its Customer Relations Procedure. There is also a Member complaint procedure and form on the website.	✓
The Council has policies and procedures in place to ensure compliance with data protection laws.	The Council has a Corporate Information Officer and complies with data protection rules, and Fol requirements.	✓
The Council has policies and procedures in place to maintain IT security.	The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy). It is fully PSN compliant.	✓
The Council has policies and procedures in place to maintain good Information Asset management.	The Council has information asset management policies and procedures, and has a corporate Information Governance Group. Information Governance roles are identified in the organisation and work is in hand to review and update Information Asset Registers. and these are being developed and reviewed.	Part

Appendix 4: Annual Governance Statement 2016/17

1) Scope of Responsibility

Chiltern District Council (CDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is used economically, efficiently and effectively.

Chiltern District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Chiltern District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Chiltern District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code can be obtained from the Director of Resources. This statement explains how Chiltern District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Chiltern District Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3) The Governance Framework

Chiltern has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it has developed and adopted a Code of Corporate Governance and a Risk Management Strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit & Standards Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;

- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

5) Review of Effectiveness

Chiltern District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2016/17 this review has been undertaken by the Audit & Standards Committee and included carrying out an assessment of the CDC internal control framework.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit & Standards Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

6) Main Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit work.

ISSUE	ACTION
<p>There is a need to review and update the Business Continuity Management processes and plans, recognising that Chiltern does not have a dedicated resource for Business Continuity.</p>	<p>In 2016/17 we implemented a new full Disaster Recovery / Business Continuity IT failover facility at a location independent to the main data centre.</p> <p>We will continue to review during 2017/18 the existing Business Continuity plans, taking into account organisational changes and shared working with South Bucks District Council, and will continue to test the IT business continuity arrangements.</p> <p>We have updated the Business Impact Analysis and Service Continuity Plans for the majority of service areas. The remaining areas will be updated in 2017/18.</p> <p>A Business Continuity Exercise was carried out in September 2016, and a further exercise is planned in 2017/18.</p>
<p>There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.</p>	<p>Full PSN compliance has been maintained.</p> <p>We will continue to progress in a co-ordinated manner with South Bucks District Council work on Information Governance. This will be co-ordinated by the Information Governance Group.</p> <p>Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services.</p> <p>Work will be undertaken to prepare for the GDPR in May 2018.</p>

In addition, as shown in the Council's Statement of Accounts, the Council has estimated its long term pension fund liability in accordance with International Accounting Standard 19 (Employee benefits). 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 2017 is £46.4m but the financial position of the Council remains healthy because the liabilities actually arise over a long period and the deficit on the pension fund will be made good through increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the scheme actuary.

SUBJECT:	<i>Draft 2016/17 Statement of Accounts</i>
REPORT OF:	<i>Director of Resources – Jim Burness</i>
RESPONSIBLE OFFICER	<i>Director of Resources – Jim Burness</i>
REPORT AUTHOR	<i>Principal Accountant - Jacqueline Ing 01494 732292 jing@chiltern.gov.uk</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

- 1.1 The purpose of this report is to present to Members the draft 2016/17 Statement of Accounts.

RECOMMENDATIONS

- 1. That the draft 2016/17 Statement of Accounts be noted by the Audit & Standards Committee.**

2. Background

- 2.1 Each year the Authority is required to produce a formal Statement of Accounts document in accordance with the Accounts and Audit Regulations.
- 2.2 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.

3. Report Structure

- 3.1 The Statement of Accounts is a complex document and to assist Members in reviewing them a commentary on each of the main sections of the Accounts is detailed below using the following standard headings.
- Narrative Report
 - Statement of Responsibilities
 - Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cashflow Statement

- Notes to the Accounts
- Collection Fund
- Auditor's Report
- Annual Governance Statement.

4. Narrative Report

- 4.1 The purpose of the Narrative report is to offer interested parties a summary of the most significant matters reported in the Accounts.
- 4.2 It gives a high level overview of the year's performance in terms of both revenue and capital spend, and highlights the Authority's financial position at the end of the year and the outlook for the future. It also outlines significant factors that affect the understanding of the Accounts.

5. Statement of Responsibilities

- 5.1 The Statement of Responsibilities is a formal requirement to set out what the Authority is responsible for and what the most senior Council Finance Officer (the Director of Resources) is responsible for with regard to preparing and producing the Statement of Accounts. The wording is based on best practice requirements and does not tend to change from year to year.

6. Comprehensive Income and Expenditure Statement (CIES)

- 6.1 The CIES is fundamental to the understanding of the Council's activities in that it reports the net cost for the year of all the functions for which the Council is responsible, and demonstrates how that costs has been financed from general Government grants and income from local taxpayers.
- 6.2 The statement is split into a number of sections:
- The first section provides information on the cost of the Council's different operations, net of specific grants and income from fees and charges, to give the Net Cost of Services of £11,946,000. This year for the first time the Cost of Services is split by the Council's Portfolio areas (rather than a prescribed format).
 - The second section comprises items of income and expenditure relating to the Council as a whole i.e. not service specific – primarily the Parish Precepts of £2,653,000.
 - The third section shows Financing and Investment income and expenditure.
 - The fourth section shows the income from local taxation and general Government grants, including Council Tax £10,185,000 and business rates £1,494,000.
- 6.3 With regard to business rates income, CDC is able to keep a proportion of any growth over and above the 'baseline' estimate of income. In 2016/17 there was growth of almost £700,000. Normally CDC would have had to pay £334k of this over to central Government.

However as CDC opted into a business rates pool for 2016/17 this payment was reduced to £237,000, a gain from pooling of £97,000.

7. Movement in Reserves Statement

7.1 The Movement in Reserves Statement brings together all the recognised gains and losses of the Authority, to show how the different reserves held by the Authority have changed over the year.

7.2 The key movements in the Council's usable reserves are as follows:

- The General Fund Balance decreased by £702,000 to £3,594,000. This is because of in year transfers to earmarked reserves and adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves increased by £1,554,000 to £10,729,000. This is mainly due to transfers to Earmarked Reserves from the General Fund.
- The Council's Capital Receipts Reserve reduced by £1,225,000 to £689,000. This is primarily because Capital Receipts were used to fund the Council's capital investment programme.

7.3 The final position of the General Fund Balance at the end of the year is an important indication of the Council's financial stewardship. There is no statutory guidance as to the level of this reserve. Local authorities are expected, on the advice of their chief finance officer, to make their own judgement on the minimum level taking into account all relevant local circumstances. For 2016/17 the Director of Resources' recommended minimum level for this reserve was £880,000.

7.4 The key movements in the Council's unusable reserves are as follows:

- The Pensions deficit increased by £9,887,000. The accumulated estimated pension fund deficit now stands at £46,449,000.
- The Revaluation Reserve balance increased by £4,124,000 due to upwards revaluation of the Authority's Property, Plant and Equipment.

8. Balance Sheet

8.1 The balance sheet reports on the Council's financial position as at 31 March and shows the value of its assets and liabilities.

8.2 The following table provides a summary of the Council's key assets and liabilities.

	Value 31 March 2016 £m	Value 31 March 2017 £m
Assets		
Property, Plant and Equipment	40.5	43.3
Investment Property	2.7	2.7
Investments, Cash and Bank Holdings	19.0	23.9
Debtors	7.7	3.7
Liabilities		
Short Term Creditors	5.8	6.3
Short Term Provisions	1.5	0.9
Finance Lease Liability	1.5	1.1
Pension Liability	36.6	46.4

- 8.3 With regard to the pension liability, this valuation is an accounting valuation calculated at a point in time in accordance with IAS19 and is different to the triennial actuarial revaluation which determines the Council's cash contributions into the pension fund. The accounting valuation methodology and the derivation of the main financial assumptions used can produce very volatile numbers from one year to another. The deficit will be made good by ongoing contributions into the fund over the remaining life of employees.

9. Cashflow Statement

- 9.1 The cashflow statement shows the inflow and outflow of cash for the year for both revenue and capital and shows how the Council's cash position has changed on a year on year basis.
- 9.2 It shows that in 2016/17 the amount of cash and cash equivalents held by the Authority increased by £4,895,000. This is mainly due to timing differences in relation to Business Rates and Council Tax, and the fact that payments were received from preceptors in respect of this in 2016/17 for deficits made in previous years.

10. Notes to the Accounts

- 10.1 Accompanying the Accounts are a large number of disclosure notes that give further explanations of the figures. The notes are required under the Code of Practice to give added clarity and understanding for the readers of the accounts.
- 10.2 Detailed below is a commentary on a number of the key notes.
- Note 1: Accounting Policies
- 10.3 This note details the accounting policies that have been used to compile the Accounts. The accounting policies that all major local authorities are required to use are set out in the Accounting Code of Practice. The policies set out are therefore in line with the standard requirements.

Note 9: Property, Plant and Equipment

- 10.4 This note provides a breakdown of the Council's Property, Plant and Equipment.

Note 10: Investment Properties

- 10.5 This note provides further information about the Council's Investment Properties (the London Road Depot). Investment properties are those land and buildings that are not used to provide Council services but are instead rented out to generate income.

Note 12: Financial Instruments

- 10.6 This note provides more information on the Council's investments and contractual debtors/creditors.

Note 18: Officers Remuneration

- 10.7 This note shows the amounts paid to senior staff. As the Senior Management Team are shared with SBDC, all shared staff are shown in this note; although CDC only bears 54.9% of the cost.

Note 23: Leases

- 10.8 This note provides additional information about the lease commitments that the Authority has. This is so that the technical reader can see the long term lease commitments that the Authority has.

Note 24: Defined Benefit Pension Scheme

- 10.9 This note provides additional information about the Council's pensions arrangements. It is long and detailed as the method of calculating future pension liabilities is complex and it is considered important that the technical reader can understand the specific assumptions that underpin the pension valuation include in the Accounts.

Note 26: Nature and Extent of Risks arising from Financial Instruments

- 10.10 This note provides extensive details about the potential risks that the Council faces from its financial dealings. It is long and detailed so that the technical reader can understand the full implications of the Council's investment strategy/debt profile.

11. Collection Fund

- 11.1 The Collection Fund is a separate account which receives all income from Council Tax and Non Domestic Rates (NDR).

- 11.2 This account pays out Council Tax, in the form of precepts, to Bucks County Council, Chiltern District Council (including an element for Town/Parish Councils), the Police & Crime Commissioner for Thames Valley, and Bucks and Milton Keynes Fire Authority.

- 11.3 NDR Income is shares as follows:

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

11.4 Any surplus, or deficit, arising on the account is either paid out to, or recovered from, the appropriate parties in subsequent years.

11.5 During 2016/17 £71,367,000 of Council Tax income was due and £20,437,000 of NDR income was due.

12. Auditors' Report

12.1 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 Statement of Accounts document.

12.2 The external audit commenced on the 5th June.

12.3 Once the audit work has now been completed, the accounts will be brought back to the Audit Committee for final approval.

13. Annual Governance Statement

13.1 One of the key requirements of the Accounts and Audit Regulations is that an Annual Governance Statement is produced and published alongside along-side the financial statement. This statement describes the Council's framework of internal control and governance arrangements.

13.2 This statement will also be considered by the Audit & Standards Committee at its meeting on the 29 June.

14. Formal Approval of Accounts

14.1 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.

14.2 The Chairman of the Audit Committee will therefore be requested to sign the declaration in the financial statements once Members have considered the final accounts in September.

15. Member Review of the Accounts

15.1 Members should note that, as the Accounts are an important public document, it is considered good practice that these are subject to appropriate review. Members should therefore feel free to ask questions about the Accounts and if appropriate request additional information to support the figures presented. However, due to the length and complexity of the Accounts, Officers would request advance notice if possible of any particularly detailed questions in order to provide comprehensive answers.

15.2 There is a risk that the CDC Accounts will be incorrect due to fraud or error. The risk of fraud is considered to be low and the risk of error is low/medium due to the complexity of the Accounts. The following controls mitigate against this risk.

- The Council has detailed Financial and Contract Procedure rules.
- Access to the finance system is limited to authorised staff and password protected.
- Internal audit carry out annual reviews of all key finance systems.
- The Accounts are produced by an experienced finance team.
- The Authority has obtained and followed the appropriate Codes of Practice and associated guidance notes.
- Key staff in the finance team attend update courses, to ensure that they are aware of any changes to the Accounts.
- A comprehensive timetable/checklist of what needs to be done and when is produced, and progress is monitored against this.
- Working papers are produced to support the figures in the Accounts.
- The Director of Resources reviews the Accounts and signs these off.
- The Principal Accountants, Head of Finance and Director of Resources are qualified accountants and are therefore required to comply with their Accounting institutes' codes of practice.
- Members have the opportunity to review the Accounts and ask questions about any of the figures.
- The Accounts are subject to external audit review.

16. Corporate Implications

16.1 There are no direct financial, legal or human resources implications from this report.

17. Next Step

17.1 The Accounts will be reviewed by external audit as part of their audit review process, and will be available for inspection by members of the public.

17.2 The Accounts will be brought back to the Audit & Standards Committee in September for final review and sign off.

Background Papers:	None
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CHILTERN
District Council

Statement of Accounts
For the year ended 31 March 2017

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1. About Chiltern District Council

Chiltern District Council serves the urban areas of Amersham, Chesham, Chalfont St Peter, Chalfont St Giles, Little Chalfont, Prestwood and Great Missenden, Holmer Green and Seer Green, as well as a number of outlying villages.

The overall population of the district is approximately 94,000. It covers an area of 196 square kilometres. 88% of the District is green belt, and large parts of the District are designated as an area of outstanding natural beauty.

The District Council was established on 1 April 1974. There are 40 councillors. The whole Council was elected in May 2015 for four years. The Conservative Group holds 36 seats and controls the Council. There are 2 Liberal Democrats and 2 independents.

The Council provides a wide range of services to the people living, working and studying in the area. It operates a Cabinet system with the following responsibilities:

- Council Leader - Strategy and direction of the Council, political leadership, public profile and regional representation, communications, performance, policy, human resources, strategic finance and economic development.
- Community, Health and Housing – Community, leisure, environmental health, community safety, licensing and housing.
- Customer Services – Revenues, benefits and customer services.
- Environment – Estates, facilities, car parks, waste management, flooding and carbon management.
- Support Services – Business transformation, ICT, legal, democratic services, audit and finance.
- Sustainable Development - Development management, building control, planning enforcement, trees and conservation, strategic transport, planning policy and the Local Development Framework.

Further information about the Council can be obtained from the following website address www.chiltern.gov.uk.

2. Format of Accounts

The financial statements are prepared on an accruals basis and follow best practice recommended by the Code of Practice on Local Authority Accounting.

The various statements include, where relevant, comparative figures relating to the previous financial year and supporting notes.

The statements summarise the overall financial position of the Council and include the following:

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.

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.

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.

3. Joint Working

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.

The authorities have a shared Chief Executive and Directors, as well as joint Heads of Service. The two councils have also implemented opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

However, the authorities 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.

4. Financial Context

We continue to be in a period of challenge for local authorities, as we are faced with having to maintain and improve key services in a time of reducing resources. The Council is committed to working with its communities to try and 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.

On 24th February 2016 the Authority set its budget for 2016/17 to take account of the continuing material reduction in funding to the Council as shown in the following table.

	2014/15	2015/16	2016/17
	£'000	£'000	£'000
Business Rate Income - Baseline Need	1,330	1,355	1,366
Revenue Support Grant (RSG)	1,506	1,125	407
Settlement Funding Assessment	2,836	2,480	1,773
Year on Year Change (£k)		-356	-707
Year on Year Change (%)		-13%	-29%

The 2016/17 budget incorporated over £500,000 of savings, budget reductions and increased income. The Council was also in the position to set aside £1.4m to support the capital programme. This was agreed in order to make the Capital Programme sustainable in the medium term, as the projection of the Capital Programme was that the current level of resources would be exhausted by 2019/20.

The Council's Medium Term Financial Forecast anticipates Revenue Support Grant disappearing completely in 2017/18, and further savings being required to balance the budget over the next few years.

5. Financial Outturn**Revenue Income and Expenditure**

The table below summarises 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. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently.

	Latest Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Leader	48	60	12
Community, Health & Housing	2,154	1,972	-182
Customer Services	780	647	-133
Environment	1,892	1,770	-122
Support Services	2,408	2,341	-67
Sustainable Development	1,908	1,615	-293
Net Cost of Services	9,190	8,405	-785
Trading Undertakings	-86	-189	-103
Payment to Parishes	29	29	-
Interest & Investment Interest	-140	-164	-24
Notional Interest Payable	54	38	-16
Contributions to LDF/Planning Reserve	-164	-20	144
Contribution to Capital Programme	1,412	1,412	-
Contribution to Vehicle Replacement	394	394	-
Contribution to Elections Reserve	20	20	-
Contribution to HS2 Reserve	-	247	247
Budget Requirement	10,709	10,172	-537
Council Tax Payers	-7,432	-7,432	-
Revenue Support Grant	-407	-407	-
Business Ratepayers	-1,366	-1,784	-418
Autumn Statement Compensation Grants	-	-173	-173
Other Government Grants	-1,181	-1,318	-137
Collection Fund Surplus	-323	1,407	1,730
Levy payable on Business Rates Growth	-	237	237
Chiltern DC Council Tax Levy	-10,709	-9,470	1,239
Net (Surplus)/Deficit for the Year	-	702	702

The following table then reconciles the above figures to the figures in the Statement of Accounts

(Surplus)/Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	2,104
Adjustments between Accounting Basis and Funding Basis	-2,956
Net Transfer to Earmarked Reserves	1,554
(Increase)/Decrease in General Fund Reserve	702

Movement in Reserves

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

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

- The General Fund Balance decreased by £702,000 to £3,594,000. This is because of in year transfers to earmarked reserves and adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves increased by £1,554,000 to £10,729,000. This is mainly due to transfers to Earmarked Reserves from the General Fund.
- The Council's Capital Receipts Reserve reduced by £1,225,000 to £689,000. This is primarily because Capital Receipts were used to fund the Council's capital investment programme.

The key movements in the Council's unusable reserves are as follows.

- The Pensions deficit increased by £9,887,000. The accumulated estimated pension fund deficit now stands at £46,449,000.
- The Revaluation Reserve balance increased by £4,124,000 due to upwards revaluation of the Authority's Property, Plant and Equipment.

Capital Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment assets, which yield benefits to the Authority and the services it provides for a period of more than one year.

Total capital expenditure for the year amounted to £1,840,000. This was financed from internal capital receipts and central Government grants. Further details are shown in note 22.

Financial Position at Year end

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

	Value 31 March 2016 £m	Value 31 March 2017 £m
Assets		
Property, Plant and Equipment	40.5	43.3
Investment Property	2.7	2.7
Investments, Cash and Bank Holdings	19.0	23.9
Debtors	7.7	3.7
Liabilities		
Short Term Creditors	5.8	6.3
Short Term Provisions	1.5	0.9
Finance Lease Liability	1.5	1.1
Pension Liability	36.6	46.4

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes; the current IAS valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For Chiltern the pension asset value is £44.6m and the liability £91.0m giving a net deficit of £46.4m as at 31 March 2017.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good over the period that the liabilities will arise and contributions to the fund are determined by the actuary's advice.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties. It shows that in 2016/17 the amount of cash and cash equivalents held by the Authority increased by £4,895,000. This is mainly due to timing differences in relation to Business Rates and Council Tax, and the fact that payments were received from preceptors in respect of this in 2016/17 for deficits made in previous years.

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 2016/17 CDC raised £71.4m in Council Tax. Council Tax income is paid over to the precepting bodies (Bucks County Council, Bucks Fire & Rescue, Police & Crime Commissioner of Thames Valley, Parish & Town Councils and CDC) and the amount paid over in 2016/17 (£70.5m) equals the amount that was requested as part of the 2016/17 budget setting process.

In 2016/17 CDC raised £20.4m in business rates. Business rate income as estimated by the Government is shared as follows: Central Government 50%; CDC 40%, Bucks County Council 9%; Bucks Fire & Rescue 1%. Business rates income in excess of this figure is shared on a different basis as the Council was part of a business rates pool in 2016/17.

6. Financial and Non-Financial Performance

In 2016/17 Chiltern District Council has:

- Published the Chiltern and South Bucks Joint Local Plan preferred options consultation, which will help shape future development in the district up until 2036.
- Reused, recycled or composted over 50,000 tonnes of waste, across Chiltern and Wycombe.
- Delivered 61 disabled facilities grants.
- Delivered the Open Spaces and Playing Pitch Strategy and Leisure Facilities Strategy, which will inform the future needs and delivery of leisure.
- Delivered a Housing Strategy to help people in need to secure appropriate housing.
- Collected 99.4% of the Council Tax amounts due and 98.7% of the Business Rates amounts due.

Further details can be found in the Chiltern District Council Annual Report 2016/17.

7. Other Matters to Report

We also report to you the following matters:

- Following a revaluation of relevant assets by the Council's valuers, there was a revaluation gain of £2.9m.
- There are no other significant factors affecting the Accounts that require highlighting in 2016/17.
- There are no significant changes in accounting policy to report in 2016/17.
- The Authority did not have any need to borrow monies.
- There are no significant contingencies or material write offs to report.
- There are no material events after the reporting date to report.

8. Future Plans

Looking ahead, Chiltern District Council will:

- Continue to make savings in order to deal with on-going reductions in Government funding.
- Continue to prepare the Joint Local Plan, which will help shape future development in the district up until 2036.
- Ensure our open spaces and leisure facilities are suitable for the needs of our residents now and in the future, with plans being developed for the Chiltern Pools facilities in Amersham.
- Complete the delivery of the Housing Strategy to help people in need to secure appropriate housing.
- Work with HS2 to mitigate the impact of HS2.
- Progress with the joint arrangements with South Bucks District Council, with the focus of changing ways of working to provide more efficient services that respond to the evolving needs to residents and businesses.
- Work with other public sector bodies on the delivery of the public services to provide more efficient and co-ordinated services where possible.

CDC is also likely to carry out a number of investment projects including:

- Increasing off street car parking spaces in our main centres.
- Starting to develop a replacement for the Chiltern Pools leisure centre.

These projects will result in the Council undertaking some long term borrowing to help fund these.

Further details can be found in the Chiltern District Council Annual Report 2016/17.

9. Further Information

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

Director of Resources
Chiltern District Council
Council Offices
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 2017 and its income and expenditure for the year then ended.

Director of Resources

Date: 30th June 2017

Appendix

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.

2015/16				Note	2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,460	-1,089	371	Leader Portfolio		1,622	-1,336	286
5,346	-2,221	3,125	Community, Health & Housing Portfolio		4,580	-1,839	2,741
23,555	-22,424	1,131	Customer Services Portfolio		23,187	-22,265	922
8,651	-6,366	2,285	Environment Portfolio		11,310	-7,201	4,109
4,877	-3,198	1,679	Support Services Portfolio		5,397	-3,462	1,935
3,138	-1,326	1,812	Sustainable Development Portfolio		3,485	-1,706	1,779
82	-	82	Repairs & Renewals		174	-	174
47,109	-36,624	10,485	Cost of Services		49,755	-37,809	11,946
			Other Operating Expenditure				
		2,580	Parish Council Precepts & Grant				2,653
		296	(Gain) / loss on disposal of non-current assets				-
		29	Pension Administration Expenses	24			31
			Financing and Investment Income and Expenditure				
		87	Interest element of finance leases				38
		1,197	Pensions net interest cost	24			1,253
		-157	Investment interest receivable	12			-164
		-594	(Gain) / loss on investment properties	10			-180
		72	(Gain) / loss on trading operations	27			104
			Taxation and Non-Specific Grant Income and expenditure				
		-9,775	Council tax income				-10,185
		-7,692	Non-domestic rates income				-8,649
		6,860	Non-domestic rates expenditure -Tariff payment				6,918
		20	Non-domestic rates expenditure -Levy payment				237
		-1,125	Revenue Support Grant				-407
		-	Transition Grant				-134
		-739	New Homes Bonus				-1,050
		-664	Non service related government grants				-300
		-165	Capital Grants and Contributions				-7
		717	(Surplus) or Deficit on Provision of Services				2,104
		-7,617	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	9			-4,548
		-2,911	Remeasurements of the net defined liability	24			8,507
		-10,527	Other Comprehensive Income & Expenditure				3,959
		-9,811	Total Comprehensive Income & Expenditure				6,063

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 Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustments Account	Collection Fund Adjustment C Tax	Collection Fund Adjustment NDR	Accum Absences Account	Total Unusable Reserves	Total Authority Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Movement in Reserves 2016/17

Balance as at 31 March 2016	4,296	9,175	1,914	122	15,506	19,725	-36,562	23,817	101	-1,296	107	5,892	21,398
Total Comprehensive Income & Expenditure	-2,104	-	-	-	-2,104	4,548	-8,507	-	-	-	-	-3,959	-6,063
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,956	-	-1,225	27	1,758	-424	-1,380	-1,438	106	1,378	-	-1,758	-
Net Increase / Decrease before Transfers to Earmarked Reserves	852	-	-1,225	27	-346	4,124	-9,887	-1,438	106	1,378	-	-5,717	-6,063
Transfers to/from Earmarked Reserves (Note 8)	-1,554	1,554	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-702	1,554	-1,225	27	-346	4,124	-9,887	-1,438	106	1,378	-	-5,717	-6,063
Balance as at 31 March 2017	3,594	10,729	689	149	15,160	23,849	-46,449	22,379	207	82	107	175	15,335

Movement in Reserves 2015/16

Balance as at 31 March 2015	6,255	4,956	2,680	122	14,013	12,551	-38,153	23,927	71	-928	107	-2,425	11,588
Total Comprehensive Income & Expenditure	-717	-	-	-	-717	7,617	2,911	-	-	-	-	10,528	9,811
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,976	-	-766	-	2,210	-443	-1,319	-110	30	-368	-	-2,210	-
Net Increase / Decrease before Transfers to Earmarked Reserves	2,259	-	-766	-	1,493	7,174	1,592	-110	30	-368	-	8,317	9,811
Transfers to/from Earmarked Reserves	-4,219	4,219	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-1,959	4,219	-766	-	1,493	7,174	1,592	-110	30	-368	-	8,317	9,811
Balance as at 31 March 2016	4,296	9,175	1,914	122	15,506	19,725	-36,562	23,817	101	-1,296	107	5,892	21,398

Balance Sheet

Appendix

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.

31 March 2016 £'000		Note	31 March 2017 £'000
40,474	Property, Plant & Equipment	9	43,285
2,654	Investment Property	10	2,651
339	Intangible Assets	11	217
2,040	Long Term Investments	12	40
11	Long Term Debtors	12	7
45,518	Long Term Assets		46,200
9,062	Short Term Investments	12	11,061
2	Inventories		-
7,680	Short Term Debtors	13	3,733
7,926	Cash and Cash Equivalents		12,821
24,670	Current Assets		27,615
-5,802	Short Term Creditors	14	-6,343
-1,522	Short Term Provisions	15	-928
-384	Short Term Finance Lease Liabilities	23	-386
-791	Receipts In Advance	14	-920
-8,499	Current Liabilities		-8,577
-1,091	Long Term Finance lease Liabilities	23	-702
-642	Long Term Creditors		-578
-1,743	S106 Liabilities		-1,932
-36,561	Pensions Liabilities	24	-46,449
-254	Receipts In Advance		-242
-40,291	Long Term Liabilities		-49,903
21,398	Net Assets		15,335
-15,506	Usable reserves *		-15,160
-5,892	Unusable Reserves*	16	-175
-21,398	Total Reserves		-15,335

* See Movement in Reserves Statement for further details.

The unaudited accounts were issued on 30th June 2017.

Director of Resources

Date: 30th June 2017.

Cash Flow Statement

Appendix

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.

2015/16		2016/17
£'000		£'000
-717	Net surplus or (deficit) on the provision of services	-2,104
1,887	Adjustments to net surplus or deficit on the provision of services for non- cash movements	3,832
339	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	128
-130	Interest received	-166
87	Finance lease interest (received) / paid	38
1,467	Net cash flows from Operating Activities	1,728
	Investing Activities	
-1,131	Purchase of property, plant & equipment, investment property & intangible assets	-1,087
-9,000	Purchase of short-term investments	-9,000
-1,000	Purchase of long-term investments	-
595	Capital grants	642
10,000	Proceeds from short-term investments	9,000
-7	Other (receipts) / payments for investing activities	-9
	Financing Activities	
-442	Change in the outstanding liabilities relating to finance leases	-451
166	Other receipts / (payments) for financing activities: Change in NNDR amount due to Government and preceptors	2,978
580	Other receipts / (payments) for financing activities: Change in Council Tax amount due	1,094
1,229	Net increase or (decrease) in cash and cash equivalents	4,895
6,697	Cash and cash equivalents at the beginning of the reporting period	7,926
7,926	Cash and cash equivalents at the end of the reporting period	12,821
1	Cash held	1
1,910	Bank current accounts	2,814
6,015	Short-term deposits / Money Market Funds	10,006
7,926		12,821

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, 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 2016/17, 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 had always been applied.

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

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.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Employee BenefitsBenefits 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, e.g. 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 segment 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.
 - Net interest on the net defined benefit liability (asset), i.e. 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 transfers 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.

Discretionary Benefits - 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 member 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 InstrumentsFinancial 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.

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.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 input – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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 has 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 the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to a fair value hierarchy 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 are 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 operating 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 (e.g. 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 service segments in accordance with the Authority's arrangements for accountability and financial performance.

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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

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 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:

- Community assets and assets under construction - depreciated historic cost
- Council offices - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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 (i.e. assets under construction).

Depreciation is calculated on a straight-line basis over the useful life of the asset. Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are 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 and are 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 or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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 transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, local taxation 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.

Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

2. 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 2016/17 (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 2017/18 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2016/17) financial statements.

The 2017/18 Code has adopted:

- An amendment to the reporting of pension fund scheme transaction costs
- An amendment to the reporting of investment concentration.

These changes only affect authorities that are required to prepare Pension Fund Accounts. As Chiltern District Council is not an administering authority, these changes will not affect these Statement of Accounts.

3. 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:

- 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 Greenwich Leisure Limited to manage the leisure facilities for a period of ten years from April 2010. The Council retains a strategic and policy making role in the provision of leisure services.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2017 that have a significant risk of causing material adjustment in the forthcoming financial year are as follows:

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 £18k for every year that useful lives had to be reduced.
Debtor Arrears	At 31 March 2017, the Council had a balance of invoiced sundry debts of £1,581k. Review suggested that an impairment of doubtful debts of 7% (£117k) was appropriate	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £158k to be set aside
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 £928k 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 £93k 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 net pension liability in the balance sheet is £48,449k.	The effects on the net pension 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 net pension liability of £1,634k.
Accruals	Accruals are estimated based on goods or services which have been received but not yet invoiced. The value of estimated creditors is £1,625k. Estimated debtors are based on invoices which were not raised prior to 31 March 2017. The value of estimated debtors is £1,151k.	If there is a difference of 1% on the value of the actual invoice received, this would equate to £16k. A difference of 1% on the value of the actual debtors invoice raised would equate to £12k.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Director of Resources on 30 June 2017. Events taking place after this date are not reflected in the financial statement or notes.

Where events taking place before this date provided information about the conditions existing at 31 March 2017, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

The financial statement and notes would not be adjusted for events which took place after 31 March 2017 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

There have been no events occurring after the reporting date that would have a material impact on these financial statements.

6. Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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.

Notes to the Accounts

2016/17	Services within the General Fund								Total General Fund	Other Usable Reserves	Unusable Reserves
	Leader	Community, Health and Housing	Customer Services	Environment	Support Services	Sustainable Development	Repairs & Renewals	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Net Expenditure Chargeable to the General Fund	220	2,041	730	1,771	2,341	1,615	174	-9,744	-852		
Adjustments to the Revenue Resources											
<i>Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>											
- Pensions costs (transferred to (or from) the Pensions Reserve)	66	179	192	147	-652	164	-	1,284	1,380	-	-1,380
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-	-1,484	-1,484	-	1,484
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	525	-	679	84	-	-	6	1,294	-	-1,294
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	162	-	-	-	162	-	-162
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	-	-	-	1,514	-	-	-	92	1,606	-	-1,607
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-	4	4	-	-4
Total Adjustments to Revenue Resources	66	704	192	2,340	-406	164	-	-98	2,962	-	-2,962
Adjustments between Revenue and Capital Resources											
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	638	-	-2	-	-	-	-	636	-	6
Total Adjustments between Revenue and Capital Resources	-	638	-	-2	-	-	-	-	636	-	6
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-642	-	-	-	-	-	-	-642	-1,225	1,867
Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-	-	-	27	-27
Total Adjustments to Capital Resources	-	-642	-	-	-	-	-	-	-642	-1,198	1,840
Total Adjustments between the Funding and Accounting Basis	66	700	192	2,338	-406	164	-	-98	2,956	-1,198	-1,758
Net Expenditure in the Comprehensive Income and Expenditure Statement	286	2,741	922	4,109	1,935	1,779	174	-9,842	2,104		

Notes to the Accounts

2015/16	Services within the General Fund								Total General Fund £'000	Capital Receipts Reserve £'000	Unusable Reserves £'000
	Leader	Community, Health and Housing	Customer Services	Environment	Support Services	Sustainable Development	Repairs & Renewals	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Net Expenditure Chargeable to the General Fund	315	2,333	949	1,417	2,165	1,650	82	-11,170	-2,259		
Adjustments to the Revenue Resources											
<i>Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>											
- Pensions costs (transferred to (or from) the Pensions Reserve)	56	173	182	150	-631	162	-	1,228	1,320		-1,320
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-	338	338		-338
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	554	-	706	6	-	-	29	1,295		-1,295
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	139	-	-	-	139		-139
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-	-323	-323		323
- Amounts of non-current assets written off on disposal	-	-	-	-	-	-	-	296	296		-296
Total Adjustments to Revenue Resources	56	727	182	856	-486	162	-	1,568	3,065	-	-3,065
Adjustments between Revenue and Capital Resources											
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	495	-	12	-	-	-	-	507	-	-507
Total Adjustments between Revenue and Capital Resources	-	495	-	12	-	-	-	-	507	-	-507
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-430	-	-	-	-	-	-166	-596	-766	1,362
Total Adjustments to Capital Resources	-	-430	-	-	-	-	-	-166	-596	-766	1,362
Total Adjustments between the Funding and Accounting Basis	56	792	182	868	-486	162	-	1,402	2,976	-766	-2,210
Net Expenditure in the Comprehensive Income and Expenditure Statement	371	3,125	1,131	2,285	1,679	1,812	82	-9,768	717		

7. Income and Expenditure Analysed by Nature

	2015/16 £'000	2016/17 £'000
Income		
Fees, charges & other service income	-8,667	-8,850
Interest and investment income	-157	-164
Council Tax income	-9,775	-10,185
Non-Domestic Rates income	-811	-1,731
Government grants and contributions	-22,977	-22,022
Funded from reserves	-30	-278
	-42,417	-43,230
Expenditure		
Employee expenses	10,146	11,704
Housing Benefit payments	19,762	19,029
Capital financing costs	1,675	1,444
Other operating expenses	9,161	8,959
Support service recharges	-493	-98
Interest element of finance leases	87	37
Precepts	2,500	2,653
Revaluation of non-current assets	-	1,606
Gain / loss on disposal of fixed assets	296	-
	43,134	45,334
Surplus or (deficit) (CI&E Account)	717	2,104

8. 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 March 2016 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2017 £'000
s106 Earmarked Reserve To hold unconditional s106 monies until spend on associated projects	25	-	-	25
Repairs & Renewals Fund For the replacement of vehicles, plant, machinery and equipment as required and as a contingency for major repairs to buildings	799	-185	-	614
Local Development Framework Reserve To fund costs of the Local Plan development and review	1,056	-20	-	1,036
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	40	-	20	60
Waste Initiatives Reserve A reserve established to support the delivery of waste and recycling services across the district	294	-	-	294
Rent Deposit / Private Leasing and Homelessness Prevention Reserves To provide funding to assist households in accessing affordable housing and avoiding homelessness	115	-35	-	80
Housing Benefits Reserve To meet fluctuations in respect of housing benefits subsidy and to support costs arising from implementation of welfare reform changes	508	-83	-	425
Pension Fund To contribute to the shortfall in funding of the Pension scheme	1,000	-	-	1,000
Leisure Fund To contribute to the development of leisure provision	1,000	-	-	1,000
Transformation Reserve A reserve established to enable the Council to achieve further savings and efficiencies through service delivery review and other organisational change	200	-33	-	167
Refuse Vehicles Reserve This reserve is held to provide resources for capital expenditure	772	-	394	1,166
Capital Projects Reserve This reserve is held to provide resources for capital expenditure	1,387	-	1,412	2,799
HS2 Reserve To cover potential costs involved in the planned HS2 rail route	246	-128	246	364
Community Support Reserve This reserve holds grant monies received until expenditure is incurred.	66	-34	-	32
Economic Development Reserve To fund economic development activities.	300	-	-	300
Car Parking Reserve To fund car park provision studies	100	-	-	100
Affordable Housing Reserve To fund affordable housing projects	1,000	-	-	1,000
Business Rates Retention Reserve To respond to changes in funding following the localisation of business rates	250	-	-	250
	9,175	-518	2,072	10,729

9. Property, Plant and Equipment

Movements in 2016/17

	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Vehicles acquired under Finance Leases £'000	Assets Under Construction £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation:							
As at 1 April 2016	37,799	2,935	2,605	-	1,209	225	44,773
Additions	195	63	-	605	291	-	1,154
Transfers	-	19	-	-	-	-	19
Disposals	-	-202	-	-	-	-	-202
Revaluation increases / (decreases) - recognised in the Revaluation Reserve	3,334	-	-	-	-	-62	3,272
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-1,633	-	-	-	-	-	-1,633
As at 31 March 2017	39,695	2,815	2,605	605	1,500	163	47,383
Depreciation & Impairments:							
As at 1 April 2016	-1,302	-1,849	-1,148	-	-	-	-4,299
Depreciation written out to the Revaluation Reserve	1,276						1,276
Depreciation written out to the Surplus/Deficit on the Provision of Service	27						27
Transfer Depreciation		-9					-9
Disposal Depreciation	-	201	-	-	-	-	201
Charge for year	-701	-210	-383				-1,294
As at 31 March 2017	-700	-1,867	-1,531	-	-	-	-4,098
Net book value at 31 March 2017	38,995	948	1,074	605	1,500	163	43,285

Comparative movements in 2015/16

	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Vehicles acquired under Finance Leases £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation:							
As at 1 April 2015	30,372	2,618	2,605	908	1,165	225	37,893
Additions	360	317	-		44	-	721
Disposals	-	-	-	-908	-	-	-908
Revaluations	7,067	-	-	-	-	-	7,067
As at 31 March 2016	37,799	2,935	2,605	-	1,209	225	44,773
Depreciation & Impairments:							
As at 1 April 2015	-1,081	-1,707	-765	-611	-	-	-4,165
Revaluation Depreciation	550	-	-	-	-	-	550
Disposal Depreciation	-	-	-	611	-	-	611
Charge for year	-771	-142	-383				-1,295
As at 31 March 2016	-1,302	-1,849	-1,148	-	-	-	-4,299
Net book value at 31 March 2016	36,497	1,806	1,457	-	1,209	225	40,474

Major Assets Held

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.
- **Vehicle, Plant & Equipment** - Recycling facilities and equipment, CCTV, IT equipment.
- **Community Assets** - Woodlands, Open Spaces, Quarrendon Estate, Commons and Manorial Waste.
- **Surplus Assets Not Held For Sale** – Surplus land to the east of London Road Depot.
- **Assets Under Construction** - Amersham Multi Storey Car Park extension.

Impairment Losses

During 2016/17, the Authority has recognised an impairment loss of £nil (2015/16 £nil).

Depreciation

All Property, Plant and Equipment with a finite useful life is depreciated using the straight-line method after the year of expenditure over the following periods:

Land	- not depreciated
Buildings	- 20 – 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.

There are major capital projects ongoing within Chiltern District, the contractual commitments for these equate to less than £200k.

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.

The outstanding liability relating to refuse and recycling receptacles (bins) is as follows:

As at 31 March 2017	Future Liabilities £'000
Under one year	64
In the second to fifth years	578
Over five years	-
	642

Revaluations

The Authority carries out a programme of valuations that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years.

All operational land and buildings were independently revalued by an external valuer as at 1 April 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of valuation were issued by Wilks Head & Eve, Chartered Surveyors and Town Planners, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Vehicles acquired under Finance Leases £'000	Assets Under Construction £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Carried at Historical Cost	195	63	2,605	605	1,500	-	4,968
Valued at Fair Value as at							
1 April 2016	39,500	2,752	-	-	-	163	42,415
Total Cost or Valuation	39,695	2,815	2,605	605	1,500	163	47,383

10. 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	2015/16 £'000	2016/17 £'000
Income	-374	-378
Expenditure	103	194
Revaluation	-323	4
(Surplus)/Deficit in year	-594	-180

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

	2015/16 £'000	2016/17 £'000
Balance at start of year	2,331	2,654
Net gains / (losses) from fair value adjustments	323	-4
Balance at end of year	2,654	2,651

Fair Value Hierarchy**Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties - Significant Observable Inputs**

The fair value for the office, commercial and retail units, the depot and some land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The value of the depot using the Level 2 valuation method is £2,651k on 31 March 2017 and £2,654k on 31 March 2016.

There were no transfers between Levels 1 and 2 during the year.

Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. All valuations are carried out by registered valuer, Wilks Head & Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Authority has no contractual obligations to purchase, construct or develop investment property.

11. Intangible Assets

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 all software is up to five years and is written off on a straight line basis.

The movement on intangible asset balances during the year is as follows:

Purchased Computer Software	2015/16 £'000	2016/17 £'000
Balance at start of year:		
Gross carrying amounts	741	795
Accumulated amortisation	-397	-456
Net carrying amount at start of year	344	339
Additions	134	50
Disposals	-80	-52
Transfer gross cost	-	-19
Transfer depreciation	-	9
Accumulated amortisation on disposal	80	52
Amortisation for the period	-139	-162
Net carrying amount at end of year		
Gross carrying amounts	795	774
Accumulated amortisation	-456	-557
Net carrying amount at end of year	339	217

12. 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.

	31 March 2016		31 March 2017	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Fixed deposits / money market loans	9,062	2,000	11,061	-
Available-for-sale financial assets	-	40	-	40
Total Investments	9,062	2,040	11,061	40
Debtors	3,733	11	2,276	7
Cash and Cash Equivalents	7,926	-	12,821	-
Creditors	-1,688	-	-1,620	-

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
2016/17			
Interest income to I&E	-47	-117	-164
2015/16			
Interest income to I&E	-63	-94	-157

Fair Values of Assets and Liabilities

Financial liabilities, assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, 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.

The fair values are calculated as follows.

	Short Term		Long Term	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
31 March 2017				
Loans and Receivables	11,061	11,061	-	-
31 March 2016				
Loans and Receivables	9,062	9,066	2,000	2,042

The fair value hierarchy of financial assets which are not measured at fair value is as follows.

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March £'000
31 March 2017				
Loans and receivables	-	11,061	-	11,061
31 March 2016				
Loans and receivables	-	11,108	-	11,108

13. Debtors

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

	2015/16 £'000	2016/17 £'000
General Debtors (net of impairments)	996	823
Central Government	2,114	665
Other Local Authorities	3,761	1,666
NHS Bodies	133	10
Council Tax (net of impairments)	67	63
Business Rates (net of impairments)	211	108
Payments in Advance	398	398
Total	7,680	3,733

14. Short Term Creditors

	2015/16 £'000	2016/17 £'000
Central Government	-2,385	-1,765
Other Local Authorities	-2,604	-3,047
Council Tax	-100	-254
Business Rates	-94	-443
Sundry Creditors	-619	-834
Receipts in Advance – General	-791	-920
	-6,593	-7,263

15. Provisions

	NDR Appeals £'000	Land Charges £'000	Total £'000
Balance as at 31 March 2016	-1,445	-77	-1,522
Amounts used	-	19	19
(Increase to)/release of existing provision	517	58	575
Balance as at 31 March 2017	-928	-	-928

A provision has been established in respect of Non-Domestic Rates appeals. Settlement is dependent on when the Valuation Office resolve the appeals.

A provision had been made for potential land charge personal search fee refunds. Some claims were settled in 2016/17. No further claims are expected and the remaining provision has been released to the Income and Expenditure Account.

16. 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.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	12,551	19,725
Upward revaluation of assets	7,617	4,548
Difference between fair value depreciation and historical cost depreciation	-443	-424
Balance at 31 March	19,725	23,849

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 requires 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.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	-38,154	-36,562
Remeasurement of pension assets and liabilities	2,910	-8,507
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	-2,825	-3,007
Employer's pensions contributions and direct payments to pensioners payable in the year	1,507	1,627
Balance at 31 March	-36,562	-46,449

Further information relating to the Pension fund can be found in note 24.

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 (Expenditure & Funding Analysis) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	23,926	23,817
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
• Charges for depreciation and impairment	-1,295	-2,900
• Amortisation of intangible assets	-139	-162
• Revenue expenditure funded from capital under statute	-507	-636
• Disposals	-296	-
Adjusting amounts written out of the Revaluation Reserve	443	424
Financing of Capital Expenditure		
• Use of internal capital reserves to finance new capital expenditure	767	1,225
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	595	615
Movement in the market value of Investment Properties	323	-4
Balance at 31 March	23,817	22,379

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.

	2015/16 £'000	2016/17 £'000
Balance at 1 April	-857	-1,195
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	30	106
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	-368	1,378
Balance at 31 March	-1,195	289

17. Members' Allowances

The Authority paid the following amounts to members of the Council during the year.

	2015/16 £'000	2016/17 £'000
Basic Allowance	187	185
Special Responsibility Allowance	70	77
Expenses	6	6
	263	268

18. 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.

2016/17	Employing Authority	Salary incl fees, allowances £	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)	CDC	47,344	-	-	-	47,344	6,439	53,783
Acting Chief Executive (note 2)	SBDC	78,906	-	-	844	79,750	10,527	90,277
Director of Services (note 3)	Contractor	117,990	-	-	-	117,990	-	117,990
Director of Resources	SBDC	93,748	-	-	1,871	95,619	12,622	108,241
Head of Legal & Democratic Services	CDC	78,038	-	-	338	78,376	10,644	89,020
Head of Finance	SBDC	76,556	-	-	1,159	77,715	10,436	88,151
Head of Customer Services	CDC	78,038	-	-	810	78,848	10,723	89,571
Head of Business Support	CDC	78,038	-	-	1,323	79,361	10,792	90,153
Head of Health & Housing	CDC	78,038	-	-	1,089	79,127	10,760	89,887
Head of Sustainable Development	SBDC	78,038	-	-	2,042	80,080	10,571	90,651
Head of Environment	SBDC	78,038	-	-	1,329	79,367	10,477	89,844

2015/16	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowances (charge-able to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive (Note 1)	CDC	32,000	-	-	57	32,057	-	32,057
Acting Chief Executive (Note 2)	SBDC	93,750	-	-	845	94,595	12,487	107,082
Director of Services (Note 2)	SBDC	23,205	-	-	260	23,465	3,137	26,602
Director of Services (Note 3)	Contractor	76,590	-	-	-	76,590	-	76,590
Director of Resources	SBDC	92,820	-	-	1,495	94,315	12,490	106,805
Head of Legal & Democratic Services	CDC	77,644	-	-	171	77,815	10,583	88,398
Head of Finance	SBDC	77,644	-	-	968	78,612	10,377	88,989
Head of Customer Services	CDC	72,732	-	-	371	73,103	9,942	83,045
Head of Business Support	CDC	77,644	-	-	493	78,137	10,627	88,764
Head of Healthy Communities	CDC	77,644	-	-	438	78,082	10,619	88,701
Head of Sustainable Development	SBDC	77,644	-	-	1,602	79,246	10,461	89,707
Head of Environment	SBDC	77,644	-	-	1,082	78,726	10,392	89,118

Note 1: The Chief Executive retired 30th June 2015. An acting Chief Executive was appointed by South Bucks until November 2016 then appointed to Chief Executive in Chiltern thereafter.

Note 2: The Director of Services was appointed to Acting Chief Executive effective 1st July 2015 until 15th November 2016.

Note 3: The current Director of Services is employed on an agency basis effective from September 2015.

The number of officers receiving annual remuneration of £50,000 or more (this includes all amounts paid to or receivable by an employee and includes salary payments, other cash benefits, and the value of any non-cash benefits but excludes pension contributions) was as follows:

Remuneration Band	2015/16 Number of employees	2016/17 Number of employees
£50,000 to £54,999	6	9
£55,000 to £59,999	3	3
£60,000 to £64,999	-	-
£65,000 to £69,999	-	-
£70,000 to £74,999	1	-
£75,000 to £79,999	3	4
£125,000 to £129,999	-	-
Total	13	16

Note: This table includes the senior officers detailed in the tables above, but only if they are directly employed by CDC.

Exit Packages 2016/17

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 £'000
Under £50,000	-	1	1	12
Over £50,000	-	-	-	-
Total cost included in bandings				12
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				12

The total cost of £12,000 in the table above has been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

Exit Packages 2015/16

There were no exit packages agreed during the financial year.

19. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Authority'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.

	2015/16 £'000	2016/17 £'000
Fees payable to Ernst & Young LLP with regard to external audit services	41	41
Fees payable to the Ernst & Young LLP for the certification of grant claims and returns	9	13
Fees payable in respect of other services provided by Ernst & Young LLP	-	-
Total	50	54

20. 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	2015/16 £'000	2016/17 £'000
Revenue Support Grant	1,125	407
New homes bonus grant	739	1,050
Transition Grant	-	134
Non Service Related Government Grants		
Small Business Rate Relief	338	231
Business Rates Retail Relief	250	-87
Business Rates 2% Cap Compensation Grant	20	22
Business Rates Transitional Protection	-	11
Flooding Business Rates Relief	-	31
New Burdens Grants	30	34
Community Housing Grant	-	26
Custom Build Grant	-	15
Other Grants	26	17
	664	300
Capital Grants & Contributions		
Transformation Challenge Award	128	-
Contribution to Prestwood Leisure Centre Car Park upgrade	30	-
Other Grants	7	7
	165	7
TOTAL GRANTS	2,693	1,898

Credited to Services	2015/16 £'000	2016/17 £'000
Council Tax/Housing Benefits Admin	279	287
Mandatory Rent Allowances	19,431	18,849
Discretionary Housing	61	81
Cost of Collection Allowance	116	115
LA Data sharing Programme	-	22
Individual Electoral Registration	-	13
Election Account	77	176
Disabled Facilities Grant	296	545
Other Grants	23	36
	20,283	20,124

21. Related Parties

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

Central Government

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

Grants received from Government departments are set out in Note 20 and amounts due to and from Government are shown in notes 13 and 14 respectively

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 Narrative Report.

Members

Members of the Council have direct control over the Council's financial and operational policies. However any contracts entered into are in full compliance with the Council's constitution. In addition a few minor grants were paid to voluntary bodies in which Members had a position of influence. In such cases grants were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grant award. Details of personal interests are recorded in the Register of Members' disclosable pecuniary interests, which is open to public inspection.

Officers

Senior Officers of the Council have control over the day-to-day management of the Council and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Entities controlled or significantly influenced by the Authority

The Authority did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Authority effective control over their operations.

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.

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 £125k during the year (2015/16 £123k). Additionally, the Council paid £25k in 2016/17 (2015/16 £25k) to provide a specialist debt advisory service.

Greenwich Leisure Ltd

Greenwich Leisure Ltd, an Industrial and Provident Society which has exempt charity status and which operates on a "not for profit" basis, has responsibility for leisure management. This includes 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. 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 2016/17 was £104k (2015/16 £104k).

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 the development of an additional crematorium. Chiltern District Council's share of the accumulated reserves is £1,819,839 (2015/16 £1,503,845).

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. The Council paid £3,750 in 2016/17 for the management of Anglers Wood (2015/16 £3,750).

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

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

The aim of the Green Deal Together Community Interest Company was 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.

In May 2015, the Shareholders agreed to close Green Deal Together Community Interest Company, and as at the 31st March 2017, the company is in the process of being wound up. The company is limited by shares. Each local authority has 35,000 shares, each at a value of £1. However, due to amounts outstanding to suppliers at company closure, it is likely that Chiltern will recover only a proportion of this.

22. Capital Expenditure and Capital Financing

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

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase to the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2015/16 £'000	2016/17 £'000
<i>Capital Expenditure</i>		
Amersham Multi-Storey Car Park	-	605
Car Park Enhancements	318	251
Leisure Centres	75	108
King George V House	-	27
IT Equipment & Systems	58	29
IT Desktop IT (Unified Network)	376	62
Public Conveniences	-	49
Mill Meadow Bridge	-	51
Shared Parking Service	-	22
Other Schemes	28	-
	855	1,204
<i>Revenue Expenditure Funded from Capital Under Statute</i>		
Improvement Grants	488	486
Other Schemes	19	150
	507	636
Total Capital Expenditure	1,362	1,840
<i>Sources of finance</i>		
Capital receipts	766	1,225
Government grants and other contributions	596	615
Total Funding for Capital Expenditure	1,362	1,840

23. Leases - Authority as Lessee**a. Authority as Lessee****Authority as Lessee - Finance Leases**

The Authority acquired the Refuse & Street Cleaning Vehicles, for the joint waste contract with Wycombe District Council, by entering into a finance lease.

The Authority is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the asset acquired by the Authority, and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

As at 31 March 2017	Finance Lease Liabilities £'000	Future Finance Costs £'000	Minimum Lease Payment £'000
Under one year	386	37	423
In the second to fifth years	702	29	731
Over five years	-	-	-
	1,088	66	1,154

The expenditure during the year in relation to these leases was as follows:

	2015/16 £'000	2016/17 £'000
Finance lease payments	451	438

Authority as Lessee - Operating Leases

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:

	2015/16 £'000	2016/17 £'000
Under one year	1	1
In the second to fifth years	4	4
Over five years	75	74
	80	79

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

	2015/16 £'000	2016/17 £'000
Operating lease payments	1	1

b. Authority as Lessor**Authority as Lessor - Finance Leases**

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:

	2015/16 £'000	2016/17 £'000
Finance lease debtor		
- Current	4	4
- Non current	103	99
Unearned finance income	6	5
Gross investment in the lease	113	108

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

	2015/16 £'000	2016/17 £'000
Not later than one year	5	5
Later than one year and no later than five years	19	19
Later than five years	89	84
	113	108

Authority as Lessor - Operating Leases

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:

	2015/16 £'000	2016/17 £'000
Not later than one year	413	408
Later than one year and no later than five years	1,397	1,274
Later than five years	2,420	2,405
	4,230	4,087

24. Defined Benefit Pension Schemes**Participation in pension scheme**

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

The Authority participates in two pension schemes:

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

Transactions relating to Post-Employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually 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 employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in the Reserves Statement during the year.

	Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services		
Service cost	1,599	1,723
Administration expenses	29	31
Net Interest on the defined liability (asset)	1,197	1,253
Total post-employment benefits charged to the surplus or deficit on the provision of services	2,825	3,007
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	-488	5,266
Actuarial gains and losses arising on changes in demographic assumptions	-	1,004
Actuarial gains and losses arising on changes in financial assumptions	3,381	-14,813
Experience (loss)/gain on defined benefit obligation	17	36
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	2,910	-8,507
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	-1,319	1,380
Actual amount charged against General Fund Balance for pensions in the year		
Employer's contributions payable to the scheme	1,460	1,581
Retirement benefits payable to pensioners	47	46

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.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined plans is as follows

	Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Present Value of Liabilities in LGPS	-75,037	-91,046
Fair Value of Assets in LGPS	38,475	44,598
Surplus/(Deficit) in LGPS	-36,562	-46,448

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.

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Opening fair value of Fund assets 1 April 2016	38,754	38,475
Interest on Assets	1,229	1,351
Return on Assets less Interest	-488	5,266
Other Actuarial Gains/(Losses)	-	-132
Administration expenses	-29	-31
Employer Contributions including unfunded	1,507	1,627
Contributions by Scheme Participants	360	406
Benefits Paid	-2,858	-2,364
Closing fair value of Fund assets 31 March 2017	38,475	44,598

Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2015/16 £'000	2016/17 £'000
Opening Liability 1 April 2016	76,907	75,037
Service Cost	1,599	1,723
Interest Cost	2,426	2,604
Contributions by Scheme Participants	360	406
Change in financial assumptions	-3,381	14,813
Change in demographic assumptions	-	-1,004
Experience loss/(gain) on defined benefit obligation	-17	-168
Benefits Paid	-2,810	-2,319
Unfunded Pension Payments	-47	-46
Closing Liability 31 March 2017	75,037	91,046

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.

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 2016.

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

	2015/16	2016/17
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	23.8 years	23.9 years
Women	26.2 years	26.0 years
Longevity at 65 for future pensioners:		
Men	26.1 years	26.1 years
Women	28.5 years	28.3 years
Rate of increase in pensions	2.30%	2.60%
Rate of inflation (RPI)	3.20%	3.50%
Rate of inflation (CPI)	2.30%	2.60%
Rate of increase in salaries	4.10%	4.10%
Rate for discounting scheme liabilities	3.50%	2.70%
Take up of option to convert annual pension into retirement lump sum	50%	50%

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

The pension scheme assets consist of the following:

	31 March 2016	31 March 2017		
	Total £'000	Quoted £'000	Unquoted £'000	Total £'000
Gilts	4,709	5,273	-	5,273
UK Equities	4,080	4,370	-	4,370
Overseas Equities	14,088	17,745	-	17,745
Private Equity	2,425	-	3,090	3,090
UK Other Bonds	4,690	5,472	-	5,472
Property	3,652	3,187	224	3,411
Cash	986	1,402	-	1,402
Alternative Assets	524	-	538	538
Hedge Funds	1,610	-	1,630	1,630
Absolute Return Portfolio	1,711	-	1,667	1,667
Value of Fund Assets	38,475	37,449	7,149	44,598

The Discretionary Benefits arrangements have no assets to cover its liabilities.

Contributions to the Fund are set every three years as a result of the actuarial valuation of the Fund. The next actuarial valuation will be carried out as at 31 March 2019 to set contributions for the period from 1 April 20 to 31 March 2023. Contributions are generally set to target a funding level of 100%.

The total contributions expected to be made to the Local Government Pension Scheme and the Discretionary Benefits scheme by the Council in the year to 31 March 2018 is £1,847,000.

The weighted average duration of the defined benefit obligation for scheme members is 18.0 years.

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	89,816	91,385	92,981
Projected service cost	2,529	2,589	2,651
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	91,572	91,384	91,199
Projected service cost	2,589	2,589	2,589
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	92,794	91,385	90,000
Projected service cost	2,651	2,589	2,529
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	94,920	91,385	87,984
Projected service cost	2,672	2,589	2,509

25. Contingent Assets and Liabilities

Contingent Assets

The Authority has no material contingent assets.

Contingent Liabilities

The Authority has no material contingent liabilities.

However there are a few outstanding insurance claims that, if settled, will be covered by insurance, subject to the insurance excess.

26. Nature and Extent of Risks arising from Financial Instruments

The Authority'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 Authority
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority'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 experienced finance officers, under policies approved by the Council in the annual treasury management strategy.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority'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 Authority does not expect any losses from non-performance by any of its counterparties in relations to deposits.

Investments are managed in house by Finance officers placing money in callable or fixed deposits with approved counterparties. The credit criteria in respect of financial assets held by the Authority is approved by Members as part of the Treasury Management Strategy each year.

Before the Authority enters into arrangements, which could result in large amounts being due to the Authority, Finance officers assess potential customers taking into account security, liquidity and yield which are inter-related and the balance of the three is determined by the Authority's needs and risk appetite.

The Authority's maximum exposure to credit risk in relation to investments in banks and building societies 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 entities that meet the minimum CDC credit ratings, to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2017 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 3 financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2017	Historical Experience of default	Experience adjusted for market conditions at 31 March 2017	Estimated maximum exposure to default and uncollectability at 31 March 2017	Estimated maximum exposure at 31 March 2016
	£'000	%	%	£'000	£'000
Deposits with banks and other financial institutions					
- Short Term investments	11,061	-	0.30%	33	27
- Cash & Cash Equivalents	12,821	-	-	-	-
Customers	941	0.46%	0.50%	5	49

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for customers such that £124k of the total sundry debtor balance of £943k is past its due date for payment. The past due amount can be analysed by age as follows:

	2015/16 £'000	2016/17 £'000
Less than three months	588	86
More than three months	59	38
	647	124

Liquidity Risk

As the Authority has significant investment holdings there is no significant risk that the Authority will be unable to meet its commitments. Instead, the risk is that the Authority will have to seek early repayment of investments at unfavourable rates in order to finance its short term cash requirements. To prevent this occurring, the strategy is to ensure that a significant proportion of investments are held on demand and / or mature within 1 year. Furthermore if unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. The maturity analysis of financial assets is as follows:

	Cash and Bank £'000	Loans and Receivables – Money Market Loans £'000
As at 31 March 2017		
On demand	12,821	-
Less than three months	-	4,033
Between three months and one year	-	7,028
Between one and two years	-	-
More than two years	-	-
Total	12,821	11,061
As at 31 March 2016		
On demand	7,926	-
Less than three months	-	2,028
Between three months and one year	-	7,034
Between one and two years	-	2,000
More than two years	-	-
Total	7,926	11,062

Market Risk: Interest rate risk

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

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the asset will fall

Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. 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 Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2016/17 was 60% of the portfolio.

Finance officers assess interest rate exposure during the annual budget setting process and review the interest budget forecasts regularly during the year. This allows any adverse changes to be accommodated.

As at end March 2017, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	£'000
Increase in interest receivable on Cash & Bank holdings	-166

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

This information helps to show the size of potential impact on the Council's finances if interest rates change.

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

27. 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	2015/16 £'000	2016/17 £'000
Markets		
Income	-20	-20
Expenditure	26	24
(Surplus)/Deficit in year	6	4
Property Management		
Income	-46	-93
Expenditure	112	101
Revaluation Gain/Loss	-	92
(Surplus)/Deficit in year	66	100
Total Trading Services Deficit	72	104

28. Building Regulations Chargeable and Non Chargeable Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities.

Since 1 April 2014, Chiltern District Council and South Bucks District Council have run a joint Building Control service, and costs and income are split between the two authorities.

The statement below shows the total cost of operating the joint Building Control Section divided between the chargeable and non-chargeable activities.

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employee Expenses	525	58	583
Central Support Services	198	22	220
Other Costs	57	5	62
	780	85	865
Income			
Building Regulation Charges	-830	-	-830
Miscellaneous Income	-1	-	-1
	-831	-	-831
(Surplus) / Deficit for Year	-51	85	34

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	2015/16 Total £'000	2016/17 Council Tax £'000	2016/17 NDR £'000	2016/17 Total £'000
Income					
Income from Council Tax	1	-68,267	-71,367	-	-71,367
Transfer from General Fund		-49	-38	-	-38
Income Collectable from Business Ratepayers	2	-21,237	-	-20,437	-20,437
Contribution to previous year's deficit		-990		-3,576	-3,576
		-90,543	-71,405	-24,013	-95,418
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		10,570	-	10,877	10,877
Buckinghamshire County Council		50,037	50,538	1,958	52,496
Thames Valley Police & Crime Commissioner		7,063	7,273	-	7,273
Bucks and MK Fire Authority		2,737	2,601	218	2,819
Chiltern District Council *		18,101	10,057	8,701	18,758
		88,508	70,469	21,754	92,223
Business Rates Transitional Protection Payments		-	-	-	-
Business Rates Cost of Collection		116	-	115	115
Business Rates Provision for Appeals		1,777	-	-1,292	-1,292
Write offs of uncollectable amounts		140	56	89	145
Increase / (reduction) in allowance for impairment		7	-27	-97	-124
Contribution to previous year's Collection Fund surplus		700	160	-	160
		2,740	189	-1,185	-996
(Surplus) / Deficit for the Year		705	-747	-3,444	-4,191
Balance brought forward 1 April 2014		1,827	-710	3,241	2,531
Balance carried forward 31 March 2015		2,532	-1,457	-203	-1,660
Analysis of Share of (Surplus)/Deficit					
Central Government		1,620	-	-101	-101
Buckinghamshire County Council		-216	-1,048	-18	-1,066
Thames Valley Police & Crime Commissioner		-73	-149	-	-149
Bucks and MK Fire Authority		6	-53	-2	-55
Chiltern District Council		1,195	-207	-82	-289
Totals		2,532	-1,457	-203	-1,660

* Includes Council Tax amounts collected on behalf of parish councils.

1. Council Tax

This Council's requirement from the Council Tax was £170.62 (2015/16 £165.62).

The average Council Tax at band D including all precepts on the Collection Fund was £1,617.72 (2015/16 £1,561.47).

The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings.

Band	Net Dwellings	Band D Ratio	Band D Dwellings Equivalent
A	480	6/9	320
B	1,185	7/9	922
C	4,013	8/9	3,567
D	5,534	9/9	5,534
E	5,929	11/9	7,247
F	6,089	13/9	8,796
G	8,481	15/9	14,135
H	1,851	18/9	3,702
Adjust for estimated collection rate of 98.5% - Council Tax Base			43,560

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.

	2015/16	2016/17
Non-domestic rateable value (at end of year)	£54.959m	£53.751m
Rate poundage – Standard Multiplier	49.3p	49.7p
- Small Business Multiplier	48.0p	48.4p

1) Scope of Responsibility

Chiltern District Council (CDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is used economically, efficiently and effectively.

Chiltern District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Chiltern District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Chiltern District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code can be obtained from the Director of Resources. This statement explains how Chiltern District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Chiltern District Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3) The Governance Framework

Chiltern has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it has developed and adopted a Code of Corporate Governance and a Risk Management Strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit & Standards Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

5) Review of Effectiveness

Chiltern District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2016/17 this review has been undertaken by the Audit & Standards Committee and included carrying out an assessment of the CDC internal control framework.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit & Standards Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

6) Main Governance Issues

The following issues arose from a review of the assurance framework or from Internal Audit work.

ISSUE	ACTION
<p>There is a need to review and update the Business Continuity Management processes and plans, recognising that Chiltern does not have a dedicated resource for Business Continuity.</p>	<p>In 2016/17 we implemented a new full Disaster Recovery / Business Continuity IT failover facility at a location independent to the main data centre.</p> <p>We will continue to review during 2017/18 the existing Business Continuity plans, taking into account organisational changes and shared working with South Bucks District Council, and will continue to test the IT business continuity arrangements.</p> <p>We have updated the Business Impact Analysis and Service Continuity Plans for the majority of service areas. The remaining areas will be updated in 2017/18.</p> <p>A Business Continuity Exercise was carried out in September 2016, and a further exercise is planned in 2017/18.</p>
<p>There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.</p>	<p>Full PSN compliance has been maintained.</p> <p>We will continue to progress in a co-ordinated manner with South Bucks District Council work on Information Governance. This will be co-ordinated by the Information Governance Group.</p> <p>Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services.</p> <p>Work will be undertaken to prepare for the GDPR in May 2018.</p>

In addition, as shown in the Council's Statement of Accounts, the Council has estimated its long term pension fund liability in accordance with International Accounting Standard 19 (Employee benefits). 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 2017 is £46.4m but the financial position of the Council remains healthy because the liabilities actually arise over a long period and the deficit on the pension fund will be made good through increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the scheme actuary.

Bob Smith
Chief Executive

Date:

Councillor Isobel Darby
Leader

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.

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.

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.

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.

Glossary of Terms

Financial Instrument

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

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 (e.g. 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.

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.

Outturn

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 i.e. do not collect the council tax and non-domestic rate. Buckinghamshire County Council, Thames Valley Police and Crime Commissioner and Buckinghamshire & Milton Keynes Fire Authority are 'major precepting authorities' and parish councils are 'local precepting authorities'.

Provisions

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.

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

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. 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

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.

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.

SUBJECT:	RISK MANAGEMENT
REPORT OF:	Director of Resources
REPORT AUTHOR	Director of Resources
WARD/S AFFECTED	N/a

1. Purpose of Report

- 1.1 The purpose of this report is to update Members on risk management across the two authorities.

RECOMMENDATION

The Committee is asked to note the report

2. Information

- 2.1 The report will inform members about:
- Work to maintain awareness of the importance of risk management.
 - The processes for reviewing main operational risks and financial risks
 - Information Governance risks
 - The strategic risks
- 2.2 During the last year work has been undertaken to maintain awareness of risk management and how it is integral to the way the organisation needs to work. This has been by communications through staff newsletters, posters and material to be used at team meetings.
- 2.3 Currently work is in hand to develop a training session that will be part of the Middle Managers Development Programme, which will focus on managing risks during periods of change and transformation. The intention is to help managers identify and mitigate these risks and to stimulate debate between themselves on the key issues.
- 2.4 The Internal Audit work programme continues to be shaped by reviewing the risk profile of the authorities. This has ensured audit work has looked at issues such as the effectiveness of controls following changes to new shared service teams and the project to create a unified ICT infrastructure.
- 2.5 The key operational risks are reviewed monthly by the Management Team and Heads of Service. Over the course of the year the most high profile risks which has required action have been:

- Levels of temporary accommodation
- Work pressures on the Planning Service and staffing issues
- Work pressures on the Property team.
- The performance of the Councils' telecommunications contractor.

2.6 Financial risks are reviewed each year as part of the budget process and are clearly set out in the documentation related to the setting of the Councils' budgets. The risks are also identified within the Medium Term Financial Strategies. The main financial risks are currently assessed as:

- Responding to the significant reduction in Government funding, and the Council's ability to adjust its net expenditure base to cope with the reductions.
- The cost of major planning inquiries, enforcement actions or responding to national infrastructure proposals that impact on the area.
- The costs of temporary accommodation, and supporting solutions to the temporary accommodation issue.
- Shortfall on income targets.

2.7 During the past year the Councils have continued to improve their control and processes of Information Governance. This has included developing an Information Governance risk register (Appendix A). The most significant risk and is one that is the focus of work in the coming year, is poor file management causing inefficient working, unnecessary storage costs, data loss and poor decision making. Work is in progress to improve file management of physical records and services have made significant progress in disposing of material not required or out of date, and improving the organisation and recording of retained material.

2.8 The larger challenge lies with improving the management of electronic information, and this includes information held in personal email storage. Work is in hand to change working practises going forward, and to tackle the volume of historic emails.

2.9 The Strategic Risks for the Councils are reviewed quarterly by senior management and the main strategic non- financial risks are currently assessed as:

Affordable Housing

Increase in temporary accommodation numbers, migration of young people and families out of area affecting sustainability of communities.

Major Infrastructure Projects Impacts.

Detrimental impact on local communities and environment. Costs to authorities in defending local area from worst impacts

2.10 These risks are at the centre of a number of pieces of work being undertaken by the Councils and other bodies.

2.11 Over the last year the level of insurance claims in both authorities has remained low, less than ten claims per annum. There have been no significant H&S issues, or breaches of data security.

3. Consultation

Not applicable

4. Options

Not applicable

5. Corporate Implications

4.1 Comment from the Internal Auditor: Risk management is an important part of the governance and control framework for the two Councils and is subject to a biannual internal audit. Internal Audit are pleased to note, from their earlier work, that the two Councils have embraced good risk management processes which are now becoming embedded within the day to day management and delivery of the Council's services. Despite the significant transformational changes that have occurred over the last couple of years risk management has remained high on the agenda for the Council's officers and the control framework has remained sound during this period of change. Internal audit work will continue to test the resilience of risk management in future years.

4.2 There are no financial implications arising from this report, nor any any implications for the Council's policies and procedures.

6. Links to Council Policy Objectives

6.1 Risk management is one of the main elements of corporate governance. Effective organisations have a proactive approach to risk management.

7. Next Steps

7.1 Not applicable.

Background Papers:	None
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INFORMATION RISKS

Risk Description	Trigger	Control	L	I	Score	Officer
<p>Poor file management causing inefficient working, unnecessary storage costs, data loss and poor decision making.</p>	<ul style="list-style-type: none"> • Information held in personal files or email folders, not accessible or known about by other staff and managers. • Data held in unstructured files making search/retrieval difficult • Difficulty in retrieving and matching information • Inhibitor to service change • Information held past its disposal date, may be out of date and inaccurate • Business continuity issues 	<ul style="list-style-type: none"> • Understanding embedded in teams about the importance of IG. • Guidance and training provided on file management. • Avoid service information being stored in personal files, control use of C/ drives • Retention policies in place and adhered to. Clear guidelines on how to judge retention requirements. • Accountability for data sets clear, Information Asset Register in place and maintained. • Efforts made to reduce and ultimately eliminate email storage of data. • Address issue of Planning W drive for SBDC. • Controls in place for onsite file storage, identifying process to log location of files, data owners and destruction dates. 	4	3	12	IAO (HoS)

Risk Description	Trigger	Control	L	I	Score	Officer
Uncontrolled data sharing leading to ICO audit, legal challenges.	<ul style="list-style-type: none"> Challenge reveals absence of clear documented basis for data sharing. Sharing of data not supported by resident/client agreements Absence of privacy impact assessments. Legal action against the Council Failure to meet requirements of DPA (GDPR) 	<ul style="list-style-type: none"> Data sharing protocols in place Staff understand the risks associated with data sharing, and then manage the risks. Privacy Impact assessments undertaken. Where data is collected and will be shared, clear resident/client agreement to sharing exists (wording on forms etc). Compliance with guidance and requirements of ICO (e.g. GDPR) 	3	3	9	IAO (HoS)
Data unreliable or inaccurate, leading to reputation damage, residents not using Council information sources.	<ul style="list-style-type: none"> Poor decision making Poor customer service due to incorrect information being provided. 	<ul style="list-style-type: none"> Clear ownership for datasets responsibilities in job descriptions Retention and disposal policies Data quality standards in place and monitored. 	2	3	6	IAO (HoS)
Loss of information due to poor security and control.	<ul style="list-style-type: none"> Physical loss of information, whether electronic or physical. Corruption of information Damage to information caused by third party actions 	<ul style="list-style-type: none"> Training of staff on data protection, password security etc. Security controls in place (e.g. passwords; encryption) for fixed and portable devices. 	2	3	6	IAO (HoS)

Risk Description	Trigger	Control	L	I	Score	Officer
		<ul style="list-style-type: none"> • Measures in place to minimise risk of cyber attack. • Obligations on contractors clear • Business continuity arrangements in place • Information stored in safe and secure manner, ideally electronically. 				
Poor management of Fol requests.	<ul style="list-style-type: none"> • Failure of system used for Fol • Fol system ceases to be fit for purpose • Staff do not understand properly Fol system and processes. • 	<ul style="list-style-type: none"> • Ensure Fol system remains fit for purpose, re-procure if necessary. • Test resilience of Fol system • Ensure staff training on systems and processes up to date especially for new starters. 	2	3	6	HoBS CIO

CDC AUDIT COMMITTEE WORK PROGRAMME

Classification: OFFICIAL

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

Topic	Frequency	Jun 17	Sep 17	Jan 18	Mar 18	Jun 18
Risk Management						
Risk Management Update	Annual					
Assurance Statements						
Annual Governance Report	Annual					
Update on Governance / Internal Control Issues	As and when					
Internal Audit						
Audit Plan	Annual					
Interim Progress Reports	Each meeting					
Follow up of Internal Audit Recommendations Report	Annual					
Comparision of Assurance Levels	Annual					
Annual Internal Audit Report	Annual					
Fraud & Corruption						
Fraud & Corruption Update (maybe verbal report)	Annual					
Fraud & Corruption Annual Report	Annual					
External Audit						
Annual Audit Plan	Annual					
Annual Assurance Letter from Committee	Annual					
Update on progress with audit (maybe verbal report)	Annual					
External Audit Results Report	Annual					
Certification of Claims & Returns Annual 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					

Audit Committee dates are likely to change in 18/19 due to a change in the time frame permitted for the production and audit of Accounts.

Classification: OFFICIAL

