

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

Telephone: 01494 729000 **DX:** 50711

Fax: 01494 586506

Website: www.chiltern.gov.uk

Email: info@chiltern.gov.uk



CHILTERN
District Council



Audit and Standards Committee (CDC)

Wednesday, 27th September, 2017 at 6.30 pm

**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 meeting held on 29 June 2017
- 3 Apologies for Absence
- 4 Declarations of Interest
- 5 Current Issues and Update on the Standards Framework (*Pages 13 - 16*)
Appendix 1: Register of Interests Notification Form (Pages 17 - 26)
Appendix 2: Draft TVP Protocol (Pages 27 - 34)
- 6 Annual Report of the Committee on Standards in Public Life (*Pages 35 - 36*)
Appendix 1: Setting the Standard (Pages 37 - 42)
- 7 Subscription to Standards Exchange (*Pages 43 - 44*)
- 8 Standards Work Programme (*Pages 45 - 46*)

9 Appointment of Independent Persons

The Appointment of External Members Panel has recommended to Council that Elizabeth Jones and Caroline Langley be appointed.

10 Interim Progress Report - Internal Audit (*Pages 47 - 62*)

11 Follow up of Internal Audit Recommendations Report (*Pages 63 - 72*)

12 Comparison of Assurance Levels (*Pages 73 - 82*)

13 External Audit Results Report (*Pages 83 - 122*)

14 Statement of Accounts 2016 / 17 (*Pages 123 - 124*)

Appendix A: Statement of Accounts 2016/17 (Pages 125 - 200)

15 Audit Work Programme (*Pages 201 - 202*)

16 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 Persons – to be appointed at Council on 17
October 2017*

Date of next meeting – Thursday, 25 January 2018

**If you would like this document in large print or an
alternative format please contact 01494 732143; email
democraticservices@chiltern.gov.uk**

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the
AUDIT AND STANDARDS COMMITTEE (CDC)
held on **29 JUNE 2017**

PRESENT: Councillor J L Gladwin - Chairman

Councillors: A K Bacon
C J Jackson
D W Phillips
N I Varley

APOLOGIES FOR ABSENCE were received from Councillors C J Ford, R J Jones, V Martin, C J Wertheim, also Mr D Gleen and Mrs C Langley (Independent Persons) and Mr Andrew Brittain of Ernst & Young.

The Chairman welcomed Sue Gill of Ernst & Young and Chris Harris of TIAA to the meeting.

2 MINUTES

The Minutes of the meetings of the Audit & Standards Committee held on 9 March 2017 and 16 May 2017 were agreed by the Committee and signed by the Chairman as a correct record.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 COMPLAINTS MONITORING REPORT 2016/17

It was reported that there had been a slight increase in the number of formal complaints about Councillors at Chiltern District Council during 2016/17. These complaints related to comments made at Planning Committee meetings. To date, none have proceeded beyond Stage 1 of the Complaints Procedure.

The Members examined the Complaint Form and questioned the need for the Equalities page at the end of the form. It was advised that completing this page was optional, and would be reviewed in line with current best practise.

It was also noted that the monitoring officer would be including a refresher on standards of behaviour and the principles of conduct in public life in future training for members.

RESOLVED

That the report be noted.

5 APPOINTMENT OF INDEPENDENT PERSONS

Since the report had been written, the Council had been notified by Mr David Gleen that he would be standing down from the position of Independent Person for the Council. It was also noted that Caroline Langley's current 5 year term would expire in July 2017. It was still considered necessary to have two Independent Persons in case of conflict of interest or indisposition and therefore the Committee were asked to authorise a recruitment process. This would require advertising the vacancies in the local press to find a suitable candidate. Members were satisfied that Caroline Langley's independence would not be compromised by a further appointment to this role.

RESOLVED

- 1. That the revised role description for Independent Persons be agreed.**
- 2. That a statutory advertisement be placed in the local for the appointment of 2 Independent Persons for a 5 year term.**

6 PROTOCOL ON GIFTS AND HOSPITALITY

The Protocol had been updated to include a section from the Bribery Act and that the value of gifts and hospitality to be notified under the Code of Conduct had increased to £50. It was considered that it would be useful for a summary of key points and a link to the protocol, to be sent to Members with a future weekly bulletin.

RESOLVED

That the report be noted and that the protocol be brought to the attention of Members and Senior Staff.

7 STANDARDS WORK PROGRAMME**RESOLVED**

That the work programme of the Standards Committee be noted.

8 TIAA ANNUAL ASSURANCE REPORT 2016/17

The Annual Internal Audit report gave a positive conclusion on the control and governance of the Council overall. Members were concerned however that most of the audit recommendations had fallen within the compliance category. It was noted that many of these were minor procedural matters, and all recommendations classified as important were brought to the Audit and Standards Committee for scrutiny.

With regard to the Waste Contract, it was asked why there had been no audit in 2017. It was advised that Wycombe had done the last audit in 2016 which was shared with the Council. This had resulted in follow-up action and it was therefore considered more appropriate for Chiltern to do an audit in the 2017/18 programme.

RESOLVED

That the report be noted.

It was stated in the report that some issues would be resolved by March 2018, this was considered too long by the Committee. It was recommended that outstanding Health & Safety of Fire Awareness training be completed by all staff by the end of September 2017.

9 TIAA PROGRESS REPORT 2016/17

It was reported that there were no priority one concerns and the report set out priority 2 issues and the progress being made.

With regard to procurement procedures not being followed by some departments, it was reported that team meetings were being attended in order to put an emphasis on what needed to be done. It was noted that there had been issues with staff changes and the use of contractors to get the process followed correctly.

Councillors were concerned that Health & Safety meetings had not been attended regularly by senior officers and that Fire Awareness training would not be complete until March 2018. Members were advised that the

membership and terms of reference of the H&S meeting had been reviewed and attendance was now occurring as intended. It was recommended that all staff undertake the training by the end of September 2017.

RESOLVED

That the report be noted and recommended that outstanding matters be resolved by 30 September 2017.

10 TIAA PROGRESS REPORT 2017/18

Reports for the 2017/18 programme would be coming to the next Committee but the ongoing work was noted.

It was also noted that there would be no further external audit on the Crematorium Accounts as there was no longer a requirement where there was a Joint Committee. This matter had been considered by the Crematorium Joint Committee and it was considered that there would be more assurance from an internal audit and better value for money. The Committee asked for the internal audit to remain annual and in-depth.

RESOLVED

That the reports be noted.

11 CHILTERN DISTRICT COUNCIL ANNUAL FRAUD REPORT

Housing Benefit Fraud investigations were now being carried out by the DWP's new Single Fraud Investigation Service. There had been 9 cases referred to them resulting in one prosecution so far. The fraud team support them with extensive background checks and information.

Chiltern took part in the DWP incentive scheme (Fraud and Error Reduction Scheme) which generated a reward payment of approximately £20,000 which was likely to be a one-off payment, as the scheme won't be continued in the same form.

There had been no CDC led prosecutions of council tax fraud, but funds had been recovered and penalties charged where false statements had been made.

RESOLVED

That the report be noted.

12 ERNEST & YOUNG AUDIT FEE LETTER

A letter had been received explaining how the fee would be calculated for work during 2017/18. It was noted that Public Sector Audit Appointments (PSAA) now set the fee based on the amount of anticipated work and that any additional work could result in a higher fee.

It was also noted that it was not yet known who would be appointed as Auditor for the following year as this would be decided by PSAA in due course.

RESOLVED

That the audit fee for 2017/18 be noted.

13 ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement was a requirement to be included in the accounts and the report set out how governance was assured. Assurance over Governance is gained from managers, the Chief Finance Officer, internal audits and external audits. There was also a duty to report potential issues and two were identified relating to Business Continuity and also information management policies and procedures.

Questions were asked about the Risk Registers on page 100 and whether the risk assessments had been completed and were reassured that this had been done for this period 2016/17.

RESOLVED

To approve the Annual Governance Statement.

14 DRAFT ACCOUNTS 2016/17

The draft 2016/17 Statement of Accounts were presented to the Committee. It was acknowledged that it was lengthy and complex but the format was laid out in the Accounting Code of Practice. The main points discussed were:

1. The Net Cost of Services shown in the Narrative Report was £8.4 million which was 0.7 million under budget. The Narrative Report figures differ to those shown in the Income and Expenditure Statement as they do not include depreciation and other notional costs.
2. The Income and Expenditure Statement (P135) showed net cost of services to be £11.9 million compared to £10.5 million last year. This

year for the first time the information was split by the Council's Portfolio areas.

3. There was a full revaluation of property including car parks which resulted in an overall revaluation gain of £2.9 million.
4. The second section of the Income and Expenditure Statement comprises other operating expenditure and including the Parish Precepts of £2.6 million.
5. The Income and Expenditure Statement also shows Income from Council Tax of £10.2 million and business rates £1.5 million.
6. The Non Domestic Rates Levy payment is the proportion of the growth in business rates that is paid over to central Government. In 2016/17 CDC had joined a business rates pool with AVDC and SBDC which reduced the amount that had to be paid by £97,000.
7. The Movement in Reserves Statement showed that Earmarked Reserves had increased by £1.5m and there was now £10.7 million earmarked for specific projects.
8. 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.
9. Cashflow statement. Cash increased by £4.9 million mainly due to timing differences in relation to Business Rates and Council Tax.

It was noted that the sign-off date for 2018 would be 31 May and so the Accounts would need to be prepared earlier. The external auditors would need to complete by 31 July 2018.

The Committee examined the earmarked reserves on page 159 in detail. It was noted that there was £1m earmarked for affordable housing. The Leisure Fund related to the current Chiltern Pools project and it was advised that this was a sum towards the feasibility and consultation work leading towards a final design and business case. The actual construction cost of new facilities would require loan finance.

More detail was requested regarding the re-valuation of the car parks. It was advised that although land values had risen, the depreciable element ie the tarmac's value had fallen.

Staff salaries were also considered on page 170. There was some confusion as the Remuneration Band table only shows CDC employees and a slight amendment to the wording was requested to make the presentation clearer.

The Pension Fund was showing a substantial deficit however it was noted that the actual contributions to the pension fund were calculated on a different statutory basis. It was also noted that if the discount rate was to increase, the deficit would become much lower.

RESOLVED

To note the report and to recommend to Cabinet that Members be made aware of the Pension Fund liability issue.

15 RISK MANAGEMENT UPDATE REPORT

Risk Management was particularly important during a time of change and transformation. The key operational risks were reviewed monthly by the Management Team and Heads of Service. Work was in hand to develop risk training sessions for the middle managers development programme. The internal auditors were continuing to work on testing the controls in place to mitigate these risks.

Key operational risks include the performance of the telecoms operator and also temporary accommodation. Key strategic risks include affordable housing and new requirements on the storage and processing of information. IT security had also become more of a perceived risk.

With regard to major infrastructure impact from external issues, it was advised that HS2 would impact Chiltern and for South Buck, Heathrow expansion and Crossrail were likely to be additional challenges.

RESOLVED

That the report be noted.

16 AUDIT WORK PROGRAMME

RESOLVED

That the work programme of the Audit Committee be noted.

The meeting ended at 9.00 pm

| | |
|----------------------------|--|
| SUBJECT: | Current Issues and Update on Standards Framework |
| REPORT OF: | Monitoring Officer |
| RESPONSIBLE OFFICER | Joanna Swift – Head of Legal and Democratic Services and Monitoring Officer |
| REPORT AUTHOR | Joanna Swift – jswift@chiltern.gov.uk Tel: 01494732761 |
| WARD/S AFFECTED | None |

1. Purpose of Report

To consider compliance with requirements of the standards framework and review current notification documents.

RECOMMENDATION

1. **That the Committee note the current position on notification procedures.**
2. **That the Committee consider the draft Protocol with Thames Valley Police attached at Appendix 2 for reporting alleged breaches of disclosable pecuniary interests notifications**
3. **That the Monitoring Officer in consultation with the Chairman of the Committee and the Independent Person be authorised to agree the final version of the Protocol**

2. Reasons for Recommendations

To ensure the Council meets its statutory duty of promoting and maintaining high standards of conduct amongst its members

3. Content of Report

- 3.1 As members are aware the standards framework introduced by the Localism Act 2011 requires all elected members to notify the monitoring officer of their disclosable pecuniary interests (DPI's), within 28 days of taking office and thereafter within 28 days of any changes to their DPIs. Furthermore, under the Council's code of conduct members are also required to notify the monitoring officer of their personal interests within 28 days of taking office and again to notify any changes

within 28 days. Both sets of interests must be open to public inspection and published on the Council's website.

- 3.2 The Committee agreed a notification form for general use between ordinary elections at their meeting in September 2016 which is attached at Appendix 1 for ease of reference. Members are also able to update their interests form on the modern.gov system by logging into the extranet. Guidance on the procedure has been circulated in the Members' Bulletin and some members have already taken advantage of this facility. Further information will be circulated in October together with a reminder to check that Members' register entries remain accurate and up to date.
- 3.3 The failure to declare disclosable pecuniary interests is an offence under section 34 of the Localism Act punishable on conviction by a fine of up to £5,000. Complaints that a Member may have failed to declare a DPI are investigated by the Police and not by the monitoring officer. In consultation with the Economic Crime Unit at Thames Valley Police (which deal with this type of offence) and other monitoring officers in Buckinghamshire, the protocol attached at Appendix 2 is recommended for dealing with DPI complaints.

4 Consultation

Not applicable at this stage

5 Options

Members are asked to consider the acceptability of proposed Protocol with Thames Valley Police.

6. Corporate Implications

Financial – The cost of preparing or amending any forms or guidance would be met from within existing budgets

Legal – As set out in the report

Risks issues – Members could be at risk of prosecution or complaints if they fail to comply with the Localism Act requirements for declaration of pecuniary and non-pecuniary interests. The Council's decisions would be at risk of challenge if they are taken with bias or pre-determination

Equalities - None specific

7. Links to Council Policy Objectives

There are no direct links to the Council's main policy objectives. But the Council has a duty under the Localism Act 2011 to promote and maintain high standards of conduct

by its members. Ensuring that all members understand their obligations to declare pecuniary and non-pecuniary interests is a matter of good governance and is important in preserving the confidence of local communities.

8. Next Steps

Further guidance will be circulated on how members can use modern.gov to update their own interests' page.

| | |
|---------------------------|---|
| Background Papers: | None except those referred to in the report |
|---------------------------|---|

APPENDIX 1**CHILTERN DISTRICT COUNCIL****Guidance Note on Completing the Notification of Members Interests**

PLEASE READ THIS GUIDANCE BEFORE YOU COMPLETE THE ATTACHED FORM

If you have any queries you can contact the monitoring officer Joanna Swift or one of the deputy monitoring officers Sue Markham and Anna Dell whose contact details are given at the end of this note.

Introduction

1. Under the Localism Act 2011 the Council has a duty to promote and maintain high standards of conduct by its members. In discharging this duty the Council must adopt a code dealing with the conduct expected of councillors. This code is included in your induction pack and is also published on the Council's website. The code requires councillors to disclose certain personal interests in a public register and at council meetings.
2. The Localism Act also requires all councillors to notify the Council's monitoring officer (for town and parish councillors this is done via the Clerk) of certain pecuniary interests prescribed by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. You must do this within 28 days of becoming a member of the Council. Failure to do is a criminal offence and could lead to prosecution and disqualification from office.
3. The monitoring officer must establish and maintain a register of members' interests, make this available for inspection at the Council offices and publish it on the Council's website.
4. This guidance explains what pecuniary and personal interests you need to disclose in the register and includes the necessary notification form for you to complete. You will receive separate guidance about declaring interests at meetings during the induction programme.

Disclosable Pecuniary Interests

5. There are 7 categories of pecuniary interests that you must disclose in the register. Detailed information is provided on the notification form but the general headings are as follows :
 - Employment - your employment, office, trade, profession or vocation
 - Sponsorship - details of any sponsorship you received towards your election or in carrying out your duties as a councillor
 - Contracts - any contracts with the Council
 - Land - your land ownership or interests in land within the Council's area
 - Licences - any licences of land in the Council's area
 - Corporate Tenancies - any interest in tenancies with the Council
 - Securities – stocks and shares in businesses with a place of business or land in the Council's area
6. The Localism Act defines a disclosable pecuniary interest to include your own interests AND the interests of your spouse or civil partner, a person with whom you are living as husband and wife or with whom who are living as if you were civil partners. This is why the form requires you to disclose information under the heading "Your spouse or partner" in

each category. However, you are only required to disclose any pecuniary interests which you are aware that your spouse or partner have.

7. The Act makes it an offence to provide information which is false or misleading or be reckless as to whether the information is true and not misleading. Failure to comply can lead to prosecution and disqualification. Therefore it is vital that you complete the information on these 7 categories of pecuniary interests as fully and accurately as possible. If you have no interest under a particular category please put "None" in the appropriate space.

Personal Interests under the Code of Conduct

8. The Council's code of conduct requires you to disclose certain personal interests in the public register to ensure transparency in the Council's decision-making processes. There are 5 categories of personal interests under the following headings:
 - Appointments to Outside Bodies – bodies to which you are appointed or nominated by the Council
 - Public Bodies – bodies exercising public functions of which you are a member or in a position of general control or management
 - Charitable Bodies – bodies directed to charitable purposes of which you are a member or in a position of general control or management
 - Pressure Group and Political Parties – bodies who seek to influence public opinion or policy including any political party or trade union of which you are a member or in a position of general control or management
 - Gifts and Hospitality – any person from whom you have received a gift or hospitality worth more than £50 by virtue of your office as a councillor
9. Unlike pecuniary interests your spouse or partner's personal interests DO NOT need to be disclosed. It is just your own personal interests. If you fail to disclose any of these interests you will be in breach of the code of conduct, could be liable to a complaint under the Council's formal complaints procedure and an investigation by the monitoring officer.

Sensitive Interests

10. The Localism Act provides an exception to the requirement for your pecuniary or personal interests to be disclosed on the public register where the nature of the interest is such, that the monitoring officer considers disclosure could lead to you, or a person connected with you, being subject to violence or intimidation. If you consider that you have an interest that qualifies under this exception you will need to inform the monitoring officer in writing when you return your form and give details of why your interest is sensitive.

Completing the Notification Form

11. The form includes explanatory notes about the information you need to include under each category of interest. A glossary of words and definitions is also appended. Please sign and date the form before returning it to the monitoring officer.

Monitoring Officer Contact Details

12. If you have any queries about what you need to disclose or how to complete your notification form please contact the monitoring officer Joanna Swift or one of her deputies, Sue Markham and Anna Dell. Their contact details are as follows:

Joanna Swift - Head of Legal & Democratic Services

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

Email: jswift@chiltern.gov.uk

Tel: 01494 732761

Mob: 07595 087093

Sue Markham – Principal Solicitor

Email: sue.markham@southbucks.gov.uk

Tel: 01895 837326

Anna Dell - Principal Solicitor

Email: anna.dell@southbucks.gov.uk

Tel: 01895 837232

CHILTERN DISTRICT COUNCIL**REGISTER OF MEMBERS' INTERESTS****GENERAL NOTICE OF REGISTRABLE INTERESTS**

I, (full name) (Please print)

a Member of (authority)

Chiltern District Council

PART 1 – Disclosable Pecuniary Interests

| 1. Employment, office, trade, profession or vocation | |
|--|----------------|
| Any employment, office, trade, profession or vocation carried on for profit or gain. State the name of your employer/company and job title | Member |
| | Spouse/partner |
| 2. Sponsorship | |
| Any payment or provision of any other financial benefit (other than from the Council) made or provided within the last 12 months in respect of any expenses incurred in carrying out your duties as a member or towards your election expenses State the name the body making the payment Note: This includes any payment or financial benefit from a Trade Union | Member |
| | Spouse/partner |

Classification: OFFICIAL

| 3. Contracts | |
|--|----------------|
| <p>Any contract (which has not been fully discharged) for the provisions of goods, services or the execution of works made between the Council and you or a firm in which you are a partner, a company of which you are a remunerated director or a company in whose securities you have a beneficial interest.</p> <p>Give a description of the contract</p> | Member |
| | Spouse/partner |
| 4. Land | |
| <p>Any land in the Council's area in which you have a beneficial interest. This will include your place of residence if you own or rent it and it is within the Council's area. It also includes any property from which you receive rent, or of which you are the mortgagee.</p> <p>Give the address/description of the land</p> | Member |
| | Spouse/partner |
| 5. Licences | |
| <p>Any land in the Council's area for which you have a licence (alone or jointly with others) to occupy for a month or longer. This will include any allotments that you use.</p> <p>Give the address/description of the land</p> | Member |
| | Spouse/partner |

Classification: OFFICIAL

| 6. Corporate Tenancies | |
|--|----------------|
| <p>Any tenancy where to your knowledge the landlord is the Council and the tenant is a body in which you are a partner, a company of which you are a remunerated director or a company in whose securities you have a beneficial interest.</p> <p>Give a description of the tenancy</p> | Member |
| | Spouse/partner |
| 7. Securities | |
| <p>A body who to your knowledge has a place of business or land in the Council's area, and in whom you have a beneficial interest in a class of securities that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital of that body or if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you have a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p> <p>List the names of any companies, industrial and provident societies or other bodies corporate that (to your knowledge) are active in the Council's area.</p> <p>You do not need to state the extent of your interest.</p> | Member |
| | Spouse/partner |

Classification: OFFICIAL

PART 2 – Other Personal Interests

You are only required to disclose your own personal interests under the headings listed below.
Please state “none” where appropriate

| 8. Membership of other bodies | |
|---|--|
| <p>8.1 Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the Council.</p> <p>Note: These will be need to be added after Annual Council</p> <p>Give the names of the body/ies</p> | |
| <p>8.2 Any body exercising functions of a public nature of which you are a member or in a position of general control or management. This will include other local authorities of which you are a member. It also includes government agencies, public health bodies, council-owned companies and school governorships</p> <p>Give the names of the body/ies</p> | |
| <p>8.3 Any body directed to charitable purposes of which you are a member or in a position of general control or management. This will include membership of any registered charities such as Rotary or Lions. Membership of masonic organisations which are registered charities with the Charities Commission will also fall within this category.</p> <p>Give the names of the body/ies</p> | |
| <p>8.4 Any body one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management. This will include any lobby group, local pressure group or resident’s association,</p> <p>Give the names of the body/ies</p> | |

Classification: OFFICIAL

9. Disclosure of Gifts and Hospitality

Any person from whom you have received a gift or hospitality worth more than an estimated value of £50 which you have received by virtue of your office – including brief details of the gift/hospitality received.

| Date of receipt of Gift/ Hospitality | Name of Donor | Reason and Nature of Gift/Hospitality |
|---|----------------------|--|
| | | |
| | | |
| | | |

Dated:

Signed:

Glossary of Words and Definitions

“beneficial interest” is one where the owner of the interest is entitled to benefit from the asset concerned. Such an interest can arise directly through the legal ownership of an asset or indirectly where you are the beneficiary of a trust. It excludes those who hold assets under a trust **but are not beneficiaries** of that trust.

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

‘Disclosable Pecuniary Interest’ as a pecuniary interest of a description which is specified in regulations made by the Secretary of State and which is either an interest of the Member’s or an interest of Member’s spouse or civil partner, a person with whom the Member is living as husband and wife or a person with whom the Member is living as if they were civil partners, and the Member is aware that the other person has the interest.

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“member” includes a co-opted member;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

the “nominal value” of shares is usually the face value on the share certificate when issued (in contrast to the “market value” which can often be considerably more but may be less)

PROTOCOL BETWEEN BUCKINGHAMSHIRE MONITORING OFFICERS AND THAMES VALLEY POLICE

Purpose

To agree a protocol for the reporting of potential criminal offences arising under Section 34 of the Localism Act 2011 concerning the registration and/or disclosure of Disclosable Pecuniary Interests (DPIs) (as defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

1. In the event that the Monitoring Officer receives a complaint regarding a potential DPI offence they will undertake an initial assessment of the allegation for the following matters:-
 - Has the alleged offence been committed in the last 3 years?
 - Is the Member concerned subject to the Localism Act?
 - The proportionality of conducting a criminal investigation rather than a code of conduct investigation for the alleged offence
2. Following completion of the above assessment the Monitoring Officer will make immediate contact with Thames Valley Police through the nominated single point of contact (see Appendix B for named Police contact) and undertake an initial assessment.
3. Similarly if Thames Valley Police receive a complaint from a member of the public they will inform the relevant Monitoring Officer of the receipt of that complaint (each authority will be responsible for providing up to date contact details of their appointed Monitoring Officer from time to time – see Appendix B for named Monitoring Officer contacts).
4. Thames Valley Police will register the complaint and conduct an initial assessment of the complaint but may approach the relevant Monitoring Officer for background information on the complaint.
5. If Thames Valley Police decide not to prosecute the matter they will normally pass the relevant evidence to the relevant Monitoring Officer so that consideration can be given to a Code of Conduct breach being pursued. In the event that the relevant Council decides to pursue a Code of Conduct breach they will inform Thames Valley Police of their decision.
6. Both the relevant Monitoring Officer and Thames Valley Police will endeavour to keep complainants regularly updated as to the progress of complaints.

Signed on behalf of Thames Valley Police:

Signed on behalf of Chiltern District Council:

Signed on behalf of South Bucks District Council:

Signed on behalf of Aylesbury Vale District Council:

Signed on behalf of Wycombe District Council:

NB: A signed version is retained by Legal Services. Signed and dated by all parties as of 2017.

Appendix A – Extracts from Localism Act 2011

30 Disclosure of pecuniary interests on taking office

1. A member or co-opted member of a relevant authority must, before the end of 28 days beginning with the day on which the person becomes a member or co-opted member of the authority, notify the authority's monitoring officer of any disclosable pecuniary interests which the person has at the time when the notification is given.
2. Where a person becomes a member or co-opted member of a relevant authority as a result of re-election or re-appointment, subsection (1) applies only as regards disclosable pecuniary interests not entered in the authority's register when the notification is given.
3. For the purposes of this Chapter, a pecuniary interest is a "disclosable pecuniary interest" in relation to a person ("M") if it is of a description specified in regulations made by the Secretary of State and either:
 - a) It is an interest of M's; or
 - b) It is an interest of:
 - i) M's spouse or civil partner;
 - ii) a person with whom M is living as husband and wife; or
 - iii) a person with whom M is living as if they were civil partners, and M is aware that that other person has the interest.
4. Where a member or co-opted member of a relevant authority gives a notification for the purposes of subsection (1), the authority's monitoring officer is to cause the interests notified to be entered in the authority's register (whether or not they are disclosable pecuniary interests).

31 Pecuniary interests in matters considered at meetings or by a single member

1. Subsections (2) to (4) apply if a member or co-opted member of a relevant authority:
 - a) Is present at a meeting of the authority or of any committee, sub-committee, joint committee or joint sub-committee of the authority;
 - b) Has a disclosable pecuniary interest in any matter to be considered, or being considered, at the meeting; and
 - c) Is aware that the condition in paragraph (b) is met.
2. If the interest is not entered in the authority's register, the member or co-opted member must disclose the interest to the meeting, but this is subject to section 32(3).
3. If the interest is not entered in the authority's register and is not the subject of a pending notification, the member or co-opted member must notify the authority's monitoring officer of the interest before the end of 28 days beginning with the date of the disclosure.
4. The member or co-opted member may not:
 - a) Participate, or participate further, in any discussion of the matter at the meeting; or
 - b) Participate in any vote, or further vote, taken on the matter at the meeting;
 but this is subject to section 33.
5. In the case of a relevant authority to which Part 1A of the Local Government Act 2000 applies and which is operating executive arrangements, the reference in subsection (1)(a) to a committee of the authority includes a reference to the authority's executive and a reference to a committee of the executive.

6. Subsections (7) and (8) apply if:
 - a) A function of a relevant authority may be discharged by a member of the authority acting alone;
 - b) The member has a disclosable pecuniary interest in any matter to be dealt with, or being dealt with, by the member in the course of discharging that function; and
 - c) The member is aware that the condition in paragraph (b) is met.
7. If the interest is not entered in the authority's register and is not the subject of a pending notification, the member must notify the authority's monitoring officer of the interest before the end of 28 days beginning with the date when the member becomes aware that the condition in subsection (6)(b) is met in relation to the matter.
8. The member must not take any steps, or any further steps, in relation to the matter (except for the purpose of enabling the matter to be dealt with otherwise than by the member).
9. Where a member or co-opted member of a relevant authority gives a notification for the purposes of subsection (3) or (7), the authority's monitoring officer is to cause the interest notified to be entered in the authority's register (whether or not it is a disclosable pecuniary interest).
10. Standing orders of a relevant authority may provide for the exclusion of a member or co-opted member of the authority from a meeting while any discussion or vote takes place in which, as a result of the operation of subsection (4), the member or co-opted member may not participate.
11. For the purpose of this section, an interest is "subject to a pending notification" if:
 - a) Under this section or section 30, the interest has been notified to a relevant authority's monitoring officer; but
 - b) Has not been entered in the authority's register in consequence of that notification.

32 Sensitive interests

1. Subsections (2) and (3) apply where:
 - a) A member or co-opted member of a relevant authority has an interest (whether or not a disclosable pecuniary interest); and
 - b) The nature of the interest is such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.
2. If the interest is entered in the authority's register, copies of the register that are made available for inspection, and any published version of the register, must not include details of the interest (but may state that the member or co-opted member has an interest the details of which are withheld under this subsection).
3. If section 31(2) applies in relation to the interest, that provision is to be read as requiring the member or co-opted member to disclose not the interest but merely the fact that the member or co-opted member has a disclosable pecuniary interest in the matter concerned.

33 Dispensations from section 31(4)

1. A relevant authority may, on a written request made to the proper officer of the authority by a member or co-opted member of the authority, grant a dispensation relieving the member or co-

opted member from either or both of the restrictions in section 31(4) in cases described in the dispensation.

2. A relevant authority may grant a dispensation under this section only if, after having had regard to all relevant circumstances, the authority:
 - a) Considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business;
 - b) Considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business;
 - c) Considers that granting the dispensation is in the interests of persons living in the authority's area;
 - d) If it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive; or
 - e) Considers that it is otherwise appropriate to grant a dispensation.
3. A dispensation under this section must specify the period for which it has effect, and the period specified may not exceed four years.
4. Section 31(4) does not apply in relation to anything done for the purpose of deciding whether to grant a dispensation under this section.

34 Offences

1. A person commits an offence if, without reasonable excuse, the person:
 - a) Fails to comply with an obligation imposed on the person by section 30(1) or 31(2), (3) or (7);
 - b) Participates in any discussion or vote in contravention of section 31(4); or
 - c) Takes any steps in contravention of section 31(8).
2. A person commits an offence if under section 30(1) or 31(2), (3) or (7) the person provides information that is false or misleading and the person:
 - a) Knows that the information is false or misleading; or
 - b) Is reckless as to whether the information is true and not misleading.
3. A person who is guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale.
4. A court dealing with a person for an offence under this section may (in addition to any other power exercisable in the person's case) by order disqualify the person, for a period not exceeding five years, for being or becoming (by election or otherwise) a member or co-opted member of the relevant authority in question or any other relevant authority.
5. A prosecution for an offence under this section is not to be instituted except by or on behalf of the Director of Public Prosecutions.
6. Proceedings for an offence under this section may be brought within a period of 12 months beginning with the date on which evidence sufficient in the opinion of the prosecutor to warrant the proceedings came to the prosecutor's knowledge.
7. But no such proceedings may be brought more than three years:

- a) After the commission of the offence; or
 - b) In the case of a continuous contravention, after the last date on which the offence was committed.
8. A certificate signed by the prosecutor and stating the date on which such evidence came to the prosecutor's knowledge is conclusive evidence of that fact; and a certificate to that effect and purporting to be so signed is to be treated as being so signed unless the contrary is proved.
9. The Local Government Act 1972 is amended as follows.
10. In section 86(1)(b) (authority to declare vacancy where member becomes disqualified otherwise than in certain cases) after "2000" insert "or section 34 of the Localism Act 2011".
11. In section 87(1)(ee) (date of casual vacancies):
- a) After "2000" insert "or section 34 of the Localism Act 2011 or"; and
 - b) After "decision" insert "or order".
12. The Greater London Authority Act 1999 is amended as follows.
13. In each of sections 7(b) and 14(b) (Authority to declare vacancy where Assembly member or Mayor becomes disqualified otherwise than in certain cases) after sub -paragraph (i) insert:
"(ia) under section 34 of the Localism Act 2011".
14. In section 9(1)(f) (date of casual vacancies):
- a) Before "or by virtue of" insert "or section 34 of the Localism Act 2011"; and
 - b) After "that Act" insert "of 1998 or that section".

Appendix B – Monitoring Officer/Police Contacts

Thames Valley Police

Detective Inspector Gavin Tyrell
Economic Crime Unit
Email: gavin.tyrell@thamesvalley.pnn.police.uk
Tel: 01189 181800

Chiltern and South Bucks District Councils

Joanna Swift
Email: monitoringofficer@chiltern.gov.uk
monitoringofficer@southbucks.gov.uk

Tel: 01494 732761

Aylesbury Vale District Council

Iffy Ali
Email: iali@aylesburyvaledc.gov.uk
Tel: 01296 585024

Wycombe District Council

Julie Openshaw
Email: julie.openshaw@wycombe.gov.uk
Tel: 01494 421252

| | |
|----------------------------|--|
| SUBJECT: | Committee on Standards in Public Life Annual Report |
| REPORT OF: | Monitoring Officer |
| RESPONSIBLE OFFICER | Joanna Swift Head of Legal and Democratic Services and Monitoring Officer |
| REPORT AUTHOR | Joanna Swift : jswift@chiltern.gov.uk Tel : 01494 732761 |
| WARD/S AFFECTED | None |

1. Purpose of Report

This report draws members' attention to the Committee for Standards in Public Life (CSPL) Annual Report for 2016-17 and it's Forward Plan for the coming year.

RECOMMENDATION

That the report is noted and members consider whether they wish to submit a formal response to the CSPL's forthcoming consultation on local government standards.

2. Reasons for Recommendations

Awareness of the work undertaken by the CSPL in the area of standards and ethics supports the Committee's general responsibility to promote and maintain high standards of conduct.

3. Content of Report

- 3.1 The Committee on Standards in Public Life (CSPL) is an independent advisory, non-departmental body which advises the Prime Minister on ethical standards across the whole of public life in England. It monitors and reports on issues relating to the standards of conduct of all public office holders including members of local authorities.
- 3.2 The CSPL publishes an annual report and an extract from its 2016 -17 Report entitled "Setting the Standard" is attached as an Appendix. This contains the Forward by the Chairman, an overview of work undertaken during the year and the Forward Plan for 2017-18. The full document is available on the CSPL website at:
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/626271/Setting the Standard - Strategic Plan Annual Report 2016-17 Forward Plan 2017-18.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/626271/Setting_the_Standard_-_Strategic_Plan_Annual_Report_2016-17_Fwd_Plan_2017-18.pdf)
- 3.3 In relation to local government standards the CSPL maintains a watching brief and regularly receives correspondence on the issue. In 2016-17 they started to engage with key stake holders in identifying areas of concern surrounding the conduct of elected and co-opted local authority members. In March 2017 the CSPL submitted evidence to the Commons Communities and Local Government Select Committee on local government scrutiny, drawing attention to findings from their 2015 report Tone from the Top - Leadership, ethics and accountability in policing. This submission set out how accountability is seen as an

essential element in creating a culture where high standards of behaviour are the norm. In particular the report emphasised the importance of effective independent scrutiny in between the four-yearly elections cycle to maintain accountability. The CSPL encouraged the new Communities and Local Government Select Committee to take up this issue in the new Parliament.

- 3.4 In 2013 the CSPL published a report called "Standards Matter" which outlined concerns about the issues that could arise in local government standards following the Localism Act 2011 and commented that: "The new, slimmed down arrangements have yet to prove themselves sufficient for their purpose. We have considerable doubt that they will succeed in doing so and intend to monitor the situation closely". As set out in their Forward Plan the CSPL intend to undertake a review of local government standards during 2017-18 starting with a public consultation early in 2018. Based on the submissions to this review and meetings with key stakeholders, the Committee intends to publish their findings and recommendations in 2018. Members are invited to consider whether they would wish to make a formal submission.

4. Consultation

Not applicable at this stage

5. Options

The Committee has the option not to engage with the CSPL consultation.

6. Corporate Implications

Financial – None

Legal – None

Risks issues – Not applicable.

Equalities - None

7. Links to Council Policy Objectives

Whilst there are no direct links to the main policy objectives, the Council has a duty under the Localism Act to promote and maintain high standards of conduct.

8. Next Steps

A further report would be brought to the Committee once the consultation period opens in 2018

| | |
|---------------------------|--|
| Background Papers: | None except those referred to in the report. |
|---------------------------|--|

**Committee on
Standards
in Public Life**

Setting the Standard

Strategic Plan

Annual Report 2016-17

Forward Plan 2017-18

THE SEVEN PRINCIPLES OF PUBLIC LIFE

The Seven Principles of Public Life apply to anyone who works as a public office holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office holders are servants of the public and stewards of public resources. The Principles also apply to all those in other sectors delivering public services.

SELFLESSNESS

Holders of public office should act solely in terms of the public interest.

INTEGRITY

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

OBJECTIVITY

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

ACCOUNTABILITY

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

OPENNESS

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

HONESTY

Holders of public office should be truthful.

LEADERSHIP

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The Seven Principles were established in the Committee's First Report in 1995, the accompanying descriptors were revised following a review in the [Fourteenth Report](#), published in January 2013.

Foreword

I am delighted to present the Committee on Standards in Public Life's Strategic Plan, Annual Report 2016-2017, and Forward Plan 2017-18. In this document the Committee sets out its purpose and focus, and identifies our strategic objectives and how we intend to achieve them.

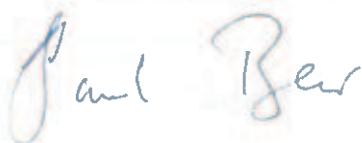
Since its creation in 1994, the Committee has made recommendations for reform to uphold the highest standards of ethical conduct across public life. These recommendations shape how we talk and think about ethical standards: the Seven Nolan Principles are the widely accepted cornerstone of ethical standards for people working across all areas of public life.

The purposes of the Committee are clear: we examine areas of concern about the standards of conduct of public office holders and promote the highest standards of conduct across public life. To fulfil this remit, we develop well-argued, evidence-based, practical recommendations to help bolster ethical standards. We undertake tailored and substantial research projects focused on addressing particular areas of public life. We are also alert, proactively identifying and responding to emerging ethical risks, and listening to the public and a wide range of organisations to remain responsive to emerging risks in standards.

In 2016-17, we considered issues across public life from regulatory bodies to referendums, and party funding to induction for new MPs, to reinforce the importance of the Nolan Principles and emphasise their relevance in fast-changing times. In September 2016 we launched our report on regulators, *Striking the Balance - Upholding the Seven Principles of Public Life in Regulation*. In 2017-18 we will publish the findings of our current review on 'reasonable limits' for MPs' outside interests, and work with a wide range of audiences to address other standards issues.

The new Parliament provides an opportunity for everyone in public life to reflect on their standards of conduct, both what they do well and what can be improved. As the process of negotiating and scrutinising the UK's departure from the EU begins, honesty and integrity in political discourse has never been more important. We call on all public office holders to consider how they can incorporate the Seven Principles into their daily work to promote public trust and confidence as we face the challenges ahead.

Finally, I extend my warmest thanks to our departing Committee members. Dame Angela Watkinson DBE and Richard Thomas CBE have both made invaluable contributions to the Committee. Richard's contribution to *Striking the Balance* in particular was fundamental to the report's success. Their insightful and thoughtful contributions to our work will be sorely missed and we wish them both well in their future endeavours.



Lord Bew

Chair

CSPL

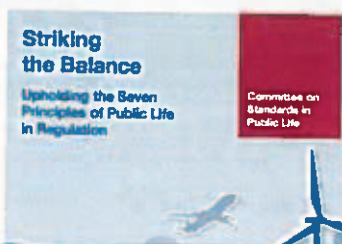
Year in Review

August 2016

We publish research by Dr Michael Pinto-Duschinsky on **party funding** expenditure from 2011 to 2016.

September 2016

We launch our report on regulators - **Striking the Balance: Upholding the Seven Principles of Public Life in Regulation**, which identifies a series of 'best practice' benchmarks for regulators and makes recommendations to the government.



Jane Ramsey joins the Committee.

October 2016

We submit evidence to the Independent Parliamentary Standards Authority's review of the **MPs' Scheme of Business Costs and Expenses**.

November 2016

The Committee hosts a seminar on the **conduct of referendums**, which brings together a range of interested stakeholders from politics, the media, regulators and academia.



Lord Bew presents the research commissioned by the Committee into **party funding** in the House of Lords.

December 2016

The Rt Hon Lord Stunell OBE joins the Committee as the Liberal Democrat member.

January 2017

Working paper on the **conduct of referendums** is published on our website, along with video footage of the event.

Dr Jane Martin CBE joins the Committee.

February 2017

We issue our follow-up survey on the **Striking the Balance** report to regulatory bodies.

We hold meetings with **Public Service Providers**, as part of the follow-up research to our 2014 report and 2015 guidance.

March 2017

The Committee announces a short review on the subject of **MPs' Outside Interests**, and invites public submissions. The review is focused on the 'reasonable limits' for MPs' outside interests.



We make a submission to the Commons Culture, Media and Sport Committee's inquiry into the impact of 'fake news' on modern democracy.

April 2017

We consider the submissions made to our on-going short review on **MPs' Outside Interests**.



May 2017

The Committee does not make any public statements during the **pre-election period**.

June 2017

After the 2017 General Election, we deliver a session on the **Seven Principles** and maintaining ethical standards as part of the House Authorities' **induction for new MPs**.

4. Forward Plan 2017-18

- 4.1 As set out in the Strategic Plan, over the upcoming year we will work proactively on original research and reports, and reactively as standards issues arise in areas where the Committee maintains a watching brief.

Research and Reports

- 4.2 The areas in which we expect to act proactively in the coming year are:

MPs' Outside Interests

- 4.3 Following a high number of detailed and thoughtful submissions from members of the public and other interested stakeholders, we will be publishing the findings of our review on MPs' outside interests in late 2017.
- 4.4 The report on MPs' outside interests will be made publicly available on our [website](#), and we will be sending a copy of the report to the [Parliamentary Commissioner for Standards](#) and the [Commons Committee on Standards](#). These bodies are responsible for reviewing the Code of Conduct for MPs.

Local Government Standards

- 4.5 The Committee maintains a longstanding interest in local government standards, and regularly receives correspondence from members of the public expressing their concern about this issue. We were actively conducting research and engaging with partners on this subject throughout 2016-17, and we intend to undertake a review of local government standards during 2017-18.
- 4.6 This review will be based around a consultation that will be launched in early 2018. Based on the submissions to this review and meetings with key stakeholders, we intend to publish our findings and recommendations in 2018.

Public Service Providers

- 4.7 During 2016-17, we have been undertaking research to follow-up on our 2014 report and 2015 guidance on [ethical standards for providers of public services](#). This follow-up research has included meetings with relevant companies, government organisations and stakeholders, and a seminar with organisations representing service providers.
- 4.8 We will be publishing the findings from this follow-up research in late 2017, and will use this opportunity to raise awareness about the importance of ethical standards issues in the delivery of public services across all providers.

Impact of Social Media

- 4.9 Recognising the rapidly changing and developing nature of social and political communication and media in recent years, throughout 2017-18 we will look for opportunities to work collaboratively with partners to assess how these developments are shaping public life.

- 4.10 Engaging with others in this area will enable us to develop an understanding of how the changing nature of communications may influence social relations, and consider how this may influence how the Seven Principles are upheld across public life.

Watching Brief

- 4.11 We are committed to keeping abreast of standards issues before and while they are emerging, and respond as appropriate when standards issues arise. We are open to new ideas and suggestions on areas within the Committee's remit which we may seek to consider in the future. In particular, we will keep a watching brief on the following issues:

Party Funding

- 4.12 The Committee has been actively involved in debates on the funding of political parties, and will continue to remain engaged on this issue throughout 2017-18. In particular, we seek to emphasise the importance of pursuing a package of commonly-agreed small reforms, and we will be working to encourage the political parties to come together to reach some agreement on this.

Academies

- 4.13 Following our research on public service providers, we are increasingly aware of the issues surrounding conflicts of interests and good governance in academies. Therefore, we will be keeping a watching brief on this issue over the next year.

National Health Service

- 4.14 We will also be keeping a watching brief on the NHS, where we are aware of standards issues in terms of commissioning and good governance. Building on our work on providers of public services, we will be monitoring standards issues in the NHS over the coming year.

Conduct of Referendums

- 4.15 Following our seminar on the conduct of referendums in 2016, we will continue to keep a watching brief on how standards relating to the conduct of referendums and their campaigns may be improved in any future referendums.
- 4.16 We will be keeping abreast of issues in this area and working with our stakeholders to see what can be done in terms of ensuring that the Seven Principles are upheld, particularly with regard ensuring honest and truthful political debate.

| | |
|----------------------------|--|
| SUBJECT: | Subscription to Standards Exchange 2017 - 2018 |
| REPORT OF: | Monitoring Officer |
| RESPONSIBLE OFFICER | Joanna Swift |
| REPORT AUTHOR | Joanna Swift |
| WARD/S AFFECTED | None |

1. Purpose of Report

This report considers the continued subscription to the interactive on-line Standards Exchange web site provided and hosted by Hoey Ainscough Associates .

RECOMMENDATION

That the Council renew its membership of the Standards Exchange on-line service for the forthcoming year.

2. Reasons for Recommendations

Standards Exchange is the only independent source of information and training on local government standards issues currently available and continues to provide a valuable resource, particularly on training for Independent Persons, for a reasonably low annual subscription fee.

3. Content of Report

- 3.1 The Council has subscribed to this on-line service for local authorities on standards issues for the past 4 years. Members will recall that Standards Exchange provides an interactive forum, news on local and national standards issues, shares good practice, highlights events and provides training materials. The annual subscription fee is £300.
- 3.2 In the absence of the advice and guidance previously provided nationally by Standards for England, Standards Exchange continues to be the only website providing specialist independent assistance and guidance on standards issues. The monitoring officer has used precedents published on Standards Exchange and together with the Independent Persons, taken advantage of their reasonably-priced training events tailored specifically for local government, including the annual Monitoring Officer's Conference and Independent Persons training. The on-line Forum also provides a useful opportunity to receive and share best practice.

4. Consultation

Not applicable

5. Options

The Council has the option of cancelling the subscription to Standards Exchange and making a small financial saving or renewing for a further year.

6. Corporate Implications

Financial – The cost of subscription for 1 year is £300

Legal – As set out in the report

Risks issues – None

Equalities - None

7. Links to Council Policy Objectives

There is no direct link to the Council's objectives but the Council has a statutory obligation to adopt a maintain high standards of conduct amongst it's members and this subscription supports that objective.

8. Next Steps

The monitoring officer will arrange for the subscription to be renewed.

| | |
|-------------------|------|
| Background | None |
| Papers: | |

CHILTERN DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

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



Chiltern District Council

Page 47

Internal Audit Progress Report 2017/18

Audit and Standards Committee – 27 September 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 5 September 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

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the years 2016/17 and 2017/18. 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* |
| 2016/17 | | | | | | | | |
| Crematorium – New Administration System | Reasonable | 19/05/17 | 18/07/17 | 20/07/17 | - | - | 4 | 2 |
| Contractor – Health and Safety Arrangements | Reasonable | 17/05/17 | 12/07/17 | 14/07/17 | - | 1 | 2 | 2 |
| ICT – Controls over Access to the Internet | Substantial | 03/05/17 | 03/07/17 | 04/07/17 | - | 1 | - | - |
| ICT – Information Risk Management Arrangements | Reasonable | 04/05/17 | 03/07/17 | 04/07/17 | - | 2 | 2 | - |
| ICT – Network Convergence Programme Arrangements | Substantial | 08/05/17 | 03/07/17 | 04/07/17 | - | - | - | 1 |
| ICT – Mobile/Agile Working | Substantial | 04/05/17 | 03/07/17 | 04/07/17 | - | 1 | - | - |
| 2017/18 | | | | | | | | |

| | | | | | | | | |
|----------------------------|-------------|----------|----------|----------|---|---|---|---|
| Complaints and Compliments | Substantial | 26/07/17 | 14/08/17 | 15/08/17 | - | - | 1 | - |
| Disabled Facilities Grant | Substantial | 30/06/17 | 03/07/17 | 04/07/17 | - | - | - | - |
| Expenses | Substantial | 05/07/17 | 06/07/17 | 07/07/17 | - | - | - | 1 |
| Crematorium | Reasonable | 04/07/17 | 12/07/17 | 14/07/17 | - | 1 | 1 | - |
| Temporary Accommodation | Reasonable | 17/08/17 | 21/08/17 | 21/08/17 | - | 3 | 6 | 2 |

CHANGES TO THE ANNUAL PLAN 2017/18

6. The following changes have been made to the audit plan for 2017/18
- Temporary Accommodation – an additional 9 days to allow for additional work to be undertaken for this audit.
 - Risk Management Assistance – an additional 5 days to allow risk workshops to take place during the year.
 - Waste – Health and Safety – an additional 10 day audit

ICT Audits 2017/18

Following discussions with the Director of Resources and the Head of Business Support, it was agreed that the audit plan should be split into three key areas and within those areas that audit inputs should focus on the immediate issue and risks. The areas are:-

- Technical (ICT) activities;
- ICT Investments; and
- Information governance and management.

The auditable areas will also utilise the joint business strategy for ICT ‘Joint Working’ to inform the audit work to be undertaken and the timings. It was also agreed that other assurance sources would be taken into account when developing audit activity, such as PSN accreditation. This approach ensures that the IT audit input works across both Councils and also focuses on both ICT activities and also the relevant business areas.

Using the above guidelines, for 2017-18, the following ICT audit work is proposed.

| Audit | Outline Scope | Days | Priority (indicative Timing) |
|---|--|-----------|------------------------------|
| 1. Technical Areas (network infrastructure and associated activities including being fit for purpose and resilient) | | | |
| Network Controls | A review of the operating controls over the network infrastructure, including password strength at Active Directory level to provide assurance that the PSN requirements are being met. | 7 | Q2 |
| Telecomms | A review of the communications provision following the move to a new provider to evaluate the Wi-Fi and the wider WAN replacement. | 7 | Q3/4 |
| 2. ICT Investment / projects (including benefits achievement and determining whether the expected value is being realised in the business) | | | |
| Mobile / agile working | A review to identify that the pilot has completed successfully and a model is in place to roll-out to the rest of the business, and that benefits realisation is properly quantified and measured. This review may also include an element of identifying that HR policies, procedures and guidance have been reviewed in light of changes of working practice and staff performance management. | 7 | Q4 |
| 3. Information Governance and Management (including information risk management, data ownership and management, structures and use of information) | | | |
| Information and data storage | A follow up review of the manual and electronic data storage / structure mechanisms including the procedures for managing physical information and also that progress is being made on the identification and rationalisation of electronic data storage. | 3 | Q2 |
| Total | | 24 | |

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 but has been delayed due to staff absence until October/November 2017 on "Risk Management in a Changing Environment" for all middle managers. This is being incorporated into the current personnel training programme for staff.

DISCLAIMER




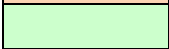
12. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements 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 2017/18

| System | Planned Quarter | Days | Current Status | Comments |
|-------------------------------------|-----------------|------|---------------------------------|--|
| Governance – Gifts and Hospitality | 1 | 8 | Draft report issued July 2017 | |
| Disable Facilities Grants | 1 | 5 | Final report issued July 2017 | |
| Cemeteries | 1 | 8 | Audit has commenced | In Progress |
| Harmonised Policies and Procedures | 1 | 8 | Draft report issued June 2017 | |
| iTrent Payroll System (HR Module) | 1 | 6 | Draft report issued June 2017 | |
| Crematorium - Annual Internal Audit | 1 | 5 | Final report issued July 2017 | |
| Expenses | 1 | 8 | Final report issued July 2017 | |
| Ground Maintenance | 1 | 8 | Audit has commenced | In Progress |
| Risk Management | 1 | 8 | Audit postponed to quarter 3 | Audit delayed until after the risk workshops have been delivered |
| Complaints and Compliments | 2 | 6 | Final report issued August 2017 | |
| Temporary Accommodation | 2 | 18 | Final report issued August 2017 | |
| Absence Management | 2 | 8 | Planned start date 11/09/17 | |
| Purchase Cards | 2 | 8 | Audit has commenced | In Progress |
| Recruitment | 3 | 8 | Planned start date 04/12/17 | |
| Main Accounting | 3 | 7 | Planned start date 20/09/17 | |
| Payroll | 3 | 12 | Planned start date 08/01/18 | |
| Accounts Receivable (Debtors) | 3 | 9 | Planned start date 06/11/17 | |
| Accounts Payable (Creditors) | 3 | 9 | Planned start date 06/11/17 | |

| System | Planned Quarter | Days | Current Status | Comments |
|--|-----------------|------|-------------------------------------|-------------|
| Contracts | 3 | 10 | | |
| Information Governance/Data Quality | 3 | 8 | | |
| Data Protection | 3 | 8 | Audit has commenced | In progress |
| Business Continuity | 3 | 7 | | |
| Emergency Planning | 3 | 6 | Draft report being quality reviewed | |
| Benefits | 3 | 13 | | |
| Council Tax Support | 3 | 13 | | |
| Council Tax and NDR | 3 | 20 | Planned start date 04/12/17 | |
| Cash and Bank | 3 | 8 | Planned start date 20/11/17 | |
| Treasury Management | 3 | 8 | Planned start date 29/01/18 | |
| ICT – Network Controls | 2 | 7 | | |
| ICT - Telecomms | 3/4 | 7 | | |
| ICT – Mobile/Agile Working | 4 | 7 | | |
| ICT – Information and Data Storage | 2 | 3 | | |
| Waste Services (Chiltern, Wycombe and South Bucks) | 3 | 11 | | |
| Car Parking | 4 | 7 | | |
| Commercial Rents/Debt Recovery | 4 | 8 | Draft report issued August 2017 | |
| Crematorium - New Administration System | 4 | 5 | | |
| Follow up | | 10 | | |
| Risk Management Assistance | ongoing | 15 | | |

KEY:

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

Audits Finalised since last Audit Committee

Title of review: **Contractors Health and Safety**

Date issued: **July 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|---|----------|---|-------------------------------------|---------------------------------|
| 2 | Compliance | Since the last audit of this area, there has been considerable improvement in the obtaining of Contractor Health & Safety information and the storage of information. Sample testing of 20 contractors indicated that in the majority of cases, general Health and Safety documentation, up to date insurance policies and job specific information was available, and mostly in electronic form and stored on shared drives. However, there were still seven cases where documentation could not be located (including basic Health & Safety policies and/or insurance documentation), either electronically or hard copy. | Officers be reminded of the importance of gathering and appropriately storing all relevant contractor Health & Safety information prior to contractors starting work on site. | 2 | Agreed – revised processes have now been implemented with all staff made aware. | Complete | Head of Environment |

Title of review: **ICT Controls over access to the Internet**

Date issued: **July 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-------------|---|---|----------|--|-------------------------------------|---------------------------------|
| 1 | Operational | At the time of our review, evidence of Netsweeper web filtering policies, patch status, administrative rights or appliance password security settings was not available as the Netsweeper utility is administered by a third party. | Management check that adequate security settings have been invoked on the Netsweeper system including web filtering policies, individual administration login credentials and adequate password security settings. Also that the Netsweeper appliance is patched up to date to address all known internet security threats. | 2 | <i>Accepted. Notice has been served on the current 3rd party supplier. Procurement is in progress to identify a new supplier.</i> | 30/11/17 | HoBS |

Title of review: **ICT Information Risk Management**

Date issued: **July 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-------------|---|--|----------|--|-------------------------------------|---------------------------------|
| 2 | Compliance | The inclusion of non-electronic information in the process for data management and storage. | A project identified to manage non-electronic information include storage, retention, logging of content and destruction processes. | 2 | <i>Following the work to eliminate off site storage, rationalise and reorganise on site procedures have been put in place to log and control access to non-electronic information, including retention and disposal processes.</i> | 31/05/17 | Facilities Manager |
| 3 | Operational | The prevalence of unstructured data being stored in personal files / folders. | A project to sweep the personal files / folders to identify and quantify the extent of unstructured data be started with a view to clearing file space and educating users to store documents appropriately. The use of a tool such as SharePoint document management be considered. | 2 | <i>This is something that is on the forward work programme for IGG. Staff do receive training on appropriate storage of documents in all formats. Audits have been taken to quantify the extent of unstructured data being stored on the network. The use of a tool such as SharePoint is being considered but will be a large project to implement.</i> | 31/03/19 | Head of Business Support |

Title of review: **ICT Mobile/Agile Working**

Date issued: **July 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|--|----------|--|---|---|
| 1 | Compliance | <p>Examination of the MobileIron device security policy confirmed that password and account lockout settings were invoked on all mobile devices:</p> <p>However, for user access to the MobileIron master console, audit testing disclosed that the system was administered via a single generic 'admin' account, which contravenes CES security guidelines and removes any accountability for changes to iPad security settings.</p> | <p>MobileIron system administrators be allocated individual and uniquely identifiable userids.</p> | 2 | <p><i>The ICT Service Desk Supervisor confirmed that MobileIron will only allow strong passwords and did not disclose the admin password during the audit.</i></p> <p><i>He confirmed that the admin id is being used generically and that individual admin equivalent ids will be created for all staff that requires access to the MobileIron console.</i></p> | <p><i>User id admin to be replaced by individual admin equivalent ids by 31.05.2017</i></p> <p><i>This has now been completed</i></p> | <p><i>ICT Service Desk Supervisor</i></p> |

Title of review: **Crematorium**

Date issued: **July 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|--|----------|---|-------------------------------------|---------------------------------|
| 1 | Compliance | Testing of a sample of 10 purchase orders indicated that on a number of occasions the amounts invoiced (and authorised) differed to the amounts raised on the corresponding purchase order. Whilst this is relatively common and acceptable within reasonable tolerance levels, the reason for the differences could not be identified by officers. | Invoices be scrutinised in all cases prior to authorisation to ensure that any differences between expected and actual amounts invoiced are correct and justified. | 2 | <p><i>When orders are raised especially for smaller items we do not always know what the cost will be – when we put £0 - or in other cases only know an approximate cost, and even for larger supplies/jobs there can be legitimate variations. There are also regular exceptions where it's not practical to raise an order, for example call outs for machinery/equipment breakdowns anything paid by direct debit, stationery for which orders with prices are placed on line, stone plaques and Wesley Media because there's such wide variation it's easier to check when the invoice is received.</i></p> <p><i>In future when there is a variation the reason will be noted on the copy order.</i></p> | 12/07/17 | Senior Administrator |

Title of review: **Temporary Accommodation**

Date issued: **August 2017**

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|--|----------|---|-------------------------------------|---------------------------------|
| 4 | Compliance | Sample testing highlighted a number of cases where there were gaps with SBDC monthly rent statements not being issued to clients. It was indicated that this was due to a period of absence of the Finance Manager, with resources not available to cover this process in their absence. | SBDC rent statements to be issued on a monthly basis in all cases in accordance with agreed procedures. Action to be taken to ensure that appropriate resources are in place to cover periods of absence of key officers involved in the recovery process. | 2 | <i>Agreed. Cover arrangements are now in place.</i> | <i>Implemented</i> | <i>Finance Manager</i> |
| 5 | Compliance | There is no clear guidance in place as to the escalation mechanisms and the point at which SBDC will evict clients for non-payment of rent contributions. This is a complex decision making process and requires balancing with the Council's legal duties towards the clients and the individual circumstances of each case. However, without any clear guidance on when eviction can occur the accommodation costs incurred by the Council will continue to escalate with little or no contributions being made by clients. | Guidance to be developed in relation to eviction of SBDC clients with rent arrears to ensure that accommodation costs do not escalate with little prospect of recovering contributions from clients. | 2 | <i>Agreed.</i> | <i>30/09/17</i> | <i>Housing Manager</i> |

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|------------|---|---|----------|---------------------|-------------------------------------|---------------------------------|
| 9 | Compliance | It was evident from reviewing the temporary accommodation processes that it is time consuming for all officers involved, particularly in relation to the South Bucks cost recovery process. Given the level of payments being recovered from clients, the costs incurred in recovering such payments should be subject to analysis to ensure that it is cost effective to pursue these debts. | Cost benefit analysis to be undertaken to ensure that it is cost effective to pursue B&B debts. | 2 | Agreed. | 30/09/17 | Head of Finance |



Chiltern & South Bucks District Councils

Page 63

Follow-up Review of 2016/17 Internal Audit Reports

2016/17

Item 11

Executive Summary

INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the priority 1, 2 and 3 recommendations arising from the internal audit reviews listed below at Chiltern & South Bucks District Councils, which had been finalised during 2016/17 (with a cut-off date of 15 May 2017). Unless otherwise specified, these were joint audit reviews for both Chiltern & South Bucks. This follow up review was carried out during May and June 2017.

Figure 1 – Reviews followed up

| Review | Year | Date of Final Report |
|-------------------------------------|---------|----------------------|
| Payroll | 2015/16 | 18 May 2016 |
| Cash & Bank | 2015/16 | 19 May 2016 |
| Housing: Section 106 | 2015/16 | 27 May 2016 |
| Data Protection | 2015/16 | 2 September 2016 |
| Network Transition | 2015/16 | 8 September 2016 |
| Updata Contract | 2015/16 | 16 September 2016 |
| Planning Enforcement (SBDC only) | 2015/16 | 21 September 2016 |
| Governance (Transparency Code) | 2015/16 | 27 September 2016 |
| Purchasing Cards | 2016/17 | 10 June 2016 |
| Disabled Facilities Grants | 2016/17 | 20 July 2016 |
| Information Governance/Data Quality | 2016/17 | 11 October 2016 |
| Licensing | 2016/17 | 13 October 2016 |

| Review | Year | Date of Final Report |
|---|---------|----------------------|
| Budgetary Control | 2016/17 | 28 October 2016 |
| Expenses | 2016/17 | 10 November 2016 |
| Environmental Health | 2016/17 | 14 December 2016 |
| Main Accounting | 2016/17 | 11 January 2017 |
| Energy Efficiency Grant | 2016/17 | 8 February 2017 |
| Debtors | 2016/17 | 13 February 2017 |
| Chiltern Crematorium (CDC only) | 2016/17 | 24 February 2017 |
| Payroll | 2016/17 | 24 February 2017 |
| Stock Control – South Buckinghamshire Golf Club (SBDC only) | 2016/17 | 2 March 2017 |
| Council Tax & NDR (CDC only) | 2016/17 | 16 March 2017 |
| Housing Benefits & Council Tax Support (CDC only) | 2016/17 | 18 March 2017 |
| Property & Asset Management | 2016/17 | 18 March 2017 |
| Housing Benefits & Council Tax Support (SBDC only) | 2016/17 | 21 March 2017 |
| Treasury Management Practices | 2016/17 | 27 March 2017 |
| Procurement | 2016/17 | 28 March 2017 |
| Governance | 2016/17 | 4 April 2017 |

| Review | Year | Date of Final Report |
|--|---------|----------------------|
| Car Parking Income | 2016/17 | 5 April 2017 |
| Health & Safety (internal arrangements) | 2016/17 | 5 April 2017 |
| Council Tax & NDR (SBDC only) | 2016/17 | 4 May 2017 |
| Fighting Fraud Locally: CIPFA checklist report | 2016/17 | 15 May 2017 |

KEY FINDINGS

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

| Evaluation | Number of Recommendations |
|-------------------------------------|---------------------------|
| Implemented | 40 |
| In Process of Being Implemented | 3 |
| Revised Target Date | 4 |
| Considered but not Implemented | - |
| Implementation Date not yet Reached | 15 |
| Not Implemented | - |

- Where recommendations are in the process of being implemented or have a revised target date, these will continue to be monitored during 2017/18. Details relating to the specific recommendations in these cases have been included in the Detailed Report section below.
- For the 40 recommendations that have been confirmed as implemented, no further action is necessary and specific details have not been included in this report. For the 15 recommendations which have not yet reached their implementation date, no action was required at this time and, as such, specific details have not been included in this report. These recommendations will continue to be periodically monitored during 2017/18 as they reach their intended implementation dates.

SCOPE AND LIMITATIONS OF THE REVIEW

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

RELEASE OF REPORT

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

| | |
|--|----------------------------|
| Date draft report issued: | 15 th June 2017 |
| Date management responses recd: | |
| Date final report issued: | |

Detailed Report

FOLLOW UP

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

Review: Housing: Section 106

From the review of the documentation and checks carried out the assessment is:

| | | | |
|--|---|--|---|
| Implemented | - | Considered but not Implemented | - |
| In Process of Being Implemented | 1 | Implementation Date not yet Reached | - |
| Revised Target Date | - | Not Implemented | - |

| | |
|--|--------------------|
| Recommendation: | Priority: 3 |
| Quarterly reports on section 106 financial contributions to be produced for CDC Cabinet in accordance with the provisions of the CDC Affordable Housing SPD. | |
| Action taken: In Process of Being Implemented. | |
| Audit Observation: It was confirmed by the Housing Manager that quarterly reporting to CDC Cabinet has not yet been fully implemented; updates have been reported informally to the CDC Affordable Housing Member Working Group which meets every 2 to 3 months and includes Cabinet Members. The Housing Manager has scheduled a report to be made to Cabinet on 19th September 2017 and will subsequently submit reports to the formal Cabinet on a quarterly basis if Members confirm that they wish to receive the reports on this basis. | |

Review: Data Protection

| From the review of the documentation and checks carried out the assessment is: | | | |
|--|---|--|---|
| Implemented | - | Considered but not Implemented | - |
| In Process of Being Implemented | 1 | Implementation Date not yet Reached | - |
| Revised Target Date | 2 | Not Implemented | - |

| Recommendation: | Priority: 2 |
|---|--------------------|
| The need for information sharing protocols between Chiltern and South Bucks Councils be investigated and addressed. | |
| Action taken: Revised Target Date – 28/02/18 | |
| Audit Observation: It was confirmed by the Corporate Information Manager that a data sharing conference is planned for February 2018 with a GDPR updated Bucks Overarching Data Sharing Protocol. | |

| Recommendation: | Priority: 2 |
|---|--------------------|
| Additional resource be identified for managing subject access requests as a backup or for managing peaks in this activity. | |
| Action taken: Revised Target Date – 22/06/18 | |
| Audit Observation: It was confirmed by the Corporate Information Manager that DSARS training will be developed post implementation of the GDPR and delivered to the IAAs thus corporately increasing the skill set. | |

| | |
|--|--------------------|
| Recommendation: | Priority: 3 |
| Data security and confidentiality training be made compulsory and be regularly (say annually) received with evidence of attendance maintained. | |
| Action taken: In Process of Being Implemented. | |
| Audit Observation: The joint policy for Data Protection (published on the intranet) stipulates that DP induction training is mandatory for all and annual refresher training takes place. HR have been reviewing software that keeps training record tracking. It was confirmed by the HR Manager that that they continue to work on developing the functionality of the existing Learning Pool software in order to allow for this facility but this requires several more months work. In the meantime attendance at DP will continue to be recorded on a spreadsheet. It is expected that the development of this functionality should be completed by the end of September 2017. | |

Review: Governance (Transparency Code)

| From the review of the documentation and checks carried out the assessment is: | | | |
|--|---|--|---|
| Implemented | - | Considered but not Implemented | - |
| In Process of Being Implemented | 1 | Implementation date not yet Reached | - |
| Revised Target Date | - | Not Implemented | - |

| | |
|---|--------------------|
| Recommendation: | Priority: 2 |
| <p>A web page specifically for the Transparency Code be developed by each council that lists all fifteen areas of the Code which either has links to other pages where the data can be found or explains why the data is not available.</p> | |
| <p>Action taken: In Process of Being Implemented.</p> | |
| <p>Audit Observation: It was confirmed by the Corporate Information Manager that work started on this process in June 2016. Trade Union data has been provided by HR and Customer Services are due to publish Fraud data in July 2017. Work is currently ongoing towards the 2016-2018 code. A finalised code has not produced by central government, therefore a target date is not possible to define currently.</p> | |

Review: Purchasing Cards

| From the review of the documentation and checks carried out the assessment is: | | | |
|--|----------|--|----------|
| Implemented | 3 | Considered but not Implemented | - |
| In Process of Being Implemented | - | Implementation Date not yet Reached | - |
| Revised Target Date | 2 | Not Implemented | - |

| | |
|---|--------------------|
| Recommendation: | Priority: 3 |
| Procedures relating to the use of purchase cards for expense items to be clarified. | |
| Action taken: | |
| Revised Target Date – 31/08/17 | |
| Audit Observation: | |
| It was confirmed by the Finance Manager that a report was taken to Management Team to stop the use of purchasing-cards for professional fees. Management Team did not accept the change and elected to keep the current process. Guidance will now be reviewed as a result. This will be reviewed again as part of the 2017/18 audit of this area. | |

| | |
|---|--------------------|
| Recommendation: | Priority: 3 |
| Consistent approach to be taken for payment of employee subscriptions to ensure that payments which constitute benefits in kind are identified so that they are recorded on staff P11d's. | |
| Action taken: | |
| Revised Target Date – 31/08/17 | |
| Audit Observation: | |
| It was confirmed by the Finance Manager that a report was taken to Management Team to stop the use of purchasing-cards for professional fees. Management Team did not accept the change and elected to keep the current process. Guidance will now be reviewed as a result. This will be reviewed again as part of the 2017/18 audit of this area. | |



Chiltern District Council

Page 73

**Internal Audit Comparison of Assurance Levels Report
2017/18**

Audit and Standards Committee – 27 September 2017

INTRODUCTION

1. The following report provides a comparison of assurance levels over time so that the Audit and Standards Committee can see any trends arising. This is particularly important given the prolonged austerity measures and the joint working arrangements which have been developed with South Bucks DC.

COMPARISON OF ASSURANCE LEVELS BETWEEN 2012/13 TO 2016/17

2. The comparison of the assurance levels between 2012/13 to 2016/17 are shown in table 1 below.

Table 1

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| Insurance | Substantial | - | - | | | |
| Housing Options | Substantial | - | - | | | |
| Gifts Hospitality Interests Expenses | Substantial | - | - | | | |
| Renovation/Community Grants | Substantial | - | - | Substantial | | |
| Data Quality | Substantial | Reasonable | - | | | |
| Risk Management | Substantial | Reasonable | - | Reasonable | | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|
| Creditors | Substantial | Reasonable | Substantial | Reasonable | Substantial | |
| ICT Uniform IT Application | Limited | - | - | | | |
| ICT Civica Open Revenues IT Application | Substantial | - | - | | | |
| ICT Mobile Computing/Working | Substantial | - | - | | Substantial | |
| Contracts | Substantial | Reasonable | - | Reasonable | | |
| Main Accounting | Substantial | Reasonable | Reasonable | Substantial | Substantial | |
| Treasury Management | Substantial | Substantial | Substantial | Substantial | | |
| NDR | Substantial | Substantial | Substantial | Reasonable | | Now combined with Council Tax |
| Payroll | Substantial | Reasonable | | | Substantial | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------------------|
| Council Tax and NDR (SBDC) | Substantial | Substantial | Substantial | Reasonable | Substantial | |
| Council Tax and NDR (CDC) | Substantial | Substantial | Substantial | Reasonable | Substantial | |
| Local Land Charges | Full | - | - | | | |
| Sundry Debtors | Substantial | Limited | Reasonable | Reasonable | Reasonable | |
| Housing and Council Tax Benefits | Substantial | Reasonable | Substantial | Substantial | Substantial | Now combined with Council Tax Support |
| Income Management | Substantial | - | - | | | |
| Managing the Risk of Fraud | Substantial | - | Reasonable | | | |
| Car Parking | Substantial | Substantial | Substantial | Substantial | Substantial | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| Corporate Governance | Substantial | - | Reasonable | Reasonable | Substantial | |
| Web Content Management System | Limited | - | - | | | |
| Budgetary Control | | Substantial | - | Substantial | Substantial | |
| Recruitment | | Substantial | - | | | |
| Joint Working | | Substantial | Reasonable | Substantial | | |
| Cash and Bank | | Substantial | Reasonable | Substantial | Substantial | |
| Council Tax Support | | Substantial | Substantial | | Substantial | |
| Environmental Health | | Reasonable | - | | Substantial | |
| Emergency Planning | | Reasonable | | | | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------|
| Integra | | Reasonable | - | | | |
| Cemeteries | | Reasonable | - | | | |
| Housing Section 106 | | Reasonable | - | Substantial | | |
| Waste Collection | | Reasonable | - | Substantial | | South Bucks only for 15/16 |
| Absence Management | | | Substantial | | | |
| Licensing | | | Reasonable | | Substantial | |
| Procurement | | | Reasonable | | Reasonable | |
| Health and Safety Contractor Arrangements | | | Reasonable | | Reasonable | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| Grounds Maintenance | | | Reasonable | | | |
| ICT Strategy, Policies and Procedures | | | Substantial | | | |
| ICT Changes Management | | | Substantial | | | |
| ICT & Information Risk Management | | | Reasonable | | Reasonable | |
| ICT Programme Management/Project Control | | | Substantial | Substantial | | |
| Building Control | | | | Reasonable | | |
| Housing Allocations/Homelessness | | | | Reasonable | | |
| Electoral Registration | | | | Substantial | | |
| Freedom of Information | | | | Reasonable | | |

| Audit Area | Assurance Level 2012/13 | Assurance Level 2013/14 | Assurance Level 2014/15 | Assurance Level 2015/16 | Assurance Level 2016/17 | Comment |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| ICT Data Protection | | | | Reasonable | | |
| ICT Updata | | | | Reasonable | | |
| Expenses | | | | | Reasonable | |
| Health and safety – Internal Arrangements | | | | | Reasonable | |
| ICT Access to the Internet | | | | | Substantial | |
| ICT Network Convergence Project | | | | | Substantial | |
| Information Governance | | | | | Substantial | |
| Leisure | | | | | Substantial | |
| Asset Management | | | | | Reasonable | |
| Purchasing Cards | | | | | Reasonable | |

3. **Summary of Assurance levels:**

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------|---------|---------|---------|---------|---------|
| Full | 1 | - | - | - | - |
| Substantial | 22 | 9 | 9 | 13 | 18 |
| Reasonable | N/A | 14 | 10 | 11 | 8 |
| Limited | 2 | 1 | - | - | - |

4. It should be noted that Deloitte undertook the 2012/13 audits and they did not use the assurance level “reasonable”. They also included “full” assurance which is not used by TIAA. At this time there is no indication that the overall control framework at Chiltern has significantly reduced as a result of the joint working with South Bucks Council and the transformation arising from the many service reviews. Further trends will be undertaken at the end of 2017/18 financial year.

Chiltern District Council
Audit results report

Year ended 31 March 2017



Building a better
working world

Private and Confidential

27 September 2017



Dear Audit and Standards Committee Members

We have completed our audit of Chiltern District Council for the year ended 31 March 2017.

We confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3 before the statutory deadline of 30 September 2017. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

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

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

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Andrew Brittain
Executive Director

For and on behalf of Ernst & Young LLP

United Kingdom

Contents

01 Error!
Reference
- source not
found.

02 Areas of
Audit Focus

03 Audit
Report

04 Audit
Differences



05 Value for
Money

06 Other
Reporting
Issues

07 Assessment
of Control
Environment

08 Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

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

The "Terms of Appointment (updated September 2015)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature..

This report is made solely to the Audit and Standards Committee, other members of the Authority and management of Chiltern DC in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Standards Committee, other members of the Authority and management of Chiltern DC those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Standards Committee, other members of the Authority and management of Chiltern DC for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.



Executive Summary

Overview of the audit

Page 86

Scope and materiality

In our Audit Plan presented to the 26 January 2017 Audit and Standards Committee meeting, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan. We made one change to the significant risks as set out in our audit plan. The Council's draft statement of account showed significant revaluation movements and we therefore identified this as a significant risk.

We planned our procedures using a materiality of £784,580. We reassessed this using the actual year-end figures, which has increased this amount to £995,100. The threshold for reporting audit differences has increased from £39,229 to £49,755. The basis of our assessment of materiality has remained consistent with prior years at 2% of gross revenue expenditure.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed a specific audit strategy for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. We applied a lower threshold for errors (£1,000) and any error that would affect the banding (where applicable to the note).
- Related party transactions, the accounting standard requires us to consider the disclosure from the point of materiality to either side of the transaction we therefore considered this on a case by case basis.
- Members' allowances, we applied a lower threshold for errors (£1,000).

Status of the audit

We have substantially completed our audit of Chiltern DC's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- completion of subsequent events review
- receipt of the signed management representation letter

We expect to issue the audit certificate at the same time as the audit opinion.

Item 13



Executive Summary

Objections – delete if not applicable

We have not received any objections to the 2016/17 accounts from members of the public.

Audit differences

There are no unadjusted or adjusted audit differences arising from our audit.

We identified a small number of minor audit disclosures which have been adjusted by management. None of them had an impact on the financial position.



Executive Summary

Executive summary (continued)

Areas of audit focus

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

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

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

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

Page 88

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we identified no significant risks.

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

Item 13



Executive Summary

Executive summary (continued)

Other reporting issues

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

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

Page 89

Control observations

We adopted a fully substantive approach, so have not tested the operation of controls. However, during the course of our work we have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements.

Independence

Please refer to Appendix B for our update on Independence.

Item 13





02 Areas of Audit Focus



Audit issues and approach: Revenue Recognition

Revenue Recognition

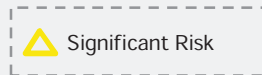
What are our conclusions?

Our testing has not identified any material misstatements from revenue and expenditure recognition.

Overall our audit work did not identify any material issues or unusual transactions to indicate any misreporting of the Authority's financial position.

What is the risk?

Risk of fraud in revenue recognition
Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In this public sector this requirement is modified by Practice Note 10, issued by the Financial Reporting council, which states that auditors should also consider the risk that material misstatements may occur by manipulating expenditure recognition.



What did we do?

We undertook the following:

- We tested a sample of accruals, prepayments and provisions to check whether they had been recorded at an appropriate value and in line with the Authority's recognition policies;
- We undertook cut off testing for income and expenditure to ensure that material amounts had not been omitted from the financial statements that related to 2016/17;
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;
- We reviewed capital expenditure on property, plant and equipment to ensure it had been correctly capitalised;
- We evaluated the business rationale for any significant unusual transactions; and
- We reviewed the following accounting estimates for evidence of management bias: pension valuations, provisions and creditor accruals.



Audit issues and approach: Management Override

Management override

What are our conclusions?

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

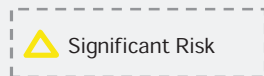
We have not identified any instances of inappropriate judgements being applied.

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

What is the risk?

Risk of management override

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



What did we do?

We undertook the following:

- Our testing of journal entries did not identify adjustments which fell outside the normal course of business. All journals tested have an appropriate business rationale.
- We reviewed accounting estimates for evidence of management bias. We undertook audit procedures on accruals, provisions and prepayments and did not identify any evidence of management override.
- We performed sample testing on additions to the property, plant and equipment balance and found that these items met the relevant accounting requirements to be capitalised.
- We performed sample testing on the existence and valuation of prepayments, the completeness and valuation of accruals and completeness of provisions and found no indication of management bias.



Audit issues and approach: Reliance on experts

Reliance on experts

Reliance on experts highlighted in the Audit Plan

We identified two areas in our Audit Plan where we place reliance on experts.

In accordance with Auditing Standards, we have evaluated each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We have also considered the work performed by the specialist in light of our knowledge of the Authority's environment and processes and our assessment of audit risk in the particular area. As part of this work we have performed the following procedures:

- ▶ analysed source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ assessed the reasonableness of the assumptions and methods used;
- ▶ considered the appropriateness of the timing of when the specialist carried out the work;
- ▶ assessed whether the substance of the specialist's findings are properly reflected in the financial statements.

We set out our findings in relation to the two specialists we have relied on below

Pension disclosures

We have assessed and are satisfied with the competency and objectivity of the actuary, Barnett Waddingham. EY pensions team and PwC (Consulting Actuary to the NAO) have reviewed the actuary's work. We challenged the significant movement in the actuarial valuation and found no indication of management bias in this estimate. We note that PwC as part of their central review reported that the discount rate applied by Barnett Waddingham falls outside the top end of their expected range. Our EY pensions team agree with this conclusion.

Although we can accept the disclosure in the 2016/17 accounts, the EY pensions team have concluded that: "the methodologies used to derive the discount rate and RPI inflation assumptions are not robust as they do not take adequate account of the specific duration of the scheme's liabilities. In future years, this could lead to unacceptable assumptions."

Property valuations

We have assessed and are satisfied with the competency and objectivity of the valuers, Wilks Head & Eve

We have undertaken appropriate audit procedures to verify and challenge critically the basis of valuation adopted by the valuer in relation to the Authority's assets, focusing in particular on specialist assets valued on a depreciated replacement costs basis. Our work in this area is concluded and we have not identified any issues that we need to report to you.



03 Audit Report



Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILTERN DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Chiltern District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement, and related notes 1 to 28, and
- Collection Fund and the related notes 1 to 2.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Chiltern District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 79, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

•



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

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



Audit Report

Our opinion on the financial statements

Conclusion on Chiltern District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether Chiltern District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Chiltern District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Chiltern District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.



Audit Report

Our opinion on the financial statements

Certificate

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

*Andrew Brittain (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Reading
xx September 2017*

*The maintenance and integrity of Chiltern District Council's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*



04 Audit Differences



Audit differences

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

Summary of adjusted differences

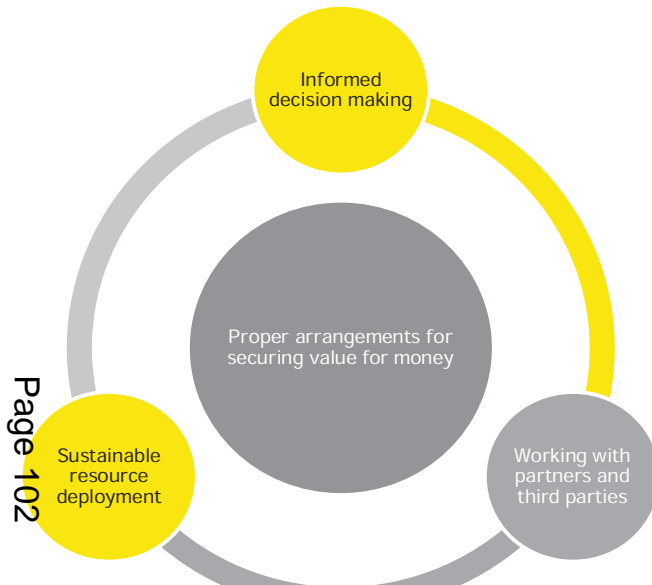
There were no uncorrected misstatements. A number of amendments to disclosures were identified during the audit which were for amended by officers.



05 Value for Money



Value for Money



Page 102

Overall conclusion

We did not identify any significant risks around these criteria.

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

Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

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

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.



06

Other reporting issues



Other reporting issues

Other reporting issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/17 with the audited financial statements

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

Financial information in the Statement of Accounts 2016/17 and published with the financial statements was consistent with the audited financial statements.

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

Page 104

Whole of Government Accounts

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

We have no issues to raise.

Item 13



Other reporting issues

Other reporting issues

Other powers and duties

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

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

Other matters

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

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

We have no significant matters to report.



Assessment of Control Environment



Assessment of control environment

Financial controls

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

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

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




08 Appendices





Appendix A

Required communications with the Audit and Standards Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have done this by:

 Our Reporting to you

  When and where

| Required communications | What is reported? | When and where |
|-------------------------------------|---|---|
| Terms of engagement | Confirmation by the Audit and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Planning and audit approach | Communication of the planned scope and timing of the audit, including any limitations. | 26 January 2017 Audit Plan |
| Significant findings from the audit | <ul style="list-style-type: none"> • Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations we have requested • Expected modifications to the audit report • Any other matters significant to overseeing the financial reporting process • Findings and issues around the opening balance on initial audits (delete if not an initial audit) | 27 September 2017 Audit Results Report |
| Going concern | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements | No conditions or events were identified which would raise any doubt about Chiltern DC's ability to continue for the 12 months from the date of our report |
| Misstatements | <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Significant corrected misstatements, in writing | 27 September 2017 Audit Results Report |

Page 109

Item 13



Appendix A

Our Reporting to you

When and where

| Required communications | What is reported? | When and where |
|--|---|--|
| Fraud | <ul style="list-style-type: none"> ▶ Asking the Audit and Standards Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▶ A discussion of any other matters related to fraud, relevant to Audit and Standards Committee responsibility. | We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit |
| Related parties | <p>Significant matters arising during the audit in connection with the Authority's related parties including, where applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and/or regulations ▶ Difficulty in identifying the party that ultimately controls the entity | We have no matters to report |
| Subsequent events | <ul style="list-style-type: none"> ▶ Where appropriate, asking the Audit and Standards Committee whether any subsequent events have occurred that might affect the financial statements. | We have asked management and those charged with governance. We have no matters to report |
| Other information | <ul style="list-style-type: none"> ▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. | We have no matters to report |
| External confirmations | <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. | We have received all requested confirmations |
| Consideration of laws and/or regulations | <ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▶ Asking the Audit and Standards Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Committee. | We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations |

Page 110

Item 13



Appendix A



Our Reporting to you



When and where

| Required communications | What is reported? | When and where |
|---|--|--|
| Significant deficiencies in internal controls identified during the audit | <ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. | 27 September 2017 Audit Results Report |
| Independence | <p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p> | 26 January 2017 Audit Plan 27 September 2017 Audit Results Report |
| Fee Reporting | <p>Breakdown of fee information when the audit plan is agreed</p> <p>Breakdown of fee information at the completion of the audit</p> <p>Any non-audit work</p> | 26 January 2017 Audit Plan 27 September 2017 Audit Results Report |
| Certification work | Summary of certification work | Certification Report Date TBC |



Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 26 January 2017.

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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit and Standards Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the 27 September 2017 meeting of the Committee.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

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

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

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



| Description | Final Fee 2016/17 | Planned Fee 2016/17 | Scale Fee 2016/17 | Final Fee 2015/16 |
|-----------------------------|-------------------|---------------------|-------------------|-------------------|
| Total Audit Fee - code work | 41,288 | 41,288 | 41,288 | 41,288 |
| Grant certification fee | TBC | £12,678 | £12,678 | £9,240 |



Accounting and regulatory update

Accounting update

Since we last reported to the Audit and Standards Committee, new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

| Name | Summary of key measures  | Impact on Chiltern DC  |
|-------------------------------------|--|---|
| <i>IFRS 9 Financial Instruments</i> | <p>Applicable for local authority accounts from the 2018/19 financial year and will change:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured • How the impairment of financial assets are calculated • Financial hedge accounting • The disclosure requirements for financial assets. <p>• Transitional arrangements are included within the accounting standard, however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.</p> | <p>Although some initial thoughts on the approach to adopting IFRS 9 have been issued by CIPFA, until the Code is issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Council will have to:</p> <ul style="list-style-type: none"> • Reclassify existing financial instrument assets • Remeasure and recalculate potential impairments of those assets; and • Prepare additional disclosure notes for material items <p>The Council is awaiting clarification of the exact requirements before investing time in the above work.</p> |



Appendix C

IFRS 15 Revenue from Contracts with Customers

Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except:

- Leases;
- Financial instruments;
- Insurance contracts; and
- for local authorities; Council Tax and NDR income.

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

- There are transitional arrangements within the standard; however as the 2018/19 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be.

As with IFRS 9, some initial thoughts on the approach to adopting IFRS 15 have been issued by CIPFA. However, until the Code is issued there remains some uncertainty. However, what is clear is that for all material income sources from customers the Council will have to:

- Disaggregate revenue into appropriate categories
- Identify relevant performance obligations and allocate income to each
- Summarise significant judgements

The Council is awaiting clarification of the exact requirements before investing time in the above work.

IFRS 16 Leases

IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year.

Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease in a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.

There are transitional arrangements within the standard, although as the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued it is unclear what the impact on local authority accounting will be or whether any statutory overrides will be introduced.

Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.

However, what is clear is that the Council will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented.



The Council is has yet to commence work in this area due to the timing of implementation.



Accounting and regulatory update (continued)

Progress report on implementation of new standards and regulations

In previous reports to the Audit and Standards Committee, we highlighted the issue of new accounting standards and regulatory developments. The following table summarises progress on implementation:

| Name | Summary of key measures  | Impact on Chiltern District Council  |
|---|--|--|
| <i>Earlier deadline for production and audit of the financial statements from 2017/18</i> | <ul style="list-style-type: none"> The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July. | <p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has taken a number of steps as outlined below:</p> <ul style="list-style-type: none"> Critically reviewed and amended the closedown process to achieve draft accounts production by the end of May 2017 for 2016/17 Streamlined the Statement of Accounts removing non-material disclosure notes Provided training to departmental finance staff regarding the requirements and implications of earlier closedown Held meetings with the auditor to identify efficiencies and potential efficiencies <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> Issued a thought piece on early closedown As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017 <p>Locally we have:</p> <ul style="list-style-type: none"> Had regular discussions through the year on the Council's proposals to bring forward the closedown timetable <ul style="list-style-type: none"> Together with the Council agreed areas for early work e.g. testing of payroll including starters and leavers at month 9, and income and expenditure at month 9. This placed us in a good position for this year, but there were other areas we would have liked to cover in early work, e.g. related parties, provisions. We anticipate being able to do this in 2017/18. |



Management representation letter

Management Rep Letter

To be prepared on the entity's letterhead

- *Date*

To:

Andrew Brittain
Executive Director
Ernst & Young LLP
Apex Plaza,
Forbury Road
Reading RG1 1YE

This letter of representations is provided in connection with your audit of the financial statements of Chiltern District Council ("the Council") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of South Bucks District Council as of 31 March 2017 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

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



Management representation letter

Management Rep Letter

A. Financial Statements and Financial Records

We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

- Page 117
1. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. We have approved the financial statements.
 2. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
 3. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, that are free from material misstatement, whether due to fraud or error.
 4. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because of the high level of judgement required to estimate the provision and the fact that it impacts in a large number of areas throughout the statements.

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have disclosed to you all significant facts relating to any frauds, suspected frauds or allegations of fraud known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), whether involving management or employees who have significant roles in internal control. Similarly, we have disclosed to you our knowledge of frauds or suspected frauds affecting the entity involving others where the fraud could have a material effect on the financial statements.



Management representation letter

Management Rep Letter

We have also disclosed to you all information in relation to any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the financial statements.

C. Compliance with Laws and Regulations

1. We have disclosed to you all identified or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 21 September 2017.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.



Management representation letter

Management Rep Letter

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

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

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

F. Subsequent Events

1. Other than described in the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Use of the Work of a Specialist

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



Management representation letter

Management Rep Letter

H. Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimates have been consistently applied and are appropriate in the context of the applicable financial reporting framework.
2. We confirm that the significant assumptions used in making accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the applicable financial reporting framework.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.

I. Retirement benefits

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

J. Expenditure Funding Analysis

1. We have reviewed the new requirements (as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.



Management representation letter

Management Rep Letter

2. We confirm that the financial statements reflect the operating segments reported internally to the Council.

K. Ownership of Assets

1. The Council has satisfactory title to all assets appearing in the balance sheets, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the Council's financial statements.

Signed on behalf of Chiltern District Council

I confirm that this letter has been discussed and agreed by the Audit and Standards Committee on 27 September 2017.

Signed:

Name: Jim Burness

Position: Director of Resources

Date: 27 September 2017

Name: John Gladwin

Position: Chairman, Audit Committee

Date: 27 September 2017

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com

| | |
|----------------------------|--|
| SUBJECT: | <i>Final 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 final 2016/17 Statement of Accounts, and seek their approval by the Audit and Standards Committee.

RECOMMENDATION

That the final 2016/17 Statement of Accounts be approved by the Audit and Standards Committee and signed in accordance with the Accounts and Audit Regulations.

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. Discussion

- 3.1 The Audit and Standards Committee reviewed the draft 2016/17 Statement of Accounts at their meeting on 29 June 2017.
- 3.2 Since then a small number of amendments have been made to the Accounts as a result one error identified during the course of the external audit being corrected.
- 3.3 No significant changes have been made to the Statement of Accounts.
- 3.4 Appendix 1 provides the Final Accounts document. All the changes made are highlighted in red.

4. Auditors Report

- 4.1 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.
- 4.2 Once their audit is completed they issue a formal opinion on the Accounts and this has to be included in the Accounts.
- 4.3 The External Audit is substantially complete and the Audit Results Report is included as a separate agenda item to this Audit and Standards Committee meeting.

5. Formal Approval of the Accounts

- 5.1 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.
- 5.2 The Chairman of the Audit and Standards Committee is therefore requested to sign the declaration in the financial statements once Members have considered the revised Accounts.

6. Corporate Implications

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

7. Next Step

- 7.1 Once the Statement of Accounts has been formally signed by the Chairman of the Committee they will be formally adopted by the Council.
- 7.2 The final Statement of Accounts for 2016/17 will be published on the Chiltern District Council website.

| | |
|---------------------------|------|
| Background Papers: | None |
|---------------------------|------|



CHILTERN
District Council

Statement of Accounts
For the year ended 31 March 2017

| | Page |
|---|------|
| <u>Narrative Report</u> | |
| Narrative Report | 3 |
| <u>Statement of Accounts</u> | |
| Statement of Responsibilities for the Statement of Accounts | 10 |
| Comprehensive Income and Expenditure Statement | 11 |
| Movement in Reserves Statement | 12 |
| Balance Sheet | 13 |
| Cash Flow Statement | 14 |
| Notes to the Accounts | 15 |
| Collection Fund | 63 |
| <u>Auditors' Report</u> | |
| Auditors' Report | 65 |
| <u>Annual Governance Statement</u> | |
| Annual Governance Statement | 68 |
| <u>Glossary of Terms</u> | |
| Glossary of Terms | 71 |

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.

They 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 £'000 | 2015/16 £'000 | 2016/17 £'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.

| | 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 (from NNDR1) | -323 | 1,407 | 1,730 |
| Levy payable on Business Rates Growth | - | 237 | 237 |
| Net (Surplus)/Deficit for the Year | - | 702 | 702 |

The following table then reconciles the above figures to the figures in the Statement of Accounts (see note 6 for more details).

| | |
|--|------------|
| (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 and this 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.
- Developed 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:

- Apart from the matters disclosed above, 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: 27th September 2017

Certificate of Approval – Chair of Audit And Standards Committee

I can confirm that these accounts were approved by the Audit and Standards Committee at its meeting held on 27th September 2017

Signed on behalf of Chiltern District Council
Chair of Audit Committee

Date: 27th September 2017

Appendix A

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 A

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 | -6,292 |
| -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 | | -8,526 |
| -1,091 | Long Term Finance lease Liabilities | 23 | -702 |
| -642 | Long Term Creditors | | -629 |
| -1,743 | S106 Liabilities | | -1,932 |
| -36,561 | Pensions Liabilities | 24 | -46,449 |
| -254 | Receipts In Advance | | -242 |
| -40,291 | Long Term Liabilities | | -49,954 |
| 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 and the audited accounts were authorised for issue on 27th September 2017

Director of Resources

Date: 27th September 2017.

Cash Flow Statement

Appendix A

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 NDR 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 Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

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. For further information see Note 22.

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. |
| Creditor 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. | If there is a difference of 1% on the value of the actual invoice received, this would equate to £16k. |
| Debtors | 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 Estimated debtors are based on invoices which were not raised prior to 31 March 2017. The value of estimated debtors is £1,151k. | If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £158k to be set aside A difference of 1% on the value of the actual debtors invoice raised would equate to £12k. |
| 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. |

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Director of Resources on 30 June 2017 and the audited accounts were authorised for issue on the 27th September 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 | £'000 | £'000 | £'000 |
| Net Expenditure Chargeable to the General Fund (Per Internal Monitoring) | 60 | 1,972 | 647 | 1,770 | 2,341 | 1,615 | - | -7,703 | 702 | | |
| Adjustment for Earmarked Reserves | 161 | 69 | 83 | 1 | - | - | 174 | -2,042 | -1,554 | | |
| 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 | - | -1,606 |
| - 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 (Per Internal Monitoring) | 316 | 2,263 | 950 | 1,418 | 2,164 | 1,651 | - | -6,801 | 1,959 | | |
| Adjustment for Earmarked Reserves | - | 69 | - | - | - | - | 82 | -4,370 | -4,219 | | |
| 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 (Note 21) | -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 | 1,086 | 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 | - | -1,569 | -51 |

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 | -783 |
| Receipts in Advance – General | -791 | -920 |
| | -6,593 | -7,212 |

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 | 131,790 | - | - | - | 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:

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

| 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 |

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 Angling Spring 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 a grant of £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 | - | 108 |
| King George V House | 58 | 27 |
| IT Equipment & Systems | 75 | 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 Chesham Leisure Centre and Chalfont Leisure Centre 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 | 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 Authority leases out a number of its properties under operating leases.

This includes the land under the west wing of its civic office building which the Council leased 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 future minimum lease payments receivable under non-cancellable lease 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 |

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

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 Barnett Waddingham, an independent firm of actuaries, and are 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 estimated 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.

NDR Levy

A levy is payable to DCLG for any growth on NDR income above the amount deemed to be able to collectable. Ordinarily the levy rate is 50% however this has been reduced in 16/17 as the Authority has entered into a pool with South Bucks District Council, Aylesbury Vale District Council, Bucks & Milton Keynes Fire Authority and Bucks County Council.

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.

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 | Sep 17 | Jan 18 | Mar 18 | Jul 18 | Sep 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 | | | | | |
| 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 | | | | | | |
| Approval of Accounts | Annual | | | | | |
| Other | | | | | | |
| Contract & Financial Procedure Rules | As necessary | | | | | |
| Training | As necessary | | | | | |
| Work Programme | Each meeting | | | | | |

Classification: OFFICIAL

