



Audit and Standards Committee (CDC)

Monday, 16 July 2018 at 6.30 pm

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

A G E N D A

Item

1 Evacuation Procedures

2 Apologies for Absence

3 Minutes (*Pages 5 - 12*)

To approve the minutes of the Audit and Standards Committee held on 8 March 2018 and 15 May 2018.

4 Declarations of Interest

5 Presentation - Prudential Code Briefing (*Pages 13 - 24*)

6 Social Media Policy for Members (*Pages 25 - 28*)

Appendix A: Social Media Policy for Members (Pages 29 - 38)

Appendix B: Social Media Guide (Pages 39 - 58)

7 Review of Protocol on the role of the Independent Person (*Pages 59 - 60*)

Appendix 1 (Pages 61 - 64)

- 8 Complaints Monitoring Report (*Pages 65 - 68*)
Appendix 1 (Pages 69 - 104)
- 9 Case Law Update - Harvey v Ledbury Town Council (*Pages 105 - 108*)
- 10 Changes to Contract Procedure Rules (*Pages 109 - 114*)
Appendix A (Pages 115 - 132)
- 11 S106 Monitoring (*To Follow*)
- 12 Internal Audit - Interim Progress Report (*Pages 133 - 146*)
- 13 Internal Audit - Follow Up (*Pages 147 - 158*)
- 14 Annual Statement of Accounts (*Pages 159 - 166*)
Appendix 1 (Pages 167 - 242)
- 15 Annual Governance Report (*Pages 243 - 250*)
Appendix 1 (Pages 251 - 254)
Appendix 2 (Pages 255 - 256)
Appendix 3 (Pages 257 - 258)
Appendix 4 (Pages 259 - 262)
- 16 External Audit Annual Results Report (*Pages 263 - 314*)
- 17 External Audit Letter to Those Charged with Governance (*Pages 315 - 316*)
Appendix 1 (Pages 317 - 318)
Appendix 2 (Pages 319 - 322)
- 18 External Audit 1819 Fee Letter (*Pages 323 - 326*)
- 19 Purchase Card Spend Analysis (*Pages 327 - 328*)

20 Electoral Services Briefing Note (*Pages 329 - 330*)

A briefing note on Electoral Services is attached for Members' information following a request made at a previous meeting.

21 Audit Work Programme (*Pages 331 - 332*)

22 Standards Work Programme (*Pages 333 - 334*)

23 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 item(s) of business on the grounds that it involves 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 Gladwin (Chairman)
A Bacon
C Ford
C Jackson
R J Jones
V Martin
D Phillips
N Varley
C Wertheim
C Langley (Independent Person)
E Jones (Independent Person)

Date of next meeting – Thursday, 11 October 2018

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CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the
AUDIT AND STANDARDS COMMITTEE (CDC)
held on **8 MARCH 2018**

PRESENT: Councillor J Gladwin - Chairman

Councillors: A Bacon
C Ford
C Jackson
V Martin
C Wertheim

APOLOGIES FOR ABSENCE were received from Councillors R J Jones, D Phillips, N Varley, and Independent Members Mrs C Langley and E Jones.

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

42 MINUTES

The Minutes of the meeting of the Audit & Standards Committee held on 17 January 2018 were agreed by the Committee and signed by the Chairman as a correct record.

43 CHAIRMAN'S UPDATES

Following the Internal Audit Progress Report at the last Committee meeting which raised concerns about Health & Safety at the Clay Lane Depot, it was advised that the Chairman of the Joint Waste Collection Committee had been informed and had added the item to their 22 January meeting for discussion. The Chairman confirmed that he had sent a copy of the report to the Chairman of WDC's Audit Committee.

With regard to the enquiry about electoral registration audits, it was advised that a formal review was not considered necessary as there had been no further changes since Individual Electoral Registration was introduced and no further issues identified. The Governance and Electoral Arrangements Committee were responsible for this area and it was agreed that a briefing note could be provided.

There was a request for the legal fees earned by the Legal Department to be audited but it was advised that these were small sums received for legal work relating to Section 106 agreements or similar and no other external work was

undertaken. The legal activities were already audited as part of the work of auditing processes in other departments to which legal contributed.

A further update was given by Andrew Brittain (EY) regarding Barnet Waddingham's pension valuation methodology and it was advised that they would be reporting after the year end as part of the Audit Letter.

Member training for the revised Prudential Code was likely to be held in June or July and possible dates would be canvassed shortly.

44 DECLARATIONS OF INTEREST

There were no declarations of interest.

45 REVIEW OF THE PROTOCOL ON THE ROLE OF THE MONITORING OFFICER

The Committee were asked to consider whether the Protocol on the Role of the Monitoring Officer was still fit for purpose. The appendix showed the proposed changes and sought to clarify the role and key contacts involved.

The Monitoring Officer was a statutory appointment under section 5 of the Local Government and Housing Act 1989. At both Chiltern and South Bucks District Councils this role was undertaken by the Head of Legal and Democratic Services.

The main changes proposed related to the reporting procedure; to the Governance and Electoral Arrangements Committee in relation to the Constitution and consultations with Corporate Management Team and Cabinet Leader. The Committee were in agreement with the proposed changes.

RESOLVED

That the updated Protocol attached at Appendix 1 be approved and published on the website.

46 STANDARDS WORK PROGRAMME FOR 2018/19

The Committee considered the proposed work programme of the Standards Committee and no further items were requested.

RESOLVED

That the work programme of the Standards Committee be noted.

47 WASTE AUDIT UPDATE

A verbal update on the Waste Audit was requested at the previous meeting. The state of the depot at Clay Lane was priority one for action but was owned and managed by Wycombe District Council. The Committee were assured that WDC were now undertaking site inspections and Internal Audit would be following up their audit recommendations in due course. The Internal Audit Manager confirmed that he had raised the matter with WDC's Internal Audit Manager.

48 REVIEW OF RISK BASED VERIFICATION POLICY

Chiltern District Council adopted RBV in October 2016. The process is now embedded into the claim process and assists in providing a customer focused service to support the claim process, enabling quick turn arounds for the majority of claims.

Members asked how the categories were formulated and it was advised that there was a wide range of data used and not just the value of the claim. There was also reassurance that the low risk claims were also checked by random testing.

RESOLVED

That the revised risk based verification policy shown at confidential Appendix A be approved and adopted for the assessment of Housing Benefit and Council Tax Support claims from 1st April 2018.

49 RISK MANAGEMENT UPDATE

The Strategic risks of the authorities are those that are considered to be the significant corporate risks that exist in the medium term, and which require management at a corporate level in the authority. These issues can be service specific or cross cutting. The Strategic risks were set out in the appendix.

The management of most risks focuses on the four main areas.

- Financial
- Property & Systems
- People
- Information

The Annual Governance Statement assesses the effectiveness of controls and procedures, is reviewed and approved by the Audit & Standards Committee and published with the Council's annual accounts.

Questions were asked regarding the risks to the Waste contract and it was advised that this related only to CDC and WDC at the present time. Members also asked for some examples of operational risks and these included homelessness rises and staffing issues. It was recommended that identified risks be split into preventative action and action to mitigate if they occurred.

RESOLVED

To note the report.

50 INTERNAL AUDIT PROGRESS REPORT

Chris Harris from TIAA was pleased to note that good progress had been made on the annual plan for 2017/18 and many reports had been completed and there were many positive outcomes. Changes to the plan for next year were set out in the report.

Members were pleased to note that there had been a prompter response to draft reports across the Council. This had enabled more reports to be finalised.

The Committee were still concerned that all VAT receipts were not being presented when using payment cards. Although reassured that this related to small amounts, it was considered that the principle needed to be given more importance. A request was made for more information on the number of purchase cards issued to staff and the frequency of use.

RESOLVED

That the Internal Audit Progress Report be noted.

51 ANNUAL INTERNAL AUDIT REPORT

The annual report was able to give a positive opinion on processes. There was one urgent item, relating to the Waste Health & Safety issue and work was in progress to address this, and the responsibility lay with WDC rather than CDC. The Performance Indicators report would be presented to the next committee meeting.

It was asked why Payroll had only a "reasonable" score when this was delivered by Aylesbury Vale District Council. It was advised that this related to

paperwork not being signed off correctly in some instances. Monthly instructions to payroll are now signed off correctly by an accountant.

The Chairman thanked Chris Harris for his report.

RESOLVED

That the report be noted.

52 AUDIT REQUIREMENTS FOR HOUSING BENEFIT SUBSIDY GRANT CLAIM FROM 2018/19 ONWARDS

In accordance with Department for Work and Pensions (DWP) guidance, local authorities (LAs) were required to appoint a relevant independent reporting accountant to carry out audits in respect of the housing benefit subsidy grant claim from 2018/19 onwards. The DWP had initially set a deadline of 28 February 2018 for this to be completed. However, details of the audit requirements had not yet been released by DWP and thus the deadline has been extended, as appointments cannot be made until this guidance is issued. It was advised that all local authorities were in the same position and would have to await further DWP guidance before moving to conclude arrangements.

RESOLVED

That the Committee note the actions to appoint a reporting accountant to carry out the prescribed functions in relation to the audit of the Housing Benefit Subsidy Grant claim.

53 PROPOSED AMENDMENTS TO THE FINANCIAL PROCEDURE RULES

The Financial Procedure Rules were last updated May 2016 and although no major changes were necessary, the track changes in the appendix proposed some amendments. The following amendments were discussed:

1. On page 57 the Monitoring Officer was no longer responsible for promoting high standards of conduct as this duty had been allocated to the Audit & Standards Committee.
2. In section 4 it was noted that Signature controls were now electronic.
3. In Section 5 it was proposed to harmonise Virement levels. The Committee asked for Director of Resources "in consultation with the Portfolio Holder" to remain. The Committee discussed the ability to reallocate budgets from an underspent area to an overspent area, and their view was they thought this was unnecessary and would prefer that it should not be retained.

4. To update the terminology in section 6 from "Supplementary Estimate" to "Supplementary Budget".
5. Even though overspends were rare, the committee considered a tolerance for overspending to be an unnecessary step.
6. Section 7, the authority to spend a new grant received when the value varies from the original estimate was agreed.
7. Section 8, the authority to incur Capital Expenditure was agreed.
8. It was noted that few cheques are now written and the changes were agreed.
9. A request was made that all write-offs made should be included in a report to the Resources Overview Committee.
10. Remove reference to "PDAs"

RESOLVED

1. For Portfolio Holders to be consulted regarding Virement Levels between £10,000 to £50,000.
2. To not introduce authority for an overspend limit of 1% or £10,000, whichever is the greater.
3. To request that a report covering all write-offs be considered by Resources Overview Committee.

And further

RECOMMENDED TO FULL COUNCIL that the revised Financial Procedure Rules contained in Appendix A be approved with the amendments of the Audit & Standards Committee.

54 AUDIT WORK PROGRAMME

RESOLVED

That the work programme of the Audit Committee be noted.

The meeting ended at 8.17 pm

CHILTERN DISTRICT COUNCIL

MINUTES of the Meeting of the
AUDIT AND STANDARDS COMMITTEE
held on **15 MAY 2018**

PRESENT: Councillors J Gladwin
A Bacon
C Ford
C Jackson
V Martin
N Varley
C Wertheim
R J Jones

APOLOGIES FOR ABSENCE were received from Councillor D Phillips

55 ELECTION OF CHAIRMAN

It was moved by Councillor J Wertheim, seconded by Councillor V Martin, and

RESOLVED:

That Councillor J Gladwin be elected Chairman of the Audit and Standards Committee for the year 2018/2019.

The meeting ended at 7.36 pm



CHILTERN
District Council



SOUTH BUCKS
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Prudential Code Briefing

July 2018

Item 5

Prudential Code Briefing

- **What is the Prudential Code**
 - **Prudence**
 - **Affordability**
 - **Risk Management**
- **Prudential Indicators**
- **The key elements of the Prudential Code**
 - **Capital Strategy**
 - **Treasury Management Strategy**
- **Its relevance to major capital projects/programmes**
- **How the Prudential Code fits into the Budget process**
- **The role of Members**

Prudential Code

The objectives of the Prudential Code are to provide a **framework** for local authority capital finance and treasury management that will ensure for individual local authorities that:

- capital expenditure and investment plans are **affordable**
- all external borrowing and other long-term liabilities are within **prudent and sustainable levels**
- treasury management and other investment decisions are taken in accordance with **professional good practice**

Taking decisions in relation to the above the local authority should act in a clear and transparent manner demonstrating its accountability.

The Prudential Code is important in securing public trust by explaining how its capital and treasury management decisions support its overall aims and its Medium Term Financial Strategy.

Prudential Indicators

- **Designed to demonstrate the impact of investment decisions (capital expenditure or treasury management investments) on the Council's future financial position (MTFS)**
- **They are forward looking.**
- **They need to have local relevance to what the authority's Capital Strategy and MTFS are setting out to achieve.**
- **They should demonstrate the affordability of plans over the medium term, and the risks to be managed**
- **They are not for use as comparative statistics with other authorities as they reflect the particular circumstances and decisions of each individual authority.**

Prudential Indicators

Examples for CDC

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	Actual £000	Estimate £000	Estimate £000	Estimate £000
Financing costs	164	-51	-267	-784	-1,050
Net revenue stream	9,470	10,747	10,493	10,268	10,235
Ratio of financing costs to net revenue stream	1.73%	-0.47%	-2.54%	-7.64%	-10.26%
Capital Financing Requirement at year end	0	10,800	15,800	30,530	40,260
Movement in CFR	0	10,800	5,000	14,730	9,730
Net financing need for year	0	10,800	5,000	15,000	10,000
MRP	0	0	0	-270	-270
Movement in CFR	0	10,800	5,000	14,730	9,730
Capital Expenditure	1,840	5,319	12,865	19,081	10,991
Authorised Limit	3,000	13,000	35,000	45,000	50,000
Operational Boundary	3,000	10,000	30,000	40,000	45,000
Actual External Debt	0	10,800	15,800	30,800	40,800

Prudential Indicators – key indicators

Key indicators for the Council will be:

- **The Ratio of Financing Costs to Net Revenue Stream, which indicates the affordability of debt**
- **Estimated Capital Expenditure and estimated Capital Financing Requirement will be the key indicators for Prudence**

Capital Strategy

It sets out the long-term context in which capital expenditure and investment decisions are made and gives consideration to both risk and reward and impact on the achievement of the Council's key objectives.

It sets out.

- **Capital expenditure plans**
- **Capital investments**
- **Liabilities arising from capital expenditure and investments**
- **Relationship with the Treasury Management Strategy**
- **The governance around delivering the Strategy to ensure:**
 - **Sound stewardship of public funds**
 - **Value for money**
 - **Affordability**
 - **How risks are managed, and prudence demonstrated**

Treasury Management Strategy

Treasury Management Strategy sets out the policies, and objectives of the Council's treasury management activities for the year ahead.

The Strategy will explain:

- **The factors driving planned investment and borrowing**
- **How risks will be managed. For commercial investments this will include what the risk appetite is, and level of exposure.**
- **How security and liquidity will be prioritised over returns.**
- **How the Strategy will be controlled and monitored.**

Relevance to Major Capital Projects

- **Transparency (Business case)**
 - **Clear statement of objectives, costs and benefits**
 - **Risks to be managed, in appropriate cases this will include exit strategies**
 - **Financial analysis**
 - **Timelines and key milestones**
- **Affordability**
 - **Impact on Prudential Indicators**
 - **Implications for the MTFS**

Relationship to the Budget Process

As part of the annual budget process the Council is required to consider and approve the following.

- The **Medium Term Financial Strategy** as the Council needs to consider the authority's financial position not just for the coming financial year, but also in the medium/long term.
- Aligned to the MTFS is the **Capital Strategy** which relates to how capital expenditure contributes to achieving the Council's objectives and its impact on the MTFS
- The **Treasury Management Strategy** which set out how surplus cash is managed, and also how long term investments and borrowing will be determined and managed.

Role of Members

- **The role of Members is to understand the Capital Strategy and the Treasury Management Strategy so they can effectively scrutinise them and be satisfied they reflect their overarching aims.**
- **This means that the Capital Strategy must be clear and easy to understand.**
- **In particular if commercial investments form part of the strategies Members must understand the risks and how they will be managed**

Note – Commercial investments cover

- **Commercial loans to companies/individuals**
- **Guarantees**
- **Investments in property companies or development of commercial property portfolios.**

SUBJECT	Social Media Policy for Members
REPORT OF	Councillor Nick Naylor/Councillor Isobel Darby
RESPONSIBLE OFFICER	Bob Smith, Chief Executive
REPORT AUTHOR	Connie Primmer, cprimer@chiltern.gov.uk 01494 586505
WARD/S AFFECTED	All

1. Purpose of Report

There is not currently a social media policy specifically for Members. The current social media policy for staff was published in 2014 and since then social media has developed, making the policy out of date and less relevant to the current social media landscape. This policy has been rewritten and adapted specifically for Members and a new guidance document with advice and tips on best use of social media has been produced. Members are asked to review the policy and guidance and approve them.

RECOMMENDATIONS:

1. **The social media policy for Members contained in Appendix A is approved.**
2. **The social media guidance contained in Appendix B is approved.**

2. Reasons for Recommendations

The proposed new social media policy and guidance is intended to set out the principles which Members are expected to follow when using social media, encourage and enable them to use social media effectively and with confidence, whilst serving to highlight areas in which conflicts can arise.

The policy also outlines the circumstances in which use of social media may be monitored and the action which may be taken in respect of breaches of policy.

The policy summarises the corporate social media accounts currently in use at Chiltern and South Bucks District Councils and the management of these.

The social media policies have been developed following research into other councils' policies and feedback from the LGA Peer Challenge Review.

3. Consultation

The social media policy was presented at a Management Team meeting and feedback from the meeting was incorporated into the policy.

4. Options (*if any*)

Members have the option of not approving the social media policy, which will result in the policy from 2014 remaining in place. Members can also propose amendments to the policy.

5. Corporate Implications

7.1 Financial: There are no financial implications

7.2 Legal: Legal have reviewed the document and provided feedback which has been incorporated into the final version.

8. Links to Council Policy Objectives

Social media is a cost-effective method of communicating with customers in order to provide them with information about services.

It offers customers an immediate and direct way to contact the council and is a means of responding to customers' concerns, complaints and positive feedback.

It is also an important method in managing the councils' reputation and celebrating success.

This policy supplements the Joint Chiltern and South Bucks Councils ICT Security Policy, Harmonised Code of Conduct and Disciplinary Procedure.

9. Next Steps

If the recommendations are agreed, the policy will be launched to all Members. It will be published on the extranet, circulated via email and publicised in the Members' Bulletin.

Social media training for Members, provided by an external company, is already booked for July this year. The social media guidance will be reviewed and updated regularly by the Communications Team as social media channels continue to evolve.

Background Papers:	None, other than those referred to in the report.
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Chiltern and South Bucks District Councils Social Media Policy for Members

1. What is social media?

1.1 'Social media' is the term used for online websites and applications that enable users to create and share content. Users can interact with each other in various ways and build online networks which encourage participation, dialogue and involvement.

1.2 There are many social media sites but some of the most popular examples are Facebook, Twitter, YouTube, Instagram and LinkedIn.

1.3 There are many benefits of using social media and Chiltern and South Bucks District Council Members are encouraged to participate.

1.4 Social media can help Members keep up to date with breaking news, listen and respond to what people are saying in their communities, mobilise support, seek feedback and keep connected with like-minded people.

1.5 Increasing numbers of people are using social media to stay up to date with news, talk to friends and join in conversations. They are using social media to voice their opinions, share positive and negative experiences, praise and criticise. Not using social media can mean missing out on this vital link to local communities and to the world.

2. What the policy is about

2.1 This policy sets out the principles which Chiltern and South Bucks District Councils Members are expected to follow when using social media in their official capacity. It applies to all Members, regardless of status or position.

2.2 The intention of this guidance is to encourage and enable Chiltern and South Bucks Members to conduct legitimate activities through social media with confidence, whilst serving to highlight areas in which conflicts can arise.

2.3 It is important that Members are aware that whilst the law regarding social media is an evolving area, the law does apply (**see section 7.0**) and if Members use social media in a manner which could be deemed unlawful, the Councils would not be able to defend Members' actions as it would be considered their personal responsibility.

2.4 Contravention of the advice within this policy could result in a breach of the Members' Code of Conduct, civil action or even prosecution. This applies whether the equipment being used when the policy is breached is Council owned or personal property.

2.5 This policy supplements the Joint Chiltern and South Bucks District Councils ICT Security Policies 'Acceptable Use Policy for Internet and Email' which can be found on [the intranet within](#) the Information Technology – Policies. Members can also access the policy via the Extranet.

2.6 This policy supplements both Councils' Data Protection policies.

3. Why use social media?

3.1 Social media is an incredibly valuable tool for communicating with people directly and instantly. Rather than waiting for a resident or group to approach the Councils, social media offers the opportunity to connect with the community proactively, listen to what people are saying and engage with them on an equal footing, focusing on two-way communications rather than simply delivering messages via press releases and newsletters.

3.2 Social media provides further opportunities for Members to communicate with residents, which can lead to:

- Better informed residents
- Greater involvement with residents
- A new dialogue between residents and the Councils
- Better knowledge of our customers and communities
- Easier access to hard to reach groups like the younger population of Chiltern and South Bucks

3.3 To add to this, social media is:

- Real-time; you could send a message and potentially contact thousands in seconds
- Engaging
- Direct; delivered straight to a person's phone or computer
- Free
- Paperless

3.4 Cons and potential risks

- Reputational damage to the Councils and Members as a result of misuse
- Once information is posted on a social media site it is in the public domain
- Once posted, a message is difficult to remove or edit and even if it can be deleted, it may already have been seen and saved by someone else
- Possibly time consuming
- Potential legal action against the Councils or individuals as a result of the posting of unsuitable or restricted content

- Breaches of the statutory Code of Practice for publicity (e.g. during the 'Purdah' period before an election)

3.5 All of the potential risks can be easily managed and should not be a barrier to Members' use of social media.

4. Social media use at Chiltern and South Bucks District Councils

4.1 The Joint Communications, Performance and Policy Team is responsible for publishing content on the corporate Chiltern and South Bucks social media accounts.

4.2 Currently we have corporate Twitter, Facebook, LinkedIn and Instagram accounts.

4.3 These are managed by the Joint Communications, Performance and Policy Team and the passwords are changed regularly for security.

4.4 A small number of departments within the Councils have their own social media accounts for which they are responsible; these are Community Safety, Building Control and Democratic Services (for elections).

4.5 Passwords for these accounts must be shared with the Joint Communications, Performance and Policy Team and changed regularly.

4.6 All requests for new Chiltern and South Bucks District Councils official accounts must be approved by the Joint Communications, Performance and Policy Team.

4.7 Members are encouraged to set up individual accounts to represent themselves as Councillors and interact with residents.

4.8 Members' accounts are the responsibility of Members and passwords should not be shared with the Joint Communications, Performance and Policy Team.

4.9 There is no need to seek permission from the Joint Communications, Performance and Policy Team to set up social media accounts as a Member but please inform the team as a courtesy.

5. Basic Principles of using social media

5.1 The same standards of behaviour and conduct apply online as would be expected offline. The main elements of the Members' Code of Conduct which are relevant to online behaviour are:

You must: (1) provide leadership to the council and communities within its area, by personal example and

- (2) respect others and not bully any person
- (3) recognise that officers (other than political assistants) are employed by and serve the whole council
- (4) respect the confidentiality of information which you receive as a member: (i) not disclosing confidential information to third parties unless required by law to do so or where there is a clear and over-riding public interest in doing so; and (ii) not obstructing third parties' legal rights of access to information
- (5) not misconduct yourself in a manner which is likely to bring the council into disrepute
- (6) use your position as a member in the public interest and not for personal advantage
- (7) act in accordance with the council's reasonable rules on the use of the resources of the council for private or political purposes
- (8) exercise your own independent judgement, taking decisions for good and substantial reasons:
- (9) account for your actions, particularly by supporting the council's scrutiny function
- (10) ensure that the council acts within the law.

5.2 The principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership apply.

5.3 The difference between online and offline behaviour is that online behaviour can potentially be seen by more people and captured permanently. There is also more potential for comments posted online to be misinterpreted as tone can be misunderstood and irony or sarcasm lost in translation.

6. Political activities on social networking sites

6.1 When Members are using personal social media accounts they are free to engage in political activity. However, they must make clear what their position on the Council is and state that their views are their own.

6.2 Bias and predetermination

6.3 Members who are involved in making planning, licensing or other quasi-judicial decisions, should not post anything on social media that could suggest they have

completely and irrevocably made their mind up on an issue that is due to be formally decided upon. Members need to be able to show that they attended the committee or hearing with an open mind and are prepared to take on board and weigh up all evidence and arguments, otherwise the decision may later be challenged as invalid.

6.4 The public must be able to trust the integrity of the Members of Chiltern and South Bucks District Councils. Our residents need to be confident that the outside activities of Members do not undermine either of the Councils' reputations and that decisions are not perceived to be influenced by any commercial or personal interests. Members should be mindful of what they post on social media and how this could affect perceptions of their integrity.

6.5 Any potential conflicts of interest regarding Members' use of social media should be discussed with the Chief Executive, monitoring officer and/or Leader of the Council.

7.0 Social media and the law

7.1 Members are personally responsible for the material they broadcast via their own social media accounts or websites.

7.2 This includes if anything is published that breaks the law such as defamatory statements or anything which is in contempt of court, breach of copyright or political comment and electioneering.

Some basic guidance is below:

Defamation / Libel

7.3 Defamation is the act of making a statement about a person that is considered to harm their reputation, for example, by lowering others' estimation of the person or company, or by causing them to lose their rank or professional standing. If you publish an untrue statement about a person which is damaging to their reputation, they may take libel action against you. If the defamatory statement is written down (in print or online), it is known as libel. If it is spoken it's slander.

Bullying and discriminatory comments

7.4 Behaving in a discriminatory, bullying or harassing way towards any individual or group including making offensive or derogatory comments relating to sex, gender reassignment, race, nationality, disability, sexual orientation, religion, belief or age, via social media, could, in certain circumstances, result in criminal sanction. Posting any comments or posts, including sharing other people's posts, which incite hatred on the grounds of race, religion or sexual orientation is illegal.

Media Law

7.5 By posting on public social media platforms, you are a 'publisher'. This means you must abide by law which applies to the media, such as court reporting restrictions.

7.6 Cases of members of the public breaching reporting restrictions on social media have featured in the news in recent years – one of the most well-publicised examples was when Sally Bercow was fined after breaching a court order not to identify a young person involved in a court case:

<https://www.telegraph.co.uk/news/politics/9689048/Sally-Bercow-urged-to-turn-off-Twitter-after-breaching-schoolgirl-court-order.html>

7.7 The Sexual Offences Amendment Act 1992 guarantees lifetime anonymity for any victims and alleged victims of sexual offences. Any detail which could risk identification of a victim of a sexual offence, such as the school they go to or their place of work, where they live or who their family and friends are, should not be published. Breach of the Sexual Offences Act can result in a fine or even imprisonment and being made to sign the Sex Offenders' Register.

7.8 Further reading is available on the [Crown Prosecution Service](#) website.

Obscene material

7.9 Publication of obscene material is a criminal offence.

Breach of Copyright

7.10 Placing images or text on your site from a copyrighted source without obtaining permission is likely to breach copyright laws.

Engaging with young and vulnerable people

7.11 Do not take or use photographs of children without permission from a parent or guardian.

7.12 If you notice any inappropriate images or comments from someone you suspect to be young or vulnerable and are concerned there may be an issue, please contact the CDC/SBDC safeguarding lead, Martin Holt, on 01895 837354, for advice. You can also report material to the social media platform you are using. Details are in the 'help' section of the platforms.

7.13 A young or vulnerable person may choose to use social media to make a disclosure or allegation. These must be taken seriously and immediate action taken to investigate.

7.14 Be alert to any signs of grooming. All concerns must be reported the CDC/SBDC safeguarding lead. If you believe someone is in immediate danger, contact the police by calling 999.

7.15 Members are not expected to ensure that users meet the age limits for using social media platforms. However, any concerns must be reported to the safeguarding lead.

8. Personal vs professional use of social media

8.1 We recognise Members may have social media accounts which they use for personal communication and expression, for example a private Facebook account.

8.2 It is worth considering that Members can have 'blurred identities' when they have a social media account where they comment both as a Member and as a private individual. For example, a Member may have a Facebook account where they have shared family photos in a personal/private capacity, and another time explained the Council's position on planning, in a Councillor capacity. It may be clear in the Member's mind when they are posting in a private capacity or as a Councillor, but it could be less clear to others.

8.3 Such blurred identities might, for example, have implications where Members' views are taken as those of the Council or political party, rather than a personal opinion.

8.4 One way to separate personal/private business from activities as a councillor is to have two separate accounts – one for personal/private business and the other for councillor activities. The latter account would have the title of Councillor in the profile name. This separation of accounts will assist in managing friends' lists and the content of posts.

8.5 This is a personal decision for individuals as some Members may consider there is no difference between personal and private life on social media.

8.6 More information about this is available in the Chiltern and South Bucks District Councils' Guide to Social Media. If you would like to discuss your options please contact the Joint Communications, Performance and Policy Team.

8.7 If a Member publishes content online that has something to do with their work or services associated with the Council, we suggest using the following disclaimer: "The views expressed here are my own and do not necessarily represent the views of Chiltern District Council / South Bucks District Council."

8.8 Members cannot reasonably be held responsible for the views of people they are connected with on social media, but should consider how their association with certain accounts would reflect on them.

9. Further advice

9.1 If a Member thinks something on their social media or website gives rise to concerns about a conflict of interest, and in particular concerns about impartiality or confidentiality, this must be discussed with the Chief Executive, monitoring officer and/or Leader of the Council.

9.2 If a Member is offered payment to produce a social media post or blog for a third party this could constitute a conflict of interest and must be discussed with the Chief Executive, monitoring officer and/or Leader of the Council.

9.3 If a Member is contacted by the press about social media posts that relate to Chiltern and South Bucks District Councils they should talk to the Joint Communications, Performance and Policy Team before responding.

9.4 Members may update their social media accounts from a Chiltern and South Bucks District Councils computer, under the relevant 'Acceptable Use Policy for Internet and Email'.

9.5 Members will be offered training to help them use social media effectively and appropriately.

10. Consideration towards other members, colleagues and the public when using social networking sites

10.1 Social networking sites allow photographs, videos and comments to be shared with thousands of other users. However, it may not be appropriate to share work-related information in this way. Members should be considerate when taking photographs at private events and if in doubt, ask permission before posting them online.

11. Open Access Online Encyclopaedias (most common is Wikipedia)

11.1 If Members edit online encyclopaedias using Council equipment the source of the correction will be recorded as a Chiltern and South Bucks District Councils IP addresses. Members should be aware that the intervention may therefore look as if it comes from the Chiltern and South Bucks District Councils themselves and act accordingly.

11.2 When correcting errors about Chiltern and South Bucks District Councils, Members should be transparent about who they are and should consult the house rules of the site concerned. Members should never remove criticism of Chiltern and South Bucks District Councils and instead should report comments to the Chief Executive, Monitoring officer and/or Leader of the Council.

12. Monitoring use of social media

12.1 Members should be aware that any use of social media websites (whether or not accessed for work purposes) may be monitored and, where breaches of this policy are found, this may be a breach of the Members' Code of Conduct.

12.3 In particular, uploading, posting or forwarding a link to any of the following types of material on social media, whether in a professional or personal capacity, will amount to a breach of the Members' Code of Conduct (this list is not exhaustive):

- a) pornographic material (writing, films, pictures, video clips)
- b) a false or defamatory statement about any person or organisation
- c) material which is offensive, obscene, criminal discriminatory, derogatory or may cause embarrassment to the Councils, their customers/residents or their staff
- d) confidential information about the Councils or any of its staff or customers/residents (which Members do not have express authority to disseminate)
- e) any other statement which is likely to create any liability (whether criminal or civil, and whether for the Member or the Councils); or
- f) material in breach of copyright or other intellectual property rights, or which invades the privacy of any person

Any such conduct will be dealt with under the Members' Code of Conduct.

12.4 Where evidence of misuse is found the Chief Executive, monitoring officer and/or Leader of the Council may undertake a more detailed investigation involving the examination and disclosure of monitoring records to those nominated to undertake the investigation and any witnesses involved in the investigation. If necessary such information may be handed to the police in connection with a criminal investigation.

12.5 If a Member notices any use of social media by other Members or members of staff in breach of this policy they should report it to the Chief Executive, monitoring officer and/or Leader of the Council.

Classification: OFFICIAL

12.6 In addition the Joint Communications, Performance and Policy Team will monitor social media comments about the Councils.

12.7 For advice about use of social media, please contact the Joint Communications, Performance and Policy team.

12.8 Further guidance is available in the Chiltern and South Bucks District Councils' Guide to Social Media, available on the Extranet.

ENDS

Social Media Guide



CHILTERN
District Council



SOUTH BUCKS
District Council

Stronger in partnership



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Introduction

This guide will provide an introduction to social media with advice and tips on how best to use it to benefit you and your community.

It will provide a brief overview of the main social media platforms, and a more in-depth look at how to use Facebook and Twitter.

If you would like any advice or help with setting up a social media account, speak to the Joint Communications, Performance and Policy Team.



Facebook

What is it?

Facebook is the best known social network with more than 1.44 billion monthly active users worldwide and over 31 million in the UK alone.

Who uses it?

The majority of the UK population; 60% of people in the UK have a Facebook account. In the UK, 49% of Facebook users are male and 51% are female.

The biggest user group is aged 25 to 34, followed by ages 35 to 44, but the growing user groups are aged 45 to 54 and aged 55 to 64. Latest research shows younger people are using Facebook less, with almost 1 million 12 to 24 year olds leaving the site in the past year.

This year (2018) it's estimated there will be 6.4 million over 55 year olds regularly using Facebook.



Best types of posts

- opinions
- jokes
- news
- polls
- photos and videos
- links to articles
- sharing other accounts' posts
- ... anything goes



Boost Post

Publish



[www.facebook.com/
chilterndistrictcouncil](http://www.facebook.com/chilterndistrictcouncil)



[www.facebook.com/
southbucksdistrictcouncil](http://www.facebook.com/southbucksdistrictcouncil)



Twitter

What is it?

Twitter is a micro-blogging site for people to communicate through the exchange of quick, frequent messages. People post tweets, which may contain photos, videos, links, and text. These messages are posted to your profile, sent to your followers, and are searchable on Twitter and through search engines.

Who uses it?

Twitter users are predominantly male and mostly 18 – 29 year olds. 53% of Twitter users never post any updates. There are 317 million unique monthly users in the UK.



Best types of posts

Tweets with images receive 18% more clicks than tweets without images. Images that include links are 86% more likely to be retweeted.



147



Tweet



@ChilternCouncil



@SouthBucksDC



Instagram

What is it?

Instagram is a photo and video-sharing social media network that allows users to share content either publicly or privately to pre-approved followers.

Who uses it?

There's a 50/50 split in terms of gender and 90% of Instagram users are under the age of 35.



Best types of posts

It's all about images on Instagram, but you don't have to be a professional photographer. Any interesting or striking images, graphics or inspirational quotes work well and light-hearted content tends to be most popular. Use hashtags to increase the number of people who see and like your posts.



@chilternsouthbucks



Snapchat

What is it?

A video and photo sharing application. Content disappears from the application either immediately or after 24 hours.

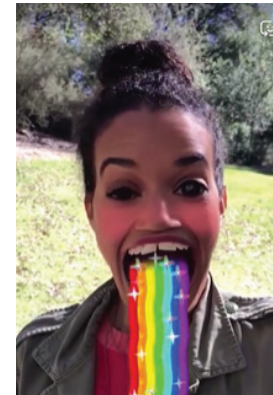
Who uses it?

Snapchat users tend to be younger people; more than half of UK Snapchat users are under 35, while 71% of British Snapchat users are under the age of 45. The core user base is women; 55% of British adults who access the app are female.



Best types of posts

Fun, light-hearted images and videos, often using novelty filters.



YouTube

What is it?

A video blogging site. YouTube has 1 billion unique monthly users and as of November 2016, YouTube surpassed Facebook as the social network with the farthest reach in the UK. Every minute, 2 million videos are viewed. In the US, YouTube reaches a bigger audience than some television networks.

Who uses it?

Users are predominantly male rather than female.
The age range is 18 to 49.

▶ Best types of posts

Videos...about absolutely anything. From music videos to funny clips, staged and directed or raw and unedited, short or long, covering any topic.



Chiltern District Council



South Bucks District Council



LinkedIn

What is it?

A professional network for business connections.

Who uses it?

Businesses, professionals, employers, employees and job-seekers. Users are fairly evenly split in terms of gender but there are slightly more men than women. LinkedIn users are typically slightly less likely to use other social networks.



Best types of posts

Longer-reads with graphics and photos – but videos work less well. Focus on work-related, professional content rather than personal.



Like



Comment



Share



Chiltern & South Bucks District Councils



Glossary of terms

These are some terms and phrases you'll come across if you use social media.

Platform or channel – this is another name for a social media site.

Content, post or update – this is something you've written or a picture or video that you've added to your profile or page.

Follower – this is someone who has opted to get updates from you.

Follow – this is when you choose to get updates from somebody else's social media.

GIF – A GIF is a format of image but nowadays, animated GIFs are one of the most common image formats online. You can find GIFs to use on websites such as Giphy.

Hashtag – this is a way of connecting your content to a topic and making it easy for people to find it even if they don't follow you. For example **#Buckinghamshire #community** or **#localgovernment**. It can also be a useful way to quickly see what people are saying about that topic.

Like on Facebook – this is done by clicking a 'like' button on Facebook which is the thumbs up image usually found under a post, a picture or a video. You are telling people that you like or agree with what you've read, seen or watched.

Like on Twitter – this is the action when you click the 'heart' button on Twitter. It allows you to refer back to a particular tweet later. Other people can see what you've 'liked' too.

Meme – Memes tend to be static images that make a humorous topical or pop culture reference.

Share – by sharing, you allow your followers to see something you've seen and think is worth them seeing too.

Retweet or RT – this is the act of sharing something you've seen to your Twitter followers.

Stream or timeline – this is the list of updates that you receive from people you follow.

Selfie – a picture of yourself taken by yourself, or if it's a group shot, taken by one of the other subjects in the picture.



General social media tips

- Be human
- Show your personality
- Talk about where you are and what you're doing and share interesting stories
- Post regularly – weekly updates of your activities as a councillor, updates on policies and actions of interest to your community are a good place to start
- Posting about issues which you would like feedback on and notices of events and public meetings are also good
- Make it easy for people to find you online by mentioning your location frequently which will then be picked up in searches
- You may also want to include your social media details in your email signature
- Avoid posting when incapacitated or otherwise tired and emotional
- Don't argue with someone who is argumentative; some people like to row online for the sake of it
- Respect other people's privacy – don't share things online without their permission
- Don't feel you have to answer all times of the day
- It's a two-way conversation so don't just broadcast messages
- Respond to comments and have conversations with people – but be aware that everyone can see the conversation

- Check all posts for spelling, grammar and typos. Look up Donald Trump’s ‘covfefe’ gaffe for inspiration.
- Keep your communications clear, positive, polite and professional
- Share photos, videos and other media as appropriate. Posts with media content tend to work better than words alone as people respond well to photos and videos
- Consider whether to have separate personal and professional accounts but be aware that the lines can be blurred and unless your personal account is private, it’s unlikely to be thought of as separate
- Everything online is potentially permanent – even if you delete a post immediately, someone could have taken a screen shot
- Watch and learn from other councillors who are using social media
- Enjoy it!



Personal safety and security

Check your privacy settings so that you understand who can see what you publish and who can view your personal information.

Be aware that anyone who knows your name or username can search for you online so make sure you are happy with what people can see when they find you. Facebook, Instagram and Twitter all offer clear advice on their sites.

Minimise security risks by using strong passwords for social media accounts and changing them regularly. Protect your devices with a pin to restrict access and prevent misuse. Be mindful that some social media sites are sometimes used to distribute malicious software or code.

Don't let anyone else access your social media accounts.

If you have your location settings switched on for your phone or computer, be aware that posting on social media will mean anyone in the world can see where you are. You might prefer to save photos and publish them online later rather than 'live' if you don't want to broadcast your whereabouts.

You may wish to state that your account is not monitored 24/7, so that people don't expect an instant response from you and anyone seeking urgent help can be signposted elsewhere.

Trolls - Trolling is a form of bullying where people abuse and aggressively poke fun at an individual or an organisation. The likelihood is that this won't happen, but if it does the best response is to ignore them. The internet phrase is 'do not feed the troll.' Trolls love attention and they hate being ignored. So ignore them.

Spam / viruses - Being hacked is quite rare and there are ways you can protect yourself. As with email, if you are sent a link and it looks suspect don't open it. Just delete it. Change your password on a regular basis and don't tick the 'remember me' box when you are using a public computer.

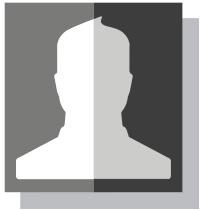
Law

See the Chiltern and South Bucks District Councils' Social Media Policy for more information about how to avoid getting into trouble with the law when using social media.



Facebook tips

There are numerous ways you can use Facebook in your role as a Member – chose what works best for you.



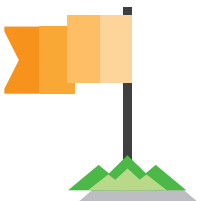
A Facebook account

You will need an account in order to use Facebook. This is your own profile with your name and details. Go to Facebook.com and click 'sign up' to start.

Anyone can see what you post, even people not signed up to Facebook, until you change the privacy settings.

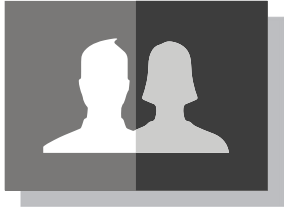
When you change your privacy settings you can control who can see what on your account.

People will request to be your Facebook friend and if you accept them, they will be able to see your restricted content and you will be able to see theirs.



A Facebook Page

A page is for a business, organisation or individual who wants to connect more widely across Facebook. Anyone can see what you post on a page and people can 'like' and then follow what you post.



A Facebook Group

A place where like-minded people can meet and chat, for example a community group for village residents or an action group for members of a campaign. If you set one up you can make a group open or closed and decide who becomes a member.

You can set up a Facebook account and then create pages and groups. Or you may prefer just to use your account and not have a page or group.

Videos work well on Facebook, especially live videos. People spend three times longer watching a live video than they do a recorded video.

You can edit Facebook posts as many times as you want.

The 'lifespan' of a typical Facebook post is less than three hours. This means you will get the majority of your reaction to the post within the first three hours.

For regular use of your Facebook page, posting three or four times a week is a good level to aim for, but do whatever feels best for you. You might find that you want to post a couple of times a day, or less often.

Twitter tips

Get started by setting up an account – visit [Twitter.com](https://twitter.com) and click 'sign up'. Twitter will take you through a step by step guide to the process.

Make sure you upload a profile picture – accounts with no photo tend to look like spam or untrustworthy.

Start by following people; friends, celebrities, news sources and anyone whose tweets you enjoy. When you follow people on Twitter, their tweets instantly show up in your timeline.

Similarly, your tweets will show up in the timelines of people who follow you.

Tweets have a limit of 280 characters. If you want to post more than one Tweet and link them together, you can do this by 'replying' to your original tweet. This will then show up as a 'thread'.

You can't edit Tweets. If you make a mistake, you can either delete it and re-post, or admit your mistake.

Your tweets have a higher chance of being retweeted if you ask for them to be, by writing 'please retweet' or 'please share'.

To start a conversation with another person or organisation, use their Twitter name or handle – such as @ChilternCouncil.

You can include the handle anywhere in the tweet. If you start a tweet with the Twitter handle, only the account or accounts you are addressing will normally see the tweet in their timeline, but it will still be public.

Share interesting and relevant tweets you may have seen. For example, posts from a local charity or news that is relevant to your followers.

A hashtag is a word or phrase that starts with the # symbol. It can be a way to connect you to a conversation around an issue, place or event being discussed online. When you click on a hashtag it allows you to search all tweets that are contributing to the discussion.

It's not entirely necessary to use a 'hashtag' any more, as Twitter automatically picks up words and phrases and groups them together. However, it's still the best way to join a conversation and many people use them for style.



If you have any comments about the social media guide or wish to set up an account for your team, please contact the Communications, Performance and Policy Team:

communications@chiltern.gov.uk

01494 586505

SUBJECT:	Review of the Protocol on the Role of the Independent Person
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

To consider proposed amendments to the protocol on the role of the independent person to ensure it remains up to date and fit for purpose.

RECOMMENDATION

That the updated Protocol attached at Appendix 1 be approved.

2. Reasons for Recommendations

It is good practise to review protocols and procedures on a regular basis to ensure they remain up to date and effective.

3. Content of Report

- 3.1 The Committee will be aware that under the Localism Act the Council must appoint at least one Independent Person (IP) whose view must be taken into account before a Hearings Sub-Committee makes a decision following the investigation of a complaint about a member. The Council has agreed to appoint 2 IPs and in October 2017 Mrs Caroline Langley and Mrs Elizabeth Jones were appointed for a 5 year term. The Localism Act also provides that a member who is the subject of a code of conduct complaint may seek the views of the IP on the complaint against them.
- 3.2 The Council's complaints procedure (appended to an earlier report on the agenda) provides for the monitoring officer to consult an IP (as well as the Chairman of this committee) at Stage 2 before deciding whether a complaint should be referred for investigation. The monitoring officer is also required to consult the IP when deciding whether a member has a sensitive interest under section 32 of the Localism Act (one which if disclosed would lead to the member or their family being subject to violence or intimidation) and when deciding whether to grant a dispensation under section 33 of the Act (again in consultation with the Chairman of this committee).
- 3.4 To ensure that IPs, members and officers understand the role and are clear about how it will be discharged, the adoption of a protocol is considered to be useful best practice. The protocol attached at Appendix 1 was originally adopted in September 2013. It was subsequently updated to include the new role of IPs as members of the Panel which must

be set up under mandatory standing orders, to consider the dismissal of any of the Council's statutory officers.

- 3.8 The Committee is invited to consider whether the protocol remains fit for purpose and to consider the proposed amendments shown in track changes at Appendix 1. These seek to further clarify the role including when the Independent Person's view will be sought and the process when a subject member wishes to exercise their right to seek the views of an Independent Person. Members will note that the proposal is for a different IP to take on this role, to avoid conflicts of confidentiality. It also removes the requirement for IPs to complete a register of interests as they are no longer co-opted members of the Council. IPs must still, however, disclose any potential conflicts of interest in matters they are consulted on.

4. Consultation

There is no statutory requirement to consult on changes to this protocol.

5. Options

The Committee has the option of proposing other changes to the protocol if considered appropriate.

6. Corporate Implications

Financial - None

Legal – As set out in the report

Risks issues – None

Equalities - None

7. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the adoption and regular review of a protocol on the role of the independent person supports the Council's statutory arrangements for dealing with complaints and corporate governance in general.

8. Next Steps

An updated Protocol will be published on the Council's website.

Background Papers:	None except those referred to in the report
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CHILTERN DISTRICT COUNCILPROTOCOL ON THE ROLE OF THE INDEPENDENT PERSON1. Introduction

Chiltern District Council has appointed 2 Independent Persons (IPs) pursuant to section 28 (7) of the Localism Act 2011. This protocol is to make clear the relationships between the IPs and the various parts of the Council involved in the process of handling standards complaints and wider promotion of ethical standards. Its aim is to ensure that responsibility is clear at each stage of the process and set out the expectations and rights of the IPs.

2. Considering written allegations

- a. Complaints will be allocated to an IP by the monitoring officer having regard to availability and any conflicts of interest, by rotation.
- b. The Monitoring Officer (MO) will seek the views of the allocated IP before reaching a decision on whether any further action should be taken on a written complaint
- c. When issuing the decision letter, the MO will record that the allocated IP has been consulted and that their views have been taken into account. Where the view of the MO and IP differ, the MO will record the reasons for following a particular course. The letter will make clear that it is the MO and not the IP who is the decision-maker.

3. Matters under investigation

- a. A member of Chiltern District Council~~the principal authority~~ or a town or parish council who is the subject of a complaint is entitled to~~may~~ seek the views of an~~the~~ allocated IP. The MO will allocate a different IP ("the Member IP") to undertake this role. A subject member wishing to contact the Member IP should do so via the MO. These arrangements will be communicated to the subject member by the MO in the decision notice.
- b. Where the Member IP has given views to the subject member, those views shall be put in writing and made available to all relevant parties in the case.
- c. The Member IP will need to agree in advance with the subject member rules of confidentiality but it will be up to the IP to decide whether matters should remain confidential and, even where there is confidential information disclosed to the IP, there should be a public statement that confidential matters were discussed.

- d. The MO may consult the allocated IP at any stage during the process, particularly on matters which relate to the procedures for handling the complaint.
- e. Where a matter has been referred to a Hearings Sub-Committee for determination, the committee must seek the views of the allocated IP before reaching its conclusions. The IP's views should be recorded in any decision notice and, where those views do not reflect the final outcome reasons must be given for any differences. However, it must be clear that it is the Hearings Sub-committee and not the IP who is the decision-maker.
- f. The IPs shall not make any comments to the media on any matter without prior agreement of the MO or the council's communications team. Any requests for comments from media shall be referred in the first instance to the MO who may refer these to the Chairman of the Audit and Standards Committee as appropriate.
- g. The IPs may be requested by the MO or Audit and Standards Committee to assist in mediation or conciliation in order to resolve complaints where that is considered the most appropriate course of action.
- h. The IPs may be requested by the MO or Audit and Standards Committee to assist in any training on conduct issues as appropriate.

4. Relationship with the Audit and Standards Committee

- a. The IPs shall receive agendas and minutes of all meetings of the Hearings Sub-Committee and the agenda and minutes of the Audit and Standards Committee in so far as they relate to standards issues. They shall be entitled to ask for items on standards issues to be added to the agenda of the Audit and Standards Committee with the agreement of the chairman and to speak at the committee.
- b. The IPs are not members of the Hearings Sub-Committee or the Audit and Standards Committee and therefore are not part of the formal business of the meeting and cannot vote on any matters put to the meeting. They may be invited to observe confidential standards matters with the agreement of the chairman.

5. Panel considering dismissal of statutory officers

- a. IPs will be members of any Panel set up to consider the dismissal of the Head of Paid Service, Chief Finance Officer or Monitoring Officer (all statutory officers of the Council) and together with the other members of the panel, will make recommendations on this to full Council.

b. IPs will be included in consultation about the dates for Panel meetings and receive the relevant papers at least 5 clear working days before the date of the meeting.

6. Other matters

a. The MO will consult an IP before deciding whether to grant a dispensation to a member of SBDC under section 33 of the Localism Act 2011

b. The MO will consult an IP before deciding whether a member of SBDC or a parish or town council has a sensitive interest under section 32 of the Localism Act 2011

~~a.c.~~ The IPs have the right to raise any concerns about standards issues or implementation of the process with the council's chief executive and have the right to address a meeting of the full council about any concerns.

~~b.d.~~ The council, through its Audit and Standards Committee and MO, is responsible for ensuring that the council meets its duty to promote and maintain high ethical standards. However, the IPs have the right to be consulted on any proposed changes to the Code of Conduct or procedures for handling allegations.

~~c.e.~~ The IPs have the right of access to any confidential information required to carry out their role. Access to such information and its storage shall be agreed with the MO.

~~d.f.~~ The IPs have the right of access to council buildings in order to carry out their role. Access should be agreed in advance with the MO.

~~e.g.~~ The MO will meet at least ~~annually~~quarterly with the IPs to review relevant matters.

~~f.h.~~ The IPs will agree to ~~sign a code of conduct, including a register of interests to be held by the MO and will~~ declare any relevant interests in relation to cases to the MO who will decide whether the interest conflicts them out of involvement in the matter.

~~g.i.~~ The IPs are to be considered as office-holders of the authority in accordance with the duty under s28(7) of the Localism Act 2011 and are therefore entitled to be covered by the council's indemnity insurance provided they act reasonably and within the terms of this Protocol.

CDC IP Protocol V~~21~~ Julyne 201~~87~~

SUBJECT:	Complaints Monitoring Report 2017/18
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

This report informs the Committee about complaints received by the monitoring officer in 2017/18 that members have breached the code of conduct.

RECOMMENDATION

That the complaints information for 2017/18 is noted.

2. Reasons for Recommendations

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

3. Content of Report

- 3.1 The Committee monitors complaints on an annual basis due to the historically low number of complaints made against elected and co-opted members of local authorities in Chiltern District.
- 3.2 As the Committee is aware from 1 July 2012 the responsibility for assessing, investigating and hearing complaints about member conduct was passed to principal councils under the Localism Act 2011, together with the discretion to adopt local arrangements. The Committee reviewed these arrangements in January of this year and a copy of the current Complaints Procedure is attached at Appendix 1 for information. Although the Localism Act removed the responsibility for Chiltern District Council to ensure high standards of conduct amongst town and parish councils in the district, any complaints that town or parish councillors may have breached their council's code of conduct are also dealt with under this complaints procedure.
- 3.3 There are a total of 219 elected and co-opted members of the district/town parish councils in Chiltern and historically the number of formal complaints about councillors has been very low. This trend has continued in the last financial year with only 1 formal complaint about a district councillor and no complaints about town/parish councillors. An informal complaint was received about the conduct of councillors at meeting of the Planning Committee but this did not proceed to Stage 1. The formal complaint concerned the alleged failure to disclose a personal and prejudicial interest. This proceeded to Stage 2 but the monitoring officer found no evidence that a breach of the code had occurred and therefore no further action was taken.

- 3.4 The number of complaints received in financial year 2017/18 are set out in the following table, together with the figures for 2016/17 by way of comparison.

Authority	2017/18	2016/17
CDC	1	3
Town/Parish Councils	0	1
Total	1	4

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

Nature of Allegation	Number of Allegations	
	Towns/parish Councils	CDC
a) Failure to treat others with respect/bullying		0
b) Bringing the Council into disrepute		0
c) Using position for personal advantage		0
d) Failure to register a pecuniary interest		0
e) Failure to disclose a pecuniary interest/withdraw from meeting		0
f) Failure to register a personal or prejudicial interest/withdraw from a meeting		1
g) Other		0

- 3.6 It is notable that complaints have decreased at both District and Town/Parish Council levels in 2017/18 and it has not proved necessary to proceed further than Stage 2 of the Complaints Procedure. Members will recall that following a review of allegations received in 2016/17 relating to the declaration of personal interests, the Committee proposed a revision to the Code of Conduct to make clear that members who declare a personal interest are still entitled to speak and vote on the item of business in question. This proposal was agreed by Full Council and the Code has been amended accordingly.

4. Consultation

Not applicable.

5. Options

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

6. Corporate Implications

Financial - None

Legal – As set out in the report

Risks issues – None

Equalities - None

7. Links to Council Policy Objectives

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

Background Papers:	None except those referred to in the report
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CHILTERN
District Council

ARRANGEMENTS FOR DEALING WITH STANDARDS ALLEGATIONS UNDER THE LOCALISM ACT 2011 (ADOPTED 17 JANUARY 2018)

1. Context

These "Arrangements" set out how to make a complaint that an elected or co-opted Member of Chiltern District Council or a Parish or Town Council in the area has failed to comply with the Code of Conduct, and sets out how the Council will deal with allegations of a failure to comply with the Code of Conduct.

Under Sections 28(6) and (7) of the Localism Act 2011, the Council must have "arrangements" in place under which allegations that a Member or co-opted Member of the Council or of a Parish or Town Council in the area has failed to comply with the Code of Conduct can be investigated and decisions made on such allegations.

These arrangements must provide for the Council to appoint at least one Independent Person whose views must be sought before the Council takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the Council at any other stage, or by a Member, or co-opted Member of a Parish or Town Council in the area, against whom an allegation has been made.

2. The Code of Conduct

The Council has adopted a Code of Conduct for its Members, which is attached at Appendix 2 and is available for inspection on the Council's website and on request by emailing the monitoring officer at: monitoringofficer@chiltern.gov.uk.

Each Town and Parish Council is also required to adopt a Code of Conduct and copies are available either on the Parish or Town Council's website or on request from the Clerk to the relevant Council.

3. Making a complaint

The monitoring officer is a senior officer of the Council who has statutory responsibility for maintaining the Register of Members' Interests and administers the procedure for dealing with complaints of Member misconduct.

To ensure the monitoring officer has all the information necessary to process your complaint, please complete the Model Complaint Form at Appendix 1, which can be downloaded from the Councils website at www.chiltern.gov.uk/contactus/commentscomplimentsandcomplaints and is also available on request from the Monitoring Officer by email to monitoringofficer@chiltern.gov.uk or by telephone to: 01494 732761.

Please provide your name and a contact address or email address your complaint can be

acknowledged and we can keep you informed of its progress. If you want to keep your name and address confidential, please indicate this and the reason why, in the space provided on the Complaint Form. Please note that we will not deal with anonymous complaints.

Please send your completed Complaint Form and any relevant documents by email to:

monitoringofficer@chiltern.gov.uk

Or by post to:

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

4. What happens next?

The monitoring officer will acknowledge receipt of your complaint within 5 working days. If your complaint is **not** about member conduct then the Monitoring Officer will not consider it but will, where possible, refer you to any relevant procedure available.

For example the following are not covered by this complaints procedure:

- Complaints about the conduct of councillors when acting in their personal capacity i.e. not acting as an elected or co-opted member of the Council
- Dissatisfaction with a decision or action of the Council or one of its committees
- Complaints about a service provided by the Council
- Complaints about the Council's procedures
- The actions of people employed by the Council

If a complaint alleges that Members may have committed a criminal offence by breaching the "disclosable pecuniary interest" provisions under Section 34 of the Localism Act 2011, it will be referred to Thames Valley Police for consideration, in accordance with the Protocol at Appendix 8.

Your complaint will be considered in three Stages with the aim of reaching a satisfactory resolution. Under Stages One and Two only the details contained in the Complaint Form will be considered. Therefore it is important that you set out your complaint clearly and provide all the information you wish to be considered at the outset.

As a matter of fairness and natural justice we believe members who are complained about have a right to know who has made the complaint and to be provided with full details of the complaint. We are unlikely to withhold your identity or the details of your complaint unless you have good reason to believe that to do so would be contrary to the public interest, would prejudice any subsequent investigation or you have reasonable grounds for believing you or any witness in the matter would be at risk.

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

withheld until your request has been considered.

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

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

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

5. Stage One

We will tell the Member that you are complaining about that we have received a complaint and provide them with a copy (unless your request for confidentiality has been agreed).

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

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

6. Stage Two

Your complaint will then be assessed by the monitoring officer having regard to the Referral Criteria at Appendix 3 and who will decide, after consultation with the Chairman/Vice-Chairman of the Councils Audit and Standards Committee and the Independent Person (whose views will be taken into account), whether your complaint should be referred for investigation. This will happen within an average of 20 working days from the commencement of Stage Two.

When a decision has been made you will be notified in writing. The monitoring officer will also write to the member(s) you have complained about and the parish or town clerk (if applicable). These letters will be sent within five working days of a decision being reached. The decision is made available for public inspection once the member concerned has been given a copy of the decision.

The decision of the monitoring officer is final and there is no right of appeal.

In appropriate cases, the monitoring officer may seek to resolve the complaint informally, without the need for a formal investigation. Such informal resolution may involve the Member accepting that his/her conduct was unacceptable and offering an apology or the complaint maybe considered suitable for mediation or such other remedial action by the Council on the recommendation of the monitoring officer. Where the Member concerned makes a reasonable offer of informal resolution such as an apology or agrees for the complaint to be mediated but you are not willing to accept that offer, the monitoring officer will take this into account in deciding whether the complaint merits formal investigation

7. Stage Three

If the decision at Stage Two is to investigate the complaint the monitoring officer will appoint an Investigating Officer, who may be another senior officer of the Council, an officer of another Council or an external investigator. The investigator's report will be considered by the Hearings Sub-Committee of the Council's Audit and Standards Committee. The Council has adopted a model procedure for the investigation of complaints, which is attached at Appendix 4 together with an explanatory flowchart. Details of the both the investigation procedure and the procedure if the matter proceeds to a hearing are explained further below.

8. How is the investigation conducted?

Ordinarily the Council would hope that investigations will take no more than 6 months to complete from the date the decision to investigate is taken. This will very much depend on the facts of each complaint and some investigations may be concluded earlier and others may take longer.

It is vital to the timely completion of investigations that you, as the complainant, and the subject Member under investigation, comply with the reasonable requirements of the Investigating Officer in terms of interview attendance and supplying relevant documents. If you, as the complainant, do not co-operate the Investigating Officer monitoring officer for direction as to whether the investigation should be terminated. Similarly if the subject Member does not comply, the Investigating Officer will proceed to determine the investigation in the absence of their contribution and may draw an adverse inference from their non-cooperation.

The Investigating Officer will normally carry out the investigation in accordance with the model procedure detailed at Appendix 4 although may decide to depart from this if the circumstances of the complaint warrant it.

As an initial step, and subject to any ruling on disclosure, the Investigating Officer may write to the subject Member at the beginning of the investigation to see if the subject Member still wishes to contest the complaint. Subject to this the investigation will normally follow the model procedure at Appendix 4.

At the end of the investigation, the Investigating Officer will produce a draft report and will send copies of the draft report, in confidence, to you and to the Member concerned to give you both an opportunity to identify any matter in that draft report which you disagree with or which you consider requires more consideration.

Having received and taken account of any comments which you may make on the draft report, the Investigating Officer will send his/her final report to the Monitoring Officer.

It should be noted that at any time during an investigation, the Investigating Officer may, following consultation with the Independent Person, refer the matter back to the monitoring officer for re-consideration as to whether the investigation should proceed if the Investigating Officer considers that the Re-consideration Criteria in Appendix 3 are satisfied.

9. What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?

The monitoring officer will review the Investigating Officer's report and consult with the Independent Person thereon. If having done so the monitoring officer is satisfied that the Investigating Officer's report is sufficient, the monitoring officer will write to you and to the Member concerned and to the Parish or Town Council on which the Member serves, notifying you that he is satisfied that no further action is required, and give you both a copy of the Investigating Officer's final report. If the monitoring officer is not satisfied that the investigation has been conducted properly, the Investigating Officer may be asked to re-consider his/her report.

10. What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct?

The Monitoring Officer will review the Investigating Officer's report and after consulting the Independent Person will consider whether Local Resolution should be attempted or the matter should proceed direct to hearing before the Hearings Sub-Committee.

• Local Resolution

The monitoring officer will consult with the Independent Person and with you as complainant and seek to resolve the complaint in a way that helps to ensure higher standards of conduct for the future. Such resolution may include the Member accepting that his/her conduct was unacceptable and offering an apology or the complaint being referred for mediation or such other remedial action as is considered appropriate in the circumstances. If the Member complies with the suggested resolution, the monitoring officer will report the matter to the Audit and Standards Committee and for complaints about Town/Parish councillors, the relevant Parish or Town Council, but will take no further action. However, if the Member concerned does not accept that the matter should be resolved in such a manner, the monitoring officer will refer the matter for a hearing before the Hearings Sub-Committee.

• Hearings Sub-Committee

If the monitoring officer considers that Local Resolution is not appropriate or the Member concerned does not accept that the matter should be resolved in such a manner, then the monitoring officer will submit the Investigating Officers report to the Hearings Sub-Committee which will conduct a Hearing before deciding whether the Member has failed to comply with the Code of Conduct and, if so, whether to take any action in respect of the failure.

In readiness for convening a meeting of the Hearings Sub-Committee, the monitoring officer will conduct a written "pre-hearing process", requiring the Member concerned to give their response

to the Investigating Officer's report in order to identify what is likely to be agreed and what is likely to be in contention at the Hearing.

If, through the "pre-hearing process", the Member concerned accepts the Investigating Officer's report, they will be given the opportunity to provide a statement of mitigation which they may invite the Hearings Sub-Committee to consider in their absence. Alternatively, the Member may elect to attend a Hearings Sub-Committee to present their mitigation. In either case, the "uncontested" hearing procedure will be followed as set out at Appendix 5.

Where, following the "pre-hearing process", the Investigating Officer's report remains in contention, the matter will be set down for a "contested" hearing before the Hearings Sub-Committee and the hearing procedure set out at Appendix 6 will be followed.

At the hearing, the Investigating Officer will present his/her report, call such witnesses as considered necessary and make representations to substantiate the conclusion that the Member has failed to comply with the Code of Conduct. For this purpose, the Investigating Officer may ask you, as the complainant, to attend and give evidence. Unless called to do so by the Investigating Officer, you do not have the right to address the Hearings Sub-Committee of your own volition.

The Member will then have an opportunity to give evidence, to call witnesses and to make representations about why they consider they did not fail to comply with the Code of Conduct. The Member may be represented legally or otherwise.

The Hearings Sub-Committee, with the benefit of any advice from the Independent Person, may conclude that the Member did not fail to comply with the Code of Conduct and so dismiss the complaint. If the Hearings Sub-Committee concludes that the Member did fail to comply with the Code of Conduct, the Chairman will inform the Member of this finding and the Hearings Sub-Committee will then consider what action, if any, should be taken. In doing this, the Hearings Sub-Committee will give the Member an opportunity to make representations to them and will consult the Independent Person before deciding what action, if any, to take in respect of the matter.

11. What action can the Hearings Sub-Committee take where a Member has failed to comply with the Code of Conduct?

The Council has delegated to the Hearings Sub-Committee such of its powers to take action in respect of individual Members as may be necessary to promote and maintain high standards of conduct. Accordingly, the Sub-Committee may:

- Write to the Member over their conduct;
- Publish its findings in the local media in respect of the Member's conduct;
- Report its findings to the Council or to the Parish or Town Council concerned;
- Recommend to the Member's Group Leader (or in the case of un-grouped Members, recommend to the Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;

- Recommend to the Leader of the Council that the Member be removed from the Cabinet or removed from particular Portfolio responsibilities;
- Instruct the monitoring officer to, or recommend to the Parish or Town Council concerned that it, arrange training for the Member;
- Recommend removal, or recommend to the Parish or Town Council concerned removal, of the Member from all outside appointments to which he/she has been appointed or nominated by the Council or the Parish or Town Council;
- Withdraw, or recommend to the Parish or Town Council concerned that it withdraws, facilities provided to the Member by the Council, such as a computer, website and/or email and Internet access; or
- Recommend that any aspects of the complaint that are considered suitable be referred for mediation between the parties; or
- Exclude, or recommend to the Parish or Town Council concerned that it excludes, the Member from the Council's offices or other premises with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee Meetings.

The Hearings Sub-Committee has no power to suspend or disqualify the Member or to withdraw a Member's basic allowance or any special responsibility allowances.

12. What happens at the end of the Hearing?

At the end of the hearing, the Chairman will announce the Sub-Committee's decision as to whether the Member has failed to comply with the Code of Conduct and as to any action which the Sub-Committee resolves to take.

As soon as reasonably practicable thereafter, the monitoring officer will prepare a formal decision notice in consultation with the Chairman of the Sub-Committee and send a copy to you, to the Member concerned and to any relevant Parish and Town Council, make such decision notice available for public inspection and report the decision to the next convenient meeting of the Audit & Standards Committee.

The decision of the Hearings Sub-Committee is final and is not subject to a right of appeal.

13. What is the Hearings Sub-Committee?

The Hearings Sub-Committee is made up of 3 elected Members of the Council's Audit & Standards Committee.

An Independent Person is invited to attend all meetings of the Hearings Sub-Committee and their views are sought and taken into consideration on whether a Member's conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

14. Who is the Independent Person?

An Independent Person is someone who has been appointed by the Council under Section 28 of the Localism Act 2011.

Independent Persons must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the District Council – i.e. by full Council.

A Person is considered not to be 'independent' if they are, or have been in the previous 5 years:

- an elected or co-opted member or officer of the District Council or any Parish in the area
- an elected or co-opted member of any committee or sub-committee of the District Council or any Parish in the area

or they are a relative or close friend of a current elected or co-opted member or officer of the District Council or any Parish or Town Council the area – or any elected or co-opted members of any committee or sub-committee of such a Council.

15. Revision of these arrangements

The Audit & Standards Committee may amend these arrangements.

The Chairman of any Hearings Sub-Committee may, following consultation with the Independent Person, depart from the procedures detailed above where he/she considers it is expedient to do so in order to secure the effective and fair consideration of any matter.

If the monitoring officer considers that he/she may be conflicted in the discharge of these arrangements, he may delegate such matters to a Deputy monitoring officer to discharge.

16. Appeals

There is no right of appeal for you as complainant or for the Member against a decision of the monitoring officer or the Hearings Sub-Committee.

If you feel that the Council has failed to deal with your complaint in accordance with these arrangements, you may make a complaint to the Local Government Ombudsman.

Appendix 1	Model Complaint Form
Appendix 2	CDC Code of Conduct – Revised 28.02.18
Appendix 3	Assessment Criteria
Appendix 4	Procedure for Investigations
Appendix 5	Uncontested Hearing Procedure
Appendix 6	Contested Hearing Procedure
Appendix 7	Protocol with Thames Valley Police on Reporting Potential Criminal Offences



CHILTERN
District Council

COMPLAINT FORM MEMBER(S) CONDUCT

Your details

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

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

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

However, we will tell the following people that you have made this complaint:

- the member(s) you are complaining about
- the Monitoring Officer of the authority
- the parish or town clerk (if applicable)
- the council's Independent Person (if required)
- members of the Hearings Sub-Committee convened to consider your complaint
- officers involved in mediation (if applicable)

We will tell them your name and give them a summary of your complaint. We will give them full details of your complaint where necessary or appropriate to be able to deal with it. If you have

serious concerns about your name and a summary, or details of your complaint being released, please complete section 5 of this form.

2. Please tell us which complainant type best describes you:

- Member of the public
- An elected or co-opted member of an authority
- Member of Parliament
- Local authority Monitoring Officer
- Other council officer or authority employee
- Other

Making your complaint

Once your complaint has been received a decision will be taken in accordance with the council's published arrangements as to what action, if any, should be taken on it which can be found on the Council's website at: <http://www.chiltern.gov.uk/article/8137/Complaints-about-Councillors>. You will not have the opportunity to attend a meeting at this stage. It is important that you provide all the information that you want taken into account as part of your complaint.

Please refer to the council's published arrangements under the heading 'Making a complaint' which explains the Three Stage process for dealing with your complaint.

3. Please provide us with the name of the member(s) you believe have breached the Code of Conduct and the name of their authority:

Title	First Name	Last Name	Council or Authority Name

It is important that you provide a summary of the information you wish to have taken into account (within the space provided below) so a decision can be made, in accordance with the published arrangements, whether to take any action on your complaint.

For example:

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

Please indicate which paragraphs of the Code of Conduct you consider the member(s) to have breached by ticking the appropriate box(es).

- 3.1 "You must provide leadership to the council and communities within its areas by personal example."
- 3.2 "You must respect others and not bully any person."
- 3.3 "You must recognize that officers (other than political assistants) are employed by and serve the whole council."
- 3.4 "You must respect the confidentiality of information which you received as a member."
- 3.5 "You must not misconduct yourself in a manner which is likely to bring the council into disrepute."
- 3.6 "You must use your position as a member in the public interest and not for personal advantage."
- 3.7 "You must act in accordance with the council's reasonable rules on the use of the resources of the council for private or political purposes."
- 3.8 "You must exercise your own independent judgment, taking decisions for good and substantial reasons."
- 3.9 "You must account for your actions, particularly by supporting the council's scrutiny functions."
- 3.10 "You must ensure the council acts within the law."
- 6, 9 or 10 (Interest requirements re: Personal, Prejudicial or Disclosable Pecuniary Interests)

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

Please provide us with details of your complaint (within the space provided)

Please explain what steps, if any, you have taken to resolve this complaint directly with the member concerned?

Would you be prepared to engage in mediation with the member concerned, if considered appropriate, to try and resolve the complaint?

Yes / No

If you answered no please state reason why below:

Mediation is a way of resolving disputes with the assistance of an independent mediator who will try and help the parties reach a solution to the dispute that both parties are agreeable to. The independent mediator will avoid taking sides, making judgements or giving guidance. They are simply responsible for developing effective communications between the parties with a view to a common sense settlement being arrived at. Mediation is a voluntary process and will only take place if the parties agree and remains confidential to the parties involved.

Only complete this next section if you are requesting that your identity is kept confidential

5. In the interests of fairness and natural justice, we believe members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a summary of the complaint. We are unlikely to withhold your identity or the details of your complaint unless you have good reasons.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

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

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

6. Additional Help

Complaints must be submitted in writing. This includes fax and electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

If you need any support in completing this form, please let us know as soon as possible.



CODE OF CONDUCT FOR MEMBERS

Adopted on 15 August 2012

Revised on 28 February 2018

1. General Provisions

Introduction

1. (1) The Council has adopted this Code of Conduct pursuant to section 27 of the Localism Act 2011 (the Act) to promote and maintain high standards of behaviour by its members and co-opted members whenever they conduct the business of the Council including the office to which they were elected or appointed or when they claim to act or give the impression of acting as a representative of the Council
- (2) This Code of Conduct complies with Section 28 the Act and is consistent with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Scope

2. (1) This Code of Conduct applies to you whenever you are acting in your capacity as a member of Chiltern District Council, including:
 - (a) at formal meetings of the Council, its Committees and Sub-Committees, its Cabinet and PAG's
 - (b) when acting as a representative of the authority
 - (c) in taking any decision as a Cabinet member or a Ward Councillor
 - (d) in discharging your functions as a ward Councillor
 - (e) at briefing meetings with officers
 - (f) at site visits and
 - (g) when corresponding with the authority other than in a private capacity
- (2) Where you act as a representative of the Council:
 - (a) on another authority, you must when acting for that authority, comply with that other authority's code of conduct; or
 - (b) on any other body, you must, when acting for that other body, comply with this Code of Conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject

General obligations

3. You must:
- (1) provide leadership to the council and communities within its area, by personal example and
 - (2) respect others and not bully any person
 - (3) recognise that officers (other than political assistants) are employed by and serve the whole council
 - (4) respect the confidentiality of information which you receive as a member:
 - (i) not disclosing confidential information to third parties unless required by law to do so or where there is a clear and over-riding public interest in doing so; and
 - (ii) not obstructing third parties' legal rights of access to information
 - (5) not misconduct yourself in a manner which is likely to bring the council into disrepute
 - (6) use your position as a member in the public interest and not for personal advantage
 - (7) act in accordance with the council's reasonable rules on the use of the resources of the council for private or political purposes
 - (8) exercise your own independent judgement, taking decisions for good and substantial reasons:
 - (i) attaching appropriate weight to all relevant considerations including, where appropriate, public opinion and the views of political groups
 - (ii) paying due regard to the advice of officers, and in particular to the advice of the statutory officers, namely the Head of Paid Service, the Chief Finance Officer and the Monitoring Officer and
 - (iii) stating the reasons for your decisions where those reasons are not otherwise apparent
 - (9) account for your actions, particularly by supporting the council's scrutiny function
 - (10) ensure that the council acts within the law.

2. Interests

Personal interests

4. In addition to the statutory requirements under the Act in relation to Disclosable Pecuniary Interests (DPI's) and as set out in Paragraph 10 below, and save for the subject interest already having been declared as a DPI and the statutory provisions complied with, the following Paragraphs 5 to 9 shall also apply.
5. (1) You have a personal interest in any business of the council where either:
- (a) it relates to or is likely to affect:
 - (i) 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;
 - (ii) any body:
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) 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;
 - (iii) any person or body who employs or has appointed you;
 - (iv) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £50;
 - (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected by the decision;
- (2) In sub-paragraph (1)(b), a relevant person is:
- (a) a member of your family or any person with whom you have a close association; or
 - (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
 - (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (d) any body of a type described in sub-paragraph (1) (a) (i) or (ii).

Disclosure of personal interests

6. (1) Subject to sub-paragraphs (2) to (5), where you have a personal interest in any business of the council and you attend a meeting of the council at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

- (2) Where you have a personal interest in any business of the council which solely relates to a 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, you need only disclose to the meeting the existence and nature of that interest if that interest is prejudicial.
- (3) Where you have a personal interest in any business of the council of the type mentioned in paragraph 5(1) (a) (iv), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.
- (5) Subject to paragraph 9(1) (b), where you have a personal interest in any business of the council and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (6) Having declared a personal interest you may continue to speak and vote on the item of business concerned.

Prejudicial interest generally

7. (1) Subject to sub-paragraph (2), where you have a personal interest in any business of the council you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the council where that business:
 - (a) does not affect your financial position or the financial position of a person or body described in paragraph 5:
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 5; or
 - (c) relates to the functions of the council in respect of:
 - (i) an allowance, payment or indemnity given to members;
 - (ii) any ceremonial honour given to members; and
 - (iii) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

8. You also have a prejudicial interest in any business before an overview and scrutiny

committee of the council (or of a sub-committee of such a committee) where:

- (a) that business relates to a decision made (whether implemented or not) or action taken by the cabinet, PAG's or another of the council's committees, sub-committees, joint committees or joint sub-committees; and
- (b) at the time the decision was made or action was taken, you were a member of the cabinet, PAG's, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 9. (1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your council:
 - (a) you must declare the existence and nature of your interest and withdraw from the room or chamber where a meeting considering the business is being held:
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your council's monitoring officer;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of the council you may attend a meeting (including a meeting of the overview and scrutiny committee of the council or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Disclosable Pecuniary Interest

- 10. A Disclosable Pecuniary Interest (DPI) is as defined in 'The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012' (The Regulations) and the categories of interest are set out in Appendix A.

Note: In addition to the statutory requirements under the Act, Council Procedure Rules require you to withdraw from the room or chamber where the meeting is being held if you have a DPI in an item of business being considered at that meeting unless a Dispensation has been granted pursuant to and in accordance with Section 33 of the Act.

3. Registration of Members' Interests

Registration or Disclosure of members' interests

11. (1) Subject to paragraph 12, you must, within 28 days of:
- (a) in relation to a DPI, the Regulations coming into effect namely 1.7.12
 - (b) in relation to Personal Interests, this Code being adopted by or applied to the council; or
 - (c) otherwise your election or appointment to office (where that is later),
- register in the council's register of members' interests, maintained under Section 29 of the Act, details of any DPI which you or your spouse or civil partner (or person with whom you are living as spouse or civil partner) may have, together with your personal interests where they fall within a category mentioned in paragraph 5(1) (a), by providing written notification to the council's monitoring officer.
- (2) Failure to register or disclose any DPI in accordance with section 30(1) or 31(2), (3) or (7) of the Act, or participating in any discussion or vote in contravention of section 31(4) of the Act, or taking any steps in contravention of section 31(8) of the Act, is a criminal offence and risks a fine not exceeding level 5 on the standard scale (currently £5,000) or disqualification as a member for a period not exceeding 5 years.
- (3) Subject to paragraph 12, you must, within 28 days of becoming aware of any new DPI and/or personal interest or change to any DPI and/or personal interest registered under paragraph (1), register details of that new DPI and/or personal interest or change by providing written notification to the council's monitoring officer.
- (4) Subject to Paragraph 12, you are required to disclose the existence and nature of any DPI when it arises at a meeting even where already registered in the Register or pending registration so the minutes can be duly noted.

Sensitive interest

12. (1) Where you consider that you have a sensitive interest (whether or not a DPI), and the council's monitoring officer agrees, if the interest is entered in the Council'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 has an interest the details of which are withheld under section 32 (2) of the Act) and any public declaration required need only state the fact an interest arises without further detail.
- (2) You must, within 28 days of becoming aware of any change of circumstances which means that information excluded under paragraph (1) is no longer a sensitive interest, notify the Council's monitoring officer asking that the interest be included in the Council's register of members' interests.

- (3) In this Code, "sensitive interest" means an interest, the nature of which is such that you and the Council's monitoring officer consider that disclosure of the details of the interest could lead to you, or a person connected with you, being subject to violence or intimidation.

Dispensations

13. On a written request made to the Council's Monitoring Officer, the Council may grant a dispensation for you to participate in a discussion and vote on a matter at a meeting even if you have a DPI or a prejudicial interest and that you be relieved of the obligation to otherwise withdraw from the room in which the matter is being considered if the Council considers that the number of members otherwise prohibited from taking part in the meeting would be so great a proportion of the body transacting the business that it would impede the transaction of the business; or 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 on the business; or it is in the interests of the inhabitants in the Council's area to allow you to take part or that without the dispensation the Council's Executive would be prohibited from participating in the matter or it is otherwise appropriate to grant a dispensation.

Appendix A – Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a DPI are set out in Chapter 7 of the Act.

DPI's are defined in the Regulations 2012 as follows:

Interest	Prescribed description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority:</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to M's knowledge):</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where:</p> <p>(a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either:</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p>

	(ii) if the share capital of that body is more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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For this purpose:

“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;

“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;

“M” means a member of a relevant authority; “member” includes a co-opted member; “relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“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.

ASSESSMENT CRITERIA

Stage 1 Criteria

Before the assessment of a complaint begins, the Monitoring Officer must be satisfied that the complaint meets the following requirements:

- (i) It is a complaint against one or more named Members of the Council or a Parish or Town Council within the area;
- (ii) The named Member or Members were in Office at the time of the alleged conduct and acting in their official capacity; and
- (iii) The complaint, if proven, would be a breach of the Council's Code of Conduct in force at the relevant time.

If the complaint fails any one of these tests, it cannot be investigated as a breach of the Council's Code of Conduct and the complainant must be informed that no further action can be taken in relation to the complaint. If it passes all three tests then it can be assessed according to the criteria set out below.

Stage 2 Criteria

The Monitoring Officer is unlikely to refer a complaint for investigation where it falls into any of the following categories:

- (a) The complaint appears to be vexatious, malicious, politically motivated, relatively minor, insufficiently serious, tit-for-tat, or there are other reasons why an investigation may not be in the public interest.
- (b) The same, or substantially similar, complaint has already been the subject of assessment or investigation and there is nothing more to be gained by further action being taken.
- (c) It appears that the complaint concerns or is really about dissatisfaction with a Council decision or policy rather than a breach of the Code of Conduct.
- (d) There is not enough information currently available to justify a decision to refer the matter for investigation.
- (e) The complaint is about someone who has died, resigned, is seriously ill or is no longer a Member of the Council concerned and therefore it is not in the public interest to pursue.
- (f) Where the allegation is anonymous, unless it includes documentary or photographic evidence indicating an exceptionally serious or significant matter and it is considered in the public interest that it be investigated.
- (g) Where the event/s or incident/s took place more than 6 months prior to the date of

complaint being received or where those involved are unlikely to remember the event/s or incident/s clearly enough to provide credible evidence.

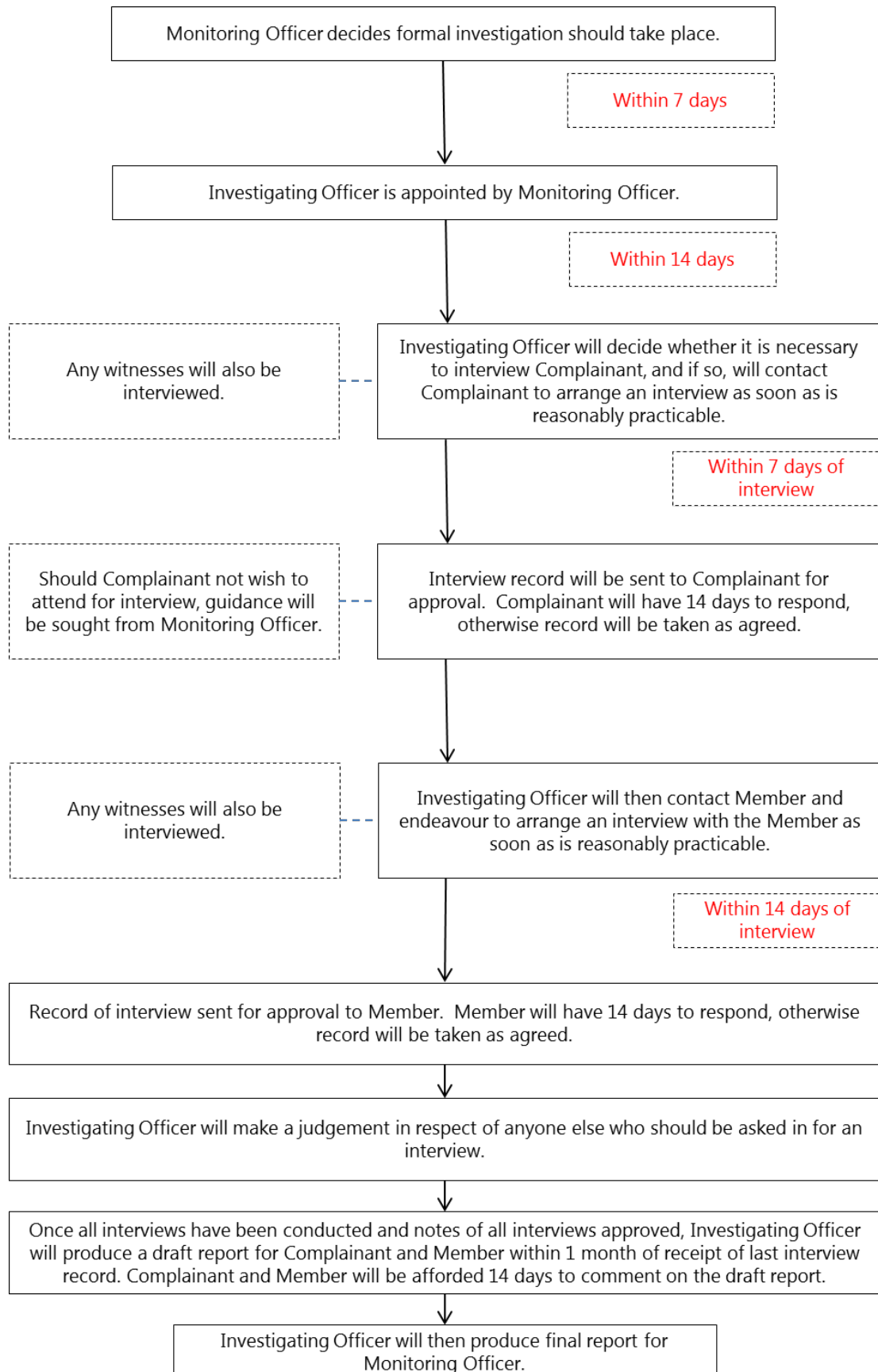
- (h) The complaint is such that it is unlikely that an investigation will be able to come to a firm conclusion on the matter and where independent evidence is likely to be difficult or impossible to obtain.
- (i) If it is considered that the subject Member has **offered** a satisfactory remedy to the complainant (for example by apologising) or the complaint is capable of other informal resolution **such as mediation** and the Member complained of is amenable to such approach.
- (j) If it is satisfied that having regard to the nature of the complaint and the level of its potential seriousness, the public interest in conducting an investigation does not justify the cost of such an investigation.
- (k) Where the allegation discloses a potential breach of the Code of Conduct but it is considered that the complaint is not serious enough to warrant any further action and:
 - the Member and Officer resource needed to investigate and determine the complaint is wholly disproportionate to the matter complained about; or
 - in **all** the circumstances there is no overriding public benefit or interest in carrying out an investigation.

Re-consideration Criteria

The Investigating Officer may, following consultation with the Independent Person, refer an investigation to the Monitoring Officer for re-consideration as to whether the investigation should proceed where:

- As a result of new evidence or information, the Investigating Officer is of the opinion that the matter is materially less serious than may have seemed apparent to the Monitoring Officer when the decision was made to refer the complaint for investigation, and a different decision may have been made had the Monitoring Officer been aware of the new evidence or information;
- The Member who is the subject of the allegation has died, is seriously ill or has resigned from the Council concerned and in the circumstances the Investigating Officer is of the opinion that it is no longer appropriate to proceed with the investigation; or
- Other circumstances arise, which in the reasonable opinion of the Investigating Officer, render it appropriate for the investigation to be referred to the Monitoring Officer for re-consideration.

PROCEDURE FOR INVESTIGATIONS



**AUDIT & STANDARDS COMMITTEE
OUTLINE PROCEDURE FOR HEARINGS SUB-COMMITTEE
(UNCONTESTED)**

Preliminary Procedural Issues

1. Introductions
2. Declarations of Interest (if any)
3. To consider any request for the exclusion of Press and Public

Breach of the Code of Conduct

4. Monitoring Officer (or his/her representative) to present summary report, including the findings of fact made by the Investigating Officer, and refer to outcome of pre-hearing process.
5. Views of the Independent Person sought.
6. Members of the Sub-Committee to raise/clarify issues.
7. The Sub-Committee will retire, along with the Monitoring Officer, to determine whether there has been a breach of the Code of Conduct. The Sub-Committee's decision will be reported back to the meeting by the Democratic Services Officer.

Action to be taken

8. Monitoring Officer (or his/her representative) to outline possible sanctions.
9. Investigating officer to make submissions on appropriate sanction, if any.
10. Member or (his/her representative) to present statement of, or provide oral, mitigation, including on what sanction, if any, should be imposed.
11. Views of the Independent Person sought.
12. Members of the Sub-Committee to raise/clarify issues.
13. The Sub-Committee will retire, along with the Monitoring Officer, to consider what sanction, if any, should be imposed. The Sub-Committee's decision will be reported back to the meeting by the Democratic Services Officer.

Close of Hearing

**AUDIT & STANDARDS COMMITTEE
OUTLINE PROCEDURE FOR HEARINGS SUB-COMMITTEE (CONTESTED)**

Preliminary Procedural Issues

1. Introductions
2. Declarations of Interest (if any)
3. To consider any request for the exclusion of Press and Public

Findings of Fact

4. Monitoring Officer (or his/her representative) to present summary report and refer to outcome of pre-hearing process.
5. Investigating Officer to present report and call such witnesses as he/she considers necessary to substantiate his/her conclusion(s) within the report.
6. Member (or his/her representative) to raise/clarify issues with the Investigating Officer, including the questioning of the Investigating Officer's witnesses.
7. Members of the Sub-Committee to raise/clarify issues with the Investigating Officer, including the questioning of the Investigating Officer's witnesses.
8. Member (or his/her representative) to present their case and call such witnesses as he/she considers necessary.
9. Investigating Officer to raise/clarify issues with the Member (or his/her representative), including the questioning of the Member's witnesses.
10. Members of the Sub-Committee to raise/clarify issues with the Member (or his/her representative), including the questioning of the Member's witnesses.
11. Views of the Independent Person sought.
12. Members of the Sub-Committee to raise/clarify issues with the Independent Person.
13. The Sub-Committee will retire, along with the Monitoring Officer, to determine its findings of fact.
14. The Sub-Committee's decision will be reported back to the meeting by the Democratic Services Officer.

Breach of the Code of Conduct

15. The Sub-Committee will need to consider whether or not, based on the facts it has found, the Member has breached the Code of Conduct.
16. Investigating Officer to address the Sub-Committee on whether the facts found constitute a breach of the Code of Conduct.
17. Member (or his/her representative) to address the Sub-Committee as to why the facts found do not constitute a breach of the Code of Conduct.
18. Views of the Independent Person sought.
19. Members of the Sub-Committee to raise/clarify issues.
20. The Sub-Committee will retire, along with the Monitoring Officer, to determine whether there has been a breach of the Code of Conduct. The Sub-Committee's decision will be reported back to the meeting by the Democratic Services Officer.

(If the Sub-Committee determine that there has been no breach of the Code of Conduct, the complaint will be dismissed. If, however, the Sub-Committee determine that there has been a breach of the Code of Conduct, the procedure at paragraph 21 will apply).

Action to be taken

21. The Sub-Committee will need to determine what sanction, if any, should be imposed as a result of the Member's breach of the Code of Conduct.
22. Monitoring Officer (or his/her representative) to outline possible sanctions.
23. Investigating officer to make submissions on appropriate sanction, if any.
24. Member (or his/her representative) to make submissions on whether any sanction should be imposed.
25. Views of the Independent Person sought.
26. Members of the Sub-Committee to raise /clarify issues.
27. The Sub-Committee will retire, along with the Monitoring Officer, to consider what sanction, if any, should be imposed. The Sub-Committee's decision will be reported back to the meeting by the Democratic Services Officer.

Close of Hearing

PROTOCOL BETWEEN CHILTERN DISTRICT COUNCIL 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. If the Monitoring Officer receives a complaint regarding a potential DPI offence they will undertake an initial assessment of the allegation having regard to the following criteria:
 - Has the alleged offence been committed in the last 3 years?
 - Was the Member concerned subject to the Localism Act 2011 at the time of the alleged offence?
 - Is it proportionate to conduct a criminal investigation rather than a code of conduct investigation for the alleged offence?
2. If the Monitoring Officer considers that the answer to each of the above criteria is "yes" 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).
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 Aylesbury Vale District Council:

Signed on behalf of Buckinghamshire County Council:

Signed on behalf of Chiltern District Council:

Signed on behalf of South Bucks District Council:

Signed on behalf of Wycombe District Council:

Signed on behalf of Buckinghamshire &
Milton Keynes Fire Authority:

Signed on behalf of Royal Berkshire Fire Authority:

The original signed version is retained by Legal Services. Signed and dated by all parties as of

..... 2018.

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 / 07976 269128

Chiltern and South Bucks District Councils

Joanna Swift
Email: monitoringofficer@chiltern.gov.uk
monitoringofficer@southbucks.gov.uk
Tel: 01494 732761

Buckinghamshire County Council

Linda Forsythe
Email: lforsythe@buckscc.gov.uk
Tel: 01296 383640

Aylesbury Vale District Council

Ifty Ali
Email: iali@aylesburyvaledc.gov.uk
Tel: 01296 585032

Wycombe District Council

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

Buckinghamshire & Milton Keynes Fire Authority

Graham Britten
Email: Gbritten@bucksfire.gov.uk
Tel: 01296 744441

Royal Berkshire Fire Authority

Graham Britten
Email: Gbritten@bucksfire.gov.uk
Tel: 01296 744441

SUBJECT:	Case law Update - Harvey v Ledbury Town Council
REPORT OF:	Monitoring Officer
RESPONSIBLE OFFICER	Joanna Swift
REPORT AUTHOR	Joanna Swift
WARD/S AFFECTED	None

1. Purpose of Report

To provide the Committee with information about a recent High Court judgement concerning the lawfulness of sanctions imposed by a Town Council against a councillor following a complaint about her conduct.

RECOMMENDATION

That the Committee note the information set out in the report.

2. Reasons for Recommendations

To ensure the Committee are aware of case law relating to standards issues and procedures.

3. Content of Report

Background to the Case

- 3.1 Councillor Harvey was a member of Ledbury Town Council and came into conflict with the town clerk who brought a grievance alleging that Councillor Harvey had bullied, intimidated and harassed staff. The grievance was heard by a panel of senior councillors. Councillor Harvey did not attend, stating that she did not recognise the authority of the Panel, and she requested that the matter be properly investigated under the standards procedure. However, the Panel upheld the grievance in her absence, and the town council then resolved to impose a number of restrictions on Councillor Harvey, including that she should not sit on any committees, sub-committees, panels or working groups nor represent the council on any outside body, and that all communications between her and its clerk and deputy clerk should go through the mayor.
- 3.2 Councillor Harvey referred herself to the monitoring officer of Herefordshire Council as a Code of Conduct complaint. Herefordshire Council advised the Town Council that the complaint was sufficiently serious to require further investigation, and so it was making arrangements for the complaint to be investigated by an external investigator. The monitoring officer advised the Town Council that although these allegations were made under the grievance procedure, they were in fact allegations that a member had failed to comply with the authority's Code of Conduct and so had to be dealt with in accordance with the standards regime (for English authorities this regime is made under s.28(6) of the Localism Act 2011)

- 3.3 Nonetheless, the Town Council maintained its restrictions on Councillor Harvey; and subsequently decided that the restrictions should not only continue, but should also be expanded to prevent her from communicating with all staff.
- 3.4 The external code of conduct investigation was then concluded and Herefordshire Council advised that the investigator had found no breach by Councillor Harvey of the Town Council's Code of Conduct and so it would be taking no further action on the standards complaint.
- 3.5 Councillor Harvey then applied for judicial review to challenge the Town Council's decision to impose sanctions under its grievance procedures on the basis that (1) the restrictions were 'ultra vires' (unlawful) as they constituted sanctions which could only be imposed as a result of a standards process; and (2) the decision making process was unfair, substantively and procedurally
- 3.6 The Town Council argued that its decision was not ultra vires, because it said that the standards regime set under the Localism Act 2011 did not prohibit it from instigating proceedings under its grievance procedure where what was in issue was a matter involving internal relations between its employees and staff. It also rejected the complaints that its decision making process was substantively and procedurally unfair.

High Court Decision

- 3.7 The High Court judge ruled in favour of Councillor Harvey on both grounds of challenge. The judge said the Town Council's decision must be quashed. The full judgement is accessible at: <http://www.bailii.org/ew/cases/EWHC/Admin/2018/1151.html>
- 3.8 The key points from the case are that:
- i. The council were not able to sanction Councillor Harvey other than going through the procedural safeguards of a Code of Conduct process. The council's restrictions on Councillor Harvey (continued even after she was found not to have been in breach of the code) were an unlawful sanction; and
 - ii. The conduct of the grievance process through which the restrictions were imposed was unfair.
- 3.9 This case makes clear that a council cannot run a grievance procedure against a councillor alongside, or as an alternative to, a standards regime procedure, and that complaints regarding a councillor's conduct have to be dealt with under the authority's standards arrangements
- 3.10 It also provides a reminder that any process must be fair and in accordance with the principles of natural justice, i.e. the right to a fair hearing by an unbiased and impartial body, requires that individuals should have been given prior notice of the allegations made against them, a fair opportunity to answer them, and the opportunity to present

their own side of the story. The right to a fair hearing is also guaranteed by Article 6(1) European Convention on Human Rights, which complements the common law rather than replaces it.

- 3.11 It should be noted that the issue of Councillor Harvey's conduct was not in dispute in this case, rather it was the process used to consider it and that notwithstanding this judgment, it is clear that councils must continue to be mindful of their responsibilities to protect their employees from bullying, intimidation and harassment, since the council may be liable for the actions of its councillors. This was established in the case of *Moores v Bude-Stratton Town Council* [2000] EAT 313/99). However, the proper course for the investigation of behaviour of councillors is under the Code of Conduct and the statutory standards framework; and authorities must ensure that any hearing is fair and any informal action is proportionate in all the circumstances of the case

4. Consultation

No consultation is required but it would be appropriate to draw the implications of this case to the attention of town and parish councils.

5. Options

Not applicable as this is a case law update report for noting.

6. Corporate Implications

Financial - There are no direct financial implications arising from the report

Legal – The relevant legal provisions are set out in the body of the report.

Risks issues – This case highlights the need to have fair procedures in place to deal with allegations of member misconduct and to follow those procedures when dealing with individual cases

Equalities - None

7. Links to Council Policy Objectives

There is no direct link to the Council's main objectives but keeping the Committee up to date with relevant case law on standards matters supports arrangements to ensure good governance of the Council.

8. Next Steps

The monitoring officer will arrange for the implications of the case to be drawn to the attention of town and parish councils.

Background Papers:	None except those referred to in the report
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SUBJECT:	Proposed Amendments to the Contracts Procedure Rules	
REPORT OF:	Head of Finance	Rodney Fincham
RESPONSIBLE OFFICER	Head of Finance	Rodney Fincham
REPORT AUTHOR	Head of Finance	Rodney Fincham 01494 732260 rfincham@chiltern.gov.uk
WARD/S AFFECTED	All	

1. Purpose of Report

1.1 To suggest a number of amendments to the Contracts Procedure Rules.

RECOMMENDATION TO COUNCIL

1. The revised Contracts Procedure Rules contained in Appendix A are approved.

2. Reason for Recommendation

2.1 The proposed changes are intended to clarify the Contracts Procedure Rules and ensure they remain fit for purpose.

3. Scope of Procurement Rules – Para 2

3.1 Have clarified that the Contracts Procedure Rules do not apply to:

- The recruitment of temporary / agency staff, or
- The purchase of land / property.

4. Reporting of Exemptions to the Contracts Procedure Rules – Para 16

4.1 At present all exemptions to the Contracts Procedure Rules

must be formally approved by Management Team, and shall be reported to the next appropriate Cabinet meeting.

4.2 The requirement to report to the next appropriate Cabinet meeting is a retrospective control, and by time it is reported it is normally too late to affect any decision.

4.3 To give this control more weight, it is proposed to change it to:

All exemptions must be formally approved by Management Team, and the appropriate Portfolio Holder informed.

5. Exemptions – Para 17

5.1 An extra bullet point has been added to indicate that an exemption to the Contracts Procedure Rules might be appropriate if an external advisor or organisation has specific specialist knowledge which makes them most suitable for the appointment eg the same consultant has advised on a particular matter previously.

6. Spend Thresholds – Section B

6.1 At present a single quote is only required for goods / works up to £5,000, provided the Contract Owner believes that this will offer best value.

6.2 The following table shows the single quote levels for neighbouring authorities.

Authority	Single Quote up to
Wycombe DC	£5,000
Dacorum DC	£10,000
Bucks CC & Oxfordshire CC	£25,000
Aylesbury Vale DC	£30,000

6.3 Obtaining multiple quotes takes time, and can slow down the procurement process. We therefore need to ensure that this extra effort is cost effective.

6.4 The following table shows the number of projects undertaken by the Property Team since 2015 broken down by cost brackets.

Value	No of Orders Raised
£5k - £10k	23
£10k - £15k	18
£15k - £20k	20
£20k - £50k	9
£50k - £100k	9
Over £100k	6
	85

- 6.5 As can be seen the Property Team undertakes a significant number of projects, most of which are relatively low value (in property terms). Any increase in threshold would represent an improvement in ordering efficiency.
- 6.6 The following table shows a sample of quotes obtained for a number of recent works under £20,000.

No of Quotes returned	Lowest Quote	2 nd Lowest	Highest
2	£5,000		£7,740
2	£9,975		£20,870
1	£14,766		
1	£12,875		
1	£12,834		
1	£12,859		
2	£15,670		£17,922
3	£18,300	£23,250	£43,290
3	£19,592	£23,005	£41,471

- 6.7 It is therefore proposed to increase the spend threshold for a single quote from £5,000 to £15,000 in order to streamline this process. However, as is already the case, officers will be required to seek more than one quote if they have concerns that a single quote will not deliver value for money.
- 6.8 The CDC and SBDC Audit & Standards Committees may express differing views on the maximum level for a single quote. This could range from £5k to £25k. In order to ensure the procedures are the same for both CDC and SBDC (as most quotes are now joint) we would implement the lowest agreeable level.

7. Contract Terms and Conditions – Para 27A

- 7.1 An extra paragraph is also proposed to clarify that if a contract is being awarded under a framework, the Councils will follow the framework terms and conditions.

8. Bonds / Parent Company Guarantees – Section CA

- 8.1 A new section has been added covering Bonds / Parent Company Guarantees.

9. Use of Frameworks – Section CB

9.1 A new section has been added covering the use of Framework agreements.

10. Formal Sealed Written Quotations – Paras 38, 39, 45, 49, 50, 52

10.1 It is proposed to remove the requirements for *Formal Sealed Written* quotations for contracts between £25,001 and £50,000, in order to simplify the rules.

11. Selecting Organisations to Quote – Section CC

11.1 A new section has been added covering how to select which organisations should be invited to quote.

12. Evaluation of Quotations and Tenders – Paras 53, 55, 56

12.1 It is proposed to simplify the requirements for evaluating quotations and tenders so that a contract owner can evaluate quotes up to £15,000 on their own. It is only for contracts over £15,000 that an evaluation panel needs to be formed.

12.2 It is also proposed to change the terminology from evaluation panel to team, and to clarify the duties of the evaluation team.

13. Contract Award / Sign Off – Paras 60

13.1 It is proposed to amend the rules slightly to clarify and simplify these in relation to selecting the successful contractor.

14. Managing Performance During the Contract Period – Para 78

14.1 It is proposed to amend the recommendation relating to contract reviews to say. *It is recommended that contract reviews take place at least every 12 months.*

15. Other Amendments

15.1 There are also a few other minor amendments proposed to ensure the wording reflects current practice / terminology. All the proposed amendments are shown in tracked changes in the Appendix.

16. Options

16.1 Members have the option of not approving the proposed changes to the Contracts Procedure Rules, or indeed proposing other changes.

17. Corporate Implications

17.1 There are no direct financial or legal implications.

18. Links to Council Policy Objectives

18.1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of Contracts Procedure Rules that set out the Councils' approach to dealing with all aspects of Procurement.

19. Next Step

19.1 Any changes to the Contracts Procedure Rules will require the agreement of Council.

19.2 If changes are approved then the Contracts Procedure Rules will be amended and officers of both Councils will be informed of the changes.

Background Papers:	None
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**Chiltern District Council
and
South Bucks District Council**

CONTRACTS PROCEDURE

RULES

~~October~~ November ~~2018~~ 2015

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A INTRODUCTION

A1 Purpose

1. The purpose of these Contracts Procedure Rules is to set out the Councils' approach to dealing with all aspects of Procurement.
2. Procurement includes preparing for, entering into, managing, extending, varying and terminating contracts for the supply of goods, services and works.
These rules do not apply to:
 - [Contracts for employment.](#)
 - [The recruitment of temporary / agency staff.](#)
 - [The purchase of land / property](#)
3. These rules are designed to ensure that the Councils spend public money wisely, fairly and transparently.

A2 Definitions

4. For the purposes of these rules a contract is:

*"an **agreement** having a lawful object entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them. The **elements** of a contract are "offer" and "acceptance" by "competent persons" having legal capacity, who exchange "consideration" to create "mutuality of obligation. Proof of some or all of these elements may be done in writing, though contracts may be made entirely orally or by conduct."*
5. The 'EU Procurement Rules' are the Public Contracts Regulations [2015](#) that enact The Public Contracts Directive [2004/18/2014/24/EC](#) into UK Law.

A3 Requirement to Follow

6. These Contracts Procedure Rules must be followed by all employees, agency staff, contractors and councillors when dealing with all aspects of Procurement on behalf of the Council(s).
7. Furthermore, if a Councillor or Officer becomes aware of any activities or actions that do not comply with these rules they must inform the Director of Resources, as soon as they are aware.
8. It is a disciplinary offence if employees do not comply with these Rules or are aware of non-compliance but do not tell the Director of Resources.

A4 Contract Owners

9. A Contract Owner is the person who has overall responsibility for a contract.

10. Every contract must have a named Contract Owner, who is responsible for:
 - Complying with these Contracts Procedure Rules
 - The specific method and activities the Councils' use to prepare for, enter into, manage, extend, vary and terminate a contract
 - Due diligence to verify that contracts the Councils' become party to, but did not award, are suitable
 - Keeping records to give a transparent, comprehensive and complete audit trail for the duration of each contract
 - Writing contract award reports.
11. The Head of Service will be the contract owners for all contracts that fall within their remit, unless they specifically delegate this role, or aspects of it, to someone else.

A5 Declaring an Interest / Gifts and Hospitality

12. When a councillor or employee becomes aware of any pecuniary (monetary) interest they have, directly or indirectly, in any contract the Councils intend to award, or have already awarded they must declare their interest in writing by sending a 'declaration of interest' to the Chief Executive. The Chief Executive will keep a record of all 'declarations of interest'.
13. An indirect interest is when an employer, sponsor or relative of a councillor or employee has a pecuniary (monetary) interest in any contract the Councils intend to become party to or are already party to. A "relative" could be a partner (married or living with), a parent, a son or daughter, a stepson or stepdaughter, the son or daughter of a partner, and / or a sibling.
14. Councillors and officers also need to be very wary of accepting gifts / hospitality from suppliers or potential suppliers in order to avoid accusations of favouritism / bribery. Any offers must be recorded in the corporate gifts and hospitality register, and advice must be taken before accepting any non trivial gifts / hospitality.

A6 Exemptions

15. The Councils must comply with these Contracts Procedure [Rules](#) at all times. However there are sometimes valid reasons why an exemption from one or more elements of these rules is required.
16. All exemptions must be formally approved by Management Team, and [the appropriate Portfolio Holder informed](#).~~shall be reported to the next appropriate Cabinet meeting.~~
17. Possible reasons for an exemption include:
 - **Urgency:** do not have sufficient time to comply with all of these rules.
 - **Buying at auction:** an auction is the only source.

- **No genuine competition:** only one organisation or individual can realistically supply.
- **Advantageous knowledge:** an external advisor (such as counsel) or organisation has specific specialist knowledge which makes them most suitable for the appointment (For example they have previously been involved in the specific case where support is required again).
- **Advantageous terms:** an organisation offers terms that are significantly better than the industry norm and is unlikely to repeat these terms.
- **Failed competitive process:** when a Contract Owner stops a competitive quotation or tender process and decides there is a need to negotiate because no-one submits a quotation or a tender, or after evaluation no quotation or tender is appropriate.
- **Collaborative procurement:** when another party is leading on the procurement it is normal practice that the other party's Contracts Procedure Rules are followed.

18. However in all cases the EU Procurement Rules must be complied with in full when they apply.

A7 Variations to the Contracts Procedure Rules

19. Only Full Council has the authority to amend these Contracts Procedure Rules.

B SUMMARY OF CONTRACTS PROCEDURE RULES

Total Spend Estimate (C1) Excluding VAT	Advertising (C4) (Minimum Requirement)	Procedure (C5)	Contract Award / Sign-off (C10) (Provided budget already approved)	Record Keeping (C11)	Contract Review (D2)	Vary / Extend a Contract (E)
Up to £15,000	Up to Contract Owner.	Minimum of one Quotation. <u>Provided they believe this to offer best value.</u>	Contract Owner + <u>another officer</u>	Records stored locally.	At least every 12 months.	Up to an extra £2,000.
£15,000 to £25,000	Up to Contract Owner.	Minimum of two Written Quotations.	Head of Service + another officer	Contract recorded in contract register. Records stored locally.		Up to an extra 25% increase in value.
£25,001 to £50,000	Contracts Finder.	Request for Quote (RFQ). Minimum of three Formal Sealed Written Quotations.	Head of Service + Director <u>another senior officer.</u>	Contract recorded in contract register. Records stored centrally.	At least every <u>126</u> months.	Up to an extra 25% increase in value To no more than the EU Threshold.
£50,001 to < EU Threshold	Contracts Finder.	Invitation to Tender (ITT). Minimum of four Formal Sealed Written Tenders.	Head of Service + Director <u>/ Chief Exec.</u> Councils' common seal.			
Above EU Threshold	Contracts Finder. <u>Officiale</u> OJEU Notice.	EU procurement rules.	Head of Service + Director <u>/ Chief Exec</u> + Portfolio Holder <u>/</u> Cabinet. Councils' common seal.			

The EU Thresholds from 1 January 2018 are ~~£181,302~~ £164,176 (supplies & services) and ~~£4,551,413~~ £4,104,394 (works). They are set once every two years.

C PROCEDURES FOR AWARDING CONTRACTS

C1 Total Spend Estimate

20. The amount a Contract Owner estimates the Councils' will spend on the same or similar goods, works or services, over the duration of a contract determines which procedure or procedures a Contract Owner must use.
21. TOTAL SPEND ESTIMATE = Estimated Spend over the Full Length of the Contract.
 Estimated Spend - This is the total value of all purchase likely to be made under the contract, excluding VAT. This includes all organisations that are party to the agreement eg CDC + SBDC if a joint contract.
 Note: A contract owner must not disaggregate contracts to avoid following these rules ie they should not just let a contract for stationery for one team, they need to consider the total spend on stationery across the Council(s).
 Full Length of Contract – This includes any potential extensions or options that are likely to be included in a contract. If a contract does not have a defined term, a reasonable estimate of the likely length of the arrangement should be used.
22. If the procurement is likely to result in income to the Council (ie the contract is for the sale / disposal of an item) then the procedure is determined by the likely Value of the contract, as opposed to the likely Spend.
23. A Contract Owner can use a procedure they would normally use to enter into a contract in a higher spend threshold to enter into one in a lower spend threshold, but not the other way around. For example they could use the tender procedure for contracts with a total spend estimate of £50,001 to EU Threshold to enter into contracts with a total spend estimate of less than £50,000.

C2 Preparation

24. A Contract Owner must prepare thoroughly before they advertise a contract opportunity, although the amount and type of preparation should be commensurate with a contract's complexity and total spend estimate. In particular they need to be clear on the deliverables they expect from the contract.
25. If a contract or framework agreement for services, or primarily for services, is likely to have a total spend estimate equal to or greater than EU thresholds a Contract Owner must comply with the Public Services (Social Value) Act 2012, and start that compliance as soon as the Councils' are aware they intend to award a contract.

C3 Contract Terms and Conditions

26. All Council awarded contracts must include the Council's standard terms and conditions.

27. The exceptions to this are when:
- A contract has a total spend estimate of less than £25,000 and the contract does not pose a significant risk to the Council.
 - There are changes to the Council's terms and conditions and these are agreed by the Head of Legal and Democratic Services.
 - The norm is for organisations and individuals to use their own terms and conditions (for example the supply of utilities), and there is little or no possibility of being able to use alternative terms and conditions, and the Councils' Head of Legal and Democratic Services agrees these terms.

27A Note. If a contract is being awarded under a framework, the Councils will follow the framework terms and conditions.

28. Each contract must allow a Contract Owner to terminate a contract at any time if a supplier's performance does not discharge their contractual responsibilities.

CA Bonds / Parent Company Guarantees

28A When contracting it used to be common practice to insist on either a bond or a parent company guarantee, in order to provide financial compensation in the event of contractor failure. However this often resulted in the price of a contract increasing, as the contractor would pass on the cost of the bond to the purchaser via an increased contract price.

28B The Councils therefore do not have any specific requirements for bonds or parent company guarantees to be in place. Instead a Contract Owner should, for larger contracts, consider whether a bond or parent company guarantee would be beneficial or not. It is then for the Contract Owner, if they consider these appropriate, to determine the level and nature of the bond or parent company guarantee.

CB Use of Frameworks

28C A framework is an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. In other words, it is a general term for agreements that set out terms and conditions for making specific purchases (call-offs).

28D Often a framework is let by one party, with the scope for other organisations to call off purchases as and when required.

28E There are a number of organisations that let frameworks that any local authority can use. For instance

- Crown Commercial Service
<https://www.gov.uk/government/organisations/crown-commercial-service>
- ESPO
<https://www.espo.org/Home>
- SCAPE
<http://www.scapegroup.co.uk/services/procure/frameworks>

28F Frameworks can be effective methods of procuring goods and services as they:

- Avoid having to carry out a full tender process ourselves, saving time and money.
- Can provide better value as they can benefit from aggregated economies of scale.

28G However utilising a framework normally requires us to sign up to the pre-existing terms and conditions / specifications. It is therefore important to check that the framework fully meet our needs.

28H The Councils support the use of Frameworks. However the Contract Owner should still endeavour to obtain a number of quotes / consider a number of options in order to evaluate whether a deal via a particular framework represents good value for money.

C4 Advertising Contract Opportunities

29. A Contract Owner must advertise contract opportunities when the total spend estimate is more than £25,000. They can advertise opportunities with lower total spend estimate if they consider it to be economically advantageous to the Council(s).
30. The primary purpose of an advert is to:
- Attract the interest of organisations and individuals.
 - Inform potential bidders concisely and clearly about the opportunity, and
 - Stimulate them to compete with their best terms.
31. As a minimum all adverts must be shown on the Contracts Finder website and the Councils e-tender software (if it uses such software).
32. The Contract Owner may also decide to advertise in:
- A local paper
 - An appropriate professional journal or journals
 - Other suitable websites.
33. A Contract Owner must place an official Notice in the OJEU to advertise an opportunity with a total spend estimate that is more than the thresholds for the EU Procurement Rules. Contract Owners should also place voluntary OJEU notices when they consider it appropriate to do so.

C5 Requesting Quotations and Tenders

Quotation (Up to £15,000)

34. For a total spend estimate of up to £15,000 the Contract Owner must obtain written evidence (for example a digital copy of an email or webpage) of the following:
- Description of goods, services or works
 - Contract terms and conditions (they could be a seller's terms of sale)
 - Price and delivery.

35. A Contract Owner only has to obtain one quotation for goods, services or works costing up to **£15,000**, provided they believe this to offer best value. If in doubt additional quotes should be obtained.

Written Quotations (£15,000 to £25,000)

36. For a total spend estimate of **£15,000** to **£25,000** the Contract Owner must obtain written evidence (for example a digital copy of an email or webpage) of the following:
- Description of goods, services or works
 - Contract terms and conditions (they could be a seller's terms of sale)
 - Price and delivery.

37. A Contract Owner must use reasonable endeavours to obtain at least 2 quotations for goods, services or works costing **£15,000** to **£25,000**.

~~Formal Sealed~~ Written Quotations (£25,001 to £50,000)

38. For a total spend estimate of **£25,001** to **£50,000** the Contract Owner must produce:
- a Formal Request for Quotation (RFQ), and
 - a specification

and request that potential bidders formally submit ~~sealed~~ quotations.

39. A Contract Owner must use reasonable endeavours to obtain at least 3 ~~Formal Sealed Written~~ Quotations for goods, services or works costing **£25,001** to **£50,000**.

Tenders (Over £50,000)

40. A tender should include more detail and be more complex than a quotation. It is likely to require considerably more time to formulate, complete and evaluate.

41. There are three different sets of circumstances that determine the type of tender a Contract Owner can invite from those who express an interest in a contract opportunity.

- **Non-EU Tender** is when a total spend estimate is less than the spend thresholds to comply with the EU Procurement Rules and a Contract Owner must comply with these Contracts Procedure Rules.
- **EU Tender** is when a total spend estimate is equal to or more than the spend thresholds for the EU Procurement Rules and a Contract Owner must comply with these Contracts Procedure Rules and the EU Procurement Rules.
- **Single ~~Action~~ Tender** is when a Contract Owner has a valid exemption from some of these Contracts Procedure Rules because there is only one organisation or individual able to supply what they intend to buy. A single ~~action~~ tender is only different from a normal tender in that a Contract Owner will invite just one organisation or individual to tender and they are very likely to negotiate. All other aspects must remain the same as any other tender.

42. For a total spend estimate of over **£50,000** the Contract Owner must produce:

- An Invitation to Tender (ITT) document. This must include:
 - Instructions on how to tender, including timings,
 - details of the evaluation process and evaluation criteria,
 - a note to say that we are not bound to accept the lowest or any tender.
 - A specification
 - Contract terms and conditions
 - Tender return forms or schedules – price and quality schedules and a Non-Collusive Tendering Certificate.
43. A Contract Owner shall use reasonable endeavours to obtain at least 4 tenders for goods, services or works costing over £50,000.
44. Note: In the case of EU tenders, if we use the restricted ~~edive~~ procedure and want to limit the number of providers we intend to invite to tender, we have to invite at least five providers to tender.

CC Selecting Organisations to Quote

45A The Contract Procedure Rules provide a minimum number of quotes / tenders to be obtained. In order to select which organisations are to be invited to quote professional judgement should be used.

45B Factors that can be used to select organisations to be invited to quote include:

- The company has previously worked with CDC / SBDC, and did a good job.
- The company is registered on ConstructionLine and has therefore already had its suitability assessed.
- The company has been recommended by professional contacts (for instance has been used by other local authorities.
- Random selection (ie 50 companies have expressed an interest in an opportunity and 5 of these are selected at random to quote).

45C For larger contracts part of the selection / evaluation process should include evaluation of the financial standing of the contractors.

C6 Receiving Quotations and Tenders

45. Quotations and tenders must be submitted in the following manner.

Spend Threshold	Method	Sent To
Written Quotation (Up to £2550,000)	As an attachment to an email, a copy of a webpage, by e-tender software, or by post.	Contract Owner
Formal Sealed Written Quotation (£25,001 to £50,000)	By e-tender software or in a plain sealed envelope.	Head of Service
Tender (Over £50,000)	By e-tender software or in a plain sealed envelope.	Director of Resources

46. A plain sealed envelope must only have written on it:
- The name of the person to whom the Quotation / Tender is to be returned;
 - The [procuring Council's addresses](#);
 - The title of the contract; and
 - The word "quote" or "tender".
47. On receipt Quotations and Tenders must not be opened, and must immediately be passed to Contract Owner ~~/ Head of Service /~~ [Director or Resources](#) as appropriate.
- [47A After 18 October 2018 full requirements for e-communications apply to all above EU threshold procurements.](#)

C7 Opening Quotations and Tenders

48. Quotations ([under £2550,000](#)) can be opened by the Contract Owner or his / her nominee.
49. ~~Formal Sealed Written Quotations and~~ Tenders ([Over £50,000](#)) must not be opened until the submission deadline has passed.
50. ~~Formal Sealed Written Quotations (£25,001 to £50,000) must be opened by the Head of Service or his / her nominee, and in the presence of at least 1 other member of staff.~~
51. Tenders (Over £50,000) must be opened by the Director or Resources or his / her nominee in the presence of at least 2 other members of staff or Councillors, including a representative from Finance.
52. Each ~~Formal Sealed Written Quotation /~~ Tender shall be date stamped and logged on a Quotation / Tender Receipt form and this form shall be signed by each person present at the opening.

C8 Evaluation of Quotations and Tenders

Up to **£15,000**

53. For contracts with a total spend of **£15,000** or less a Contract Owner can evaluate quotations on their own.
54. However, they must be able to explain how and why, with supporting evidence, they decided to recommend the award of a contract to a specific organisation or individual.

Over **£15,000**

55. A Contract Owner must assemble an evaluation ~~panel team with a named chairperson, who could be the Contract Owner. An evaluation panel~~The Team must have no less than:
- Two members of staff or Councillors to evaluate quotations (£15,000 to £50,000)
 - Three members of staff or Councillors to evaluate tenders (over £50,000).
- Nb: Normally officers do the detailed evaluation of the quotations / tenders. However Councillors will occasionally evaluate elements of the quotations / tenders.
56. The primary concerns of an evaluation ~~panel team~~ must be:
- **Consistency:** the ~~panel team~~ must apply the evaluation process and criteria consistently to each ~~written~~ quotation or tender.
 - **Suitability:** the ~~panel team~~ must determine which organisation or individual has submitted the most economically advantageous quotation or tender and is therefore the most suitable to supply the Councils. As part of this it is acceptable to consider the full costs over the expected life of the contract.
 - **Criteria:** the ~~panel team~~ must evaluate the contents of each ~~formal written~~ quotation or tender against evaluation criteria given in the relevant 'Request for Quotation' or 'Invitation to Tender'.
 - **Consensus:** the ~~panel's membersteam~~ must score that bids in line with the evaluation criteria and must either award to the contractor with the highest score or abort the tender. They should strive to achieve a consensus for recommendations they give in a contract award report the scoring. If they fail to achieve a consensus then a majority must prevail. ~~In the event of an equal split then the chairperson has the deciding vote.~~

C9 Negotiation

57. A Contract Owner can only negotiate the terms of a contract when:
- Management team has agreed this, and either
 - The total spend estimate is less than that required to comply with the EU Procurement Rules, or
 - They have valid grounds to negotiate, as described in the EU Procurement Rules.
58. A Contract Owner must make sure there are formal written notes of any negotiations.

59. Note: The European Council has stated in its communications that in the open and restricted procedures all negotiations on fundamental aspects of contracts, variations in which are likely to distort competition, in particular on prices, are ruled out. Discussions may be held only to clarify or supplement the content of tenders or the requirements of the contracting authorities and provided this does not involve discrimination.

C10 Contract Award / Sign-Off

60. The table below details those who are eligible to [sign-off award](#) contracts, depending on the total spend estimate.

Spend Threshold	Evaluation	Sign-off Award Decision (Provided budget already approved)
Up to <u>£15,000</u>	Contract evaluation to be <u>formally</u> recorded in writing by the Contract Owner.	Contract Owner + <u>another officer</u>
<u>£15,000</u> to <u>£25,000</u>		Head of Service + another officer
<u>£25,001</u> to <u>£50,000</u>	Full Contract Award Report. See below	Head of Service + <u>another senior officer</u> <u>Director</u> .
<u>£50,001</u> to EU Threshold		Head of Service + Director / <u>Chief Exec.</u>
Over EU Threshold		Three stage sign-off: - Head of Service + - Director / <u>Chief Exec</u> + - Portfolio Holder / Cabinet

~~Full~~ Contract Award Report (Over £25,000)

61. The Contract Owner is responsible for preparing a ~~full~~-contract award report for contracts with a total spend estimate of more than £25,000.
62. The Contract Award report must be considered by all the Officers / Councillors who have the authority to [sign-off award](#) the contract, prior to the [award execution](#) of the Contract.
63. A contract award report is an accurate, comprehensive and concise summary of the activities, decisions, results and recommendations a Contract Owner instigates:
- From the time the Council(s) know they intend to enter into a contract; to
 - The signing of a contract.

64. Each contract award report must provide sufficient information in the body of a report and / or in accompanying documents for the person who will ~~sign-off~~award a contract. Sufficient information is when the person to ~~sign-off~~award a contract is confident that the contract in question complies with these Contracts Procedure Rules.
65. The scope, content and approvals (~~sign-off~~) for each contract award report depend on the total spend estimate for a contract and its potential risks.

Sealing Contracts (Over £50,000)

66. Contracts with a total spend estimate of more than £50,000 must be executed under the Councils' common seal. Affixing its common seal is how the Councils formally execute contracts and there are specific rules that govern its use.

C11 Record Keeping

67. A Contract Owner must keep records on the decisions and activities they take concerning how they prepare for, enter into, manage, extend, vary and terminate each of the Councils' contracts.
68. These records must provide complete, comprehensive and concise evidence of how and why contract decisions were made. A transparent audit trail is a pre-requisite for all contracts.
69. A Contract Owner must, as a minimum, keep the following:
- The Request for Quotation (RFQ) / Invitation to Tender (ITT)
 - All the documents that comprise a quotation or tender
 - The Contract Award Report
 - The documents that make up the formal contract
 - Any formal performance review reports
 - Details of any variations and extensions to the original contract
 - Details of any contract terminations with reasons.

69A For contracts above the EU thresholds, a report complying with Regulation 84 (Recording of Prescribed Information) of the Public Contract Regulations 2015 is required.

70. These records need to be kept for the duration of the contract, plus 6 years (unsealed contracts) or plus 12 years (sealed contracts).
71. For those contracts with an estimated lifetime spend of less than £5,000 a Contract Owner may store these records locally.
72. For those contracts with an estimated lifetime spend of £5,000 - £25,000 a Contract Owner may store these records locally. However they must notify Finance so that summary details are included in the contracts register.

73. For contracts with an estimated lifetime spend of more than £25,000 these records must be stored in the central contracts register. In addition they must notify Finance so that summary details are included in the contracts register.

D PROCEDURES FOR MANAGING SUPPLIER PERFORMANCE

D1 Contract Start Up

74. A Contract Owner should not normally purchase or receive goods, services or works through a contract before it is signed. If there is a reason for doing this, it must be formally documented.
75. If appropriate when starting a contract a Contract Owner should define a start up period, relevant to the spend and complexity of a contract, in which there is a more intense focus on making sure the contract performs to achieve expectations.

D2 Managing Performance During the Contract Period

76. A Contract Owner must ensure, as far as possible, the Council(s):
- Receive what they have agreed to pay for;
 - Support a supplier or suppliers to achieve satisfactory results; and
 - Enable a supplier or suppliers to improve performance and increase the benefit of what they have agreed to supply.
77. A Contract Owner shall formally, regularly and consistently meet with the contractor to discuss all aspects of performance.
78. It is recommended that contract reviews take place at least every 12 months ~~for contracts under £50,000 and at least every 6 months for contracts above this value.~~

D3 Contracts Due to Finish

79. To ensure that the Council(s) always have suitable contracts in place for the goods, services and works that they need to buy, the Contract Owner shall take appropriate action to re-let or renew contracts in good time before the expiry of the existing contract(s).
80. If there are any concerns about the ability to re-let or renew contracts before the expiry of existing contracts these need to be raised with the Director of Resources.

E PROCEDURES FOR VARYING /EXTENDING CONTRACTS

E1 If a Contract has a Variation and/or an Extension Clause

81. If a contract has a variation and / or an extension clause then a Head of Service or Director / [Chief Exec](#) can vary and / or extend it within the bounds of the terms in such a clause provided they believe this will provide best value for the Council(s).

E2 If a Contract does not have a Variation and/or an Extension Clause

Within Criteria

82. When the terms of the variation and / or extension clause are not specific, or they are not present in a contract, a Contract Owner can request a variation and/or an extension to a contract if the changes they intend to propose comply with the following criteria.

Original Contract Spend	Criteria
Up to £5,000	Up to an extra £2,000.
£5,001 to £50,000	Up to an extra £2,000 or up to an extra 25% increase in value, whichever is the greatest
£50,001 to EU Threshold	Up to an extra 25% increase in value to no more than the EU Threshold
Above EU Threshold	Up to an extra 25% increase in value Plus C comply with the EU Procurement Rules

83. In which case a Contract Owner must document the reasoning for each variation and / or extension and get this signed off by a Head of Service or a Director / [Chief Exec](#).

Outside Criteria

84. If a Contract Owner wishes to vary and / or extend a contract by more than the above criteria, this needs to be formally approved by Management Team.

E3 Recording Variations and/or Extensions

85. A Contract Owner must store details of each variation and / or extension, for all contracts with a new total spend estimate of more than £25,000, in the central contracts register.

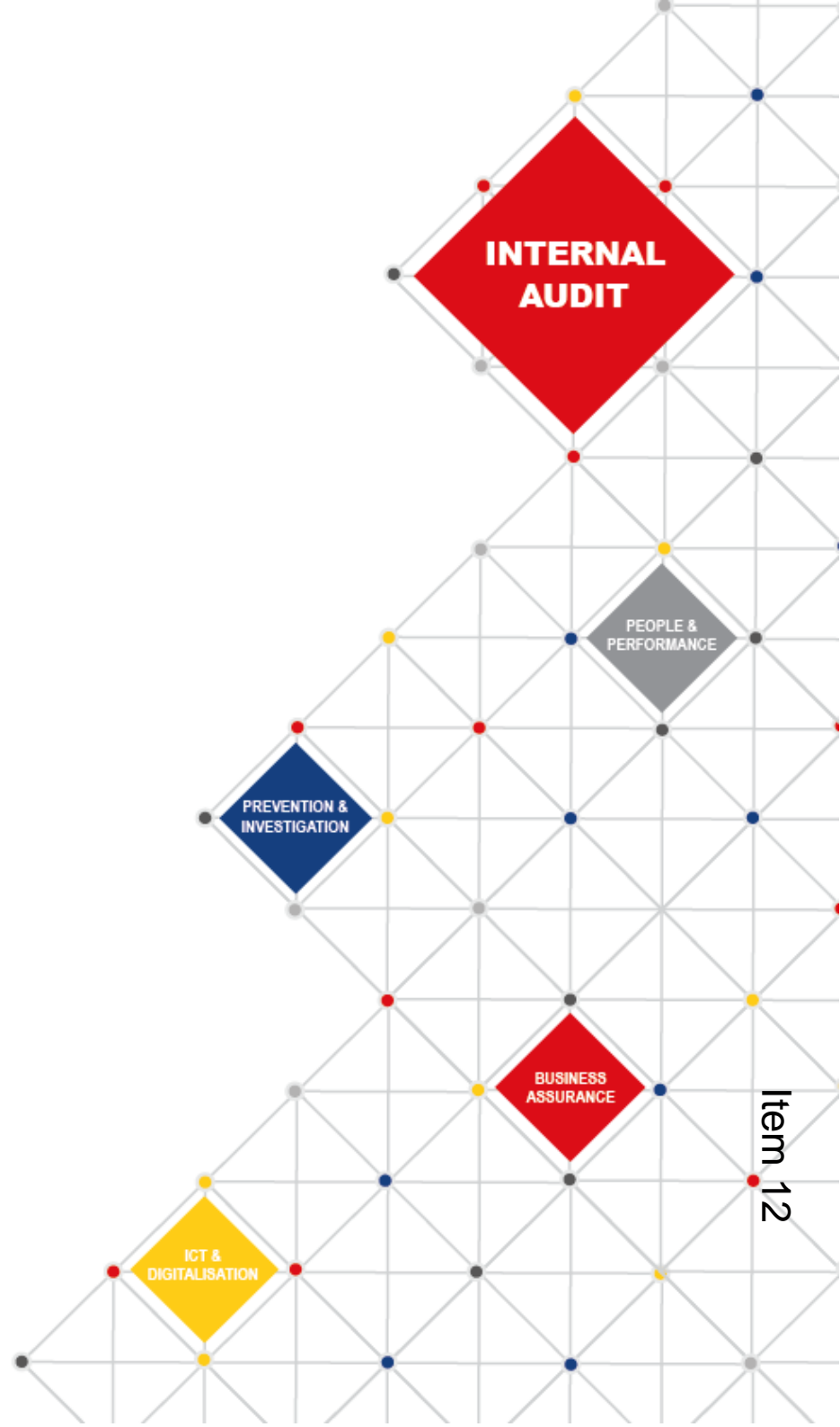
Chiltern District Council

Internal Audit Progress Report

**Audit and Standards Committee 16 July
2018**

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FINAL



INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at Chiltern District Council as at 26 June 2018.

PROGRESS AGAINST THE 2018/19 ANNUAL PLAN

2. Our progress against the Annual Plan for 2018-19 is set out in Appendix A. The results of these reviews are summarised at Appendix B.

EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

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

AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

4. The table below sets out details of audits finalised since the previous meeting of the Audit and Standards Committee. 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*
Car Parking	Substantial	6/03/18	16/03/18	20/03/18	-	-	-	2
Cash and Bank	Substantial	16/02/18	20/03/18	26/03/18	-	-	-	-
Cemeteries	Substantial	8/02/18	1/03/18	21/03/18	-	-	1	-
Data Protection	Reasonable	20/04/18	15/06/18	18/06/18	-	4	1	2
Ground Maintenance	Reasonable	21/02/18	27/02/18	28/02/18	-	1	2	-
Housing Benefits	Substantial **	20/12/17**	20/03/18**	27/03/18	-	-	-	-
ICT – Network Controls	Reasonable	6/12/17	15/12/18	29/01/18	-	2	3	-
Treasury Management	Substantial	21/02/18	28/02/18	5/03/18	-	-	1	1

*Operational Effectiveness Matters (these are good practice suggestions that have arisen during the audit)

**The delay in receiving management’s response to the draft report was because officers did not appreciate a response was required on a substantial assurance audit with no recommendations.

CHANGES TO THE ANNUAL PLAN 2018/19

5. The following changes have been made to the audit plan for 2018/19

Review	In strategic plan for 2018/19	Change made	Rationale for the change
HR Absence Management	Omitted in error	An addition to the plan	This audit was carried forward from 2017/18 and initially missed from the 2018/19 plan
ICT Members ICT Support	Yes	Delete	
ICT Cyber Security	Yes	Delete	Covered by the PSN review audit not required
ICT User Access to Business Systems	Yes	Delete	Covered by the PSN review audit not required

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FRAUDS/IRREGULARITIES

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

LIAISON

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

We have regular client meetings with the Audit, Fraud and Error Reduction Manager and Head of finance

PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS

8. We have not made any Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report

RISK MANAGEMENT

9. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager meet on a regular basis to discuss and action Risk Management matters for both Councils.

Item 12

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.

Appropriate training has been developed and has been delivered on “Risk Management in a Changing Environment” for all middle managers. Further training has been scheduled for June and July 2018.

RESPONSIBILITY/DISCLAIMER

9. 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 2018/19

System	Planned Quarter	Days	Current Status	Comments
Governance	3	8		
Risk Management	3	8		
Procurement	2	8		
Counter Fraud	1	8		
Data Protection	2	8		
Business Continuity	2	7		
Purchase Cards	2	8		
Expenses	1	8	In progress	
Project Management	2	8		
Main Accounting	3 or 4	7		
Payroll	3 or 4	15		
Accounts Receivable (Debtors)	3 or 4	8		
Accounts Payable (Creditors)	3 or 4	8		
Benefits	3 or 4	13		
Council Tax Support	3 or 4	13		
Council Tax and NDR	3 or 4	25		
Cash and Bank	3 or 4	7		
Budgetary Control	3 or 4	7		
ICT - Annual Network Audit	3 or 4	6		

System	Planned Quarter	Days	Current Status	Comments
ICT - GDPR	2	6		
ICT - Customer Experience	2	6		
ICT – Members ICT Support		0(6)		Cancelled
ICT – Cyber Security		0(6)		Cancelled
ICT – User Access to Business Systems		0(8)		Cancelled
Temporary Accommodation follow up	2	8		
Housing Section 106	2	8		
Disabilities Facilities Grant	1	5	Draft report issued 20 June 2018	
Safeguarding	1	6	In progress	
Chiltern Pools	2	8		
Health & Safety Contractor Arrangements	2	8		
New Chiltern Car Park	4	8		
Property & Asset Management	2	8	In progress	
Planning Development & Enforcement	2	11		
Building Control	1	8	In progress	
HR - Absence Management	4	8		Additional audit carried forward from 2017/18
<u>Crematorium</u>				
Annual Internal Audit	1	6	Draft report issued 22 June 2018	
Additional Audit	1	6		

KEY:

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

Audits Finalised since last Audit Committee

Title of review: **Data Protection**

Date issued: **18 June 2018**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Joint Data Protection and Confidentiality Policy is due to be reviewed annually, however the current policy is dated February 2016. There are separate ICT Security Policies in place for both Councils; for CDC the majority of the policy sections are dated 2011, including an out of date Data Protection Policy, and the SBDC ICT Security Policy is dated August 2014. Other policies which require review include the Joint Protective Marking Scheme (dated May 2014), the Data Breach Policy (dated November 2009, and South Bucks only), the Joint Guidance on Data Protection and Freedom of Information (dated August 2015), and the Joint Records Retention and Disposal Policy (dated June 2016 and due to be reviewed annually).	Policies and procedures relating to Data Protection and Information Governance be reviewed at the earliest opportunity, with a timetable put in place for completion.	2	<p><i>Reviews of these documents had been delayed awaiting publication of final versions of GDPR & DP 2018 Act. The work was further impacted by the illness of the Corporate Information Manager and their absence from the office.</i></p> <p><i>Other members of Business Support have picked up the work to review and publish updated versions of required documents.</i></p>	30/06/2018	HoBS

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Item 12

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Operational	As part of the departmental sample testing, discussions with officers highlighted some concerns that the last training received was October 2017, and that further training should be taking place during 2018 in the build up to GDPR implementation at the end of May. The GDPR implementation plan also states that Management Team/Heads of Service/middle managers must undertake Data Protection/GDPR corporate training. This action had a scheduled completion date of 27 February 2018, however discussions with Heads of Service indicated that this training had yet not been provided at the time of writing (April 2018).	Further GDPR training sessions be provided at the earliest opportunity to ensure that Information Asset Owners and Information Asset Administrators across the Council are fully aware of the actions required prior to GDPR implementation.	2	<p><i>This work has also been impacted by the ill health of the Corporate Information Manager and their absence from the office.</i></p> <p><i>External trainers have been booked to deliver specialist training for Information Asset Administrators and this will take place by the end of July.</i></p> <p><i>Online training provided by the LGA for members, and Learning Pool, the Councils' online training resource for all staff who will be required to undertake awareness training on the new legislative changes.</i></p>	31/07/2018	HoBS

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Operational	The documenting of processing activities is a new requirement under the GDPR. Information that must be documented includes: the purposes of the processing; a description of the categories of individuals and categories of personal data; the categories of recipients of the personal data; details of transfers to third countries including documenting the transfer mechanism safeguards in place; retention schedules; and a description of technical and organisational security measures. The Councils should be documenting what personal data is held, where it came from and who it is shared with. The current form of Information Asset Register in use at the Councils goes some way to address the documentation requirements, although it does not address key details of what personal data is held, where it came from and who it is shared with.	Heads of Service to ensure that information audits are being carried out prior to GDPR implementation to identify all records that contain personal data and document the key details of the processing activities for that data in line with GDPR requirements.	2	<p><i>This work, which has been in progress, has also been impacted by the ill health of the Corporate Information Manager and their absence from the office.</i></p> <p><i>Members of Business Support are assisting service staff to audit their data on shared network drives. As part of this work they are also assisting service staff to ensure the service Information Asset Register is reviewed and updated as required by GDPR in respect of personal data.</i></p>	30/09/2018	HoSs

5	Operational	<p>The GDPR implementation plan provides for a Corporate Privacy Notices Policy to be written by 22 December 2017, with individual departments to subsequently review their existing privacy notices and amend in line with the corporate policy by 28 February 2018. At the time of the audit the corporate policy had not yet been finalised and as such no formal review of privacy notices had taken place within departments. Similarly, the GDPR implementation plan provides for a Corporate Consent Policy to be written by 30 March 2018, with individual departments to subsequently review their existing circumstances of obtaining consent and amend in line with the corporate policy by 24 May 2018. At the time of writing the Corporate Consent Policy had not been finalised.</p>	<p>Corporate Privacy Notices Policy and Corporate Consent Policy be finalised at the earliest opportunity to enable individual service areas to review their existing privacy notices and consent mechanisms prior to GDPR implementation.</p>	2	<p><i>This work has also been impacted by the ill health of the Corporate Information Manager and their absence from the office. Other members of Business Support have picked up the work to review and publish updated versions of required documents and these will be published in June</i></p> <p><i>There will also be additional information available to the public on the websites related to accessing information and data protection.</i></p>	30/06/2018	HoBS
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Title of review: **Grounds Maintenance**

Date issued: **28 February 2018**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	While physical site inspections are carried out, these are carried out as an overall assessment of the condition of a site rather than as an inspection of the specific work scheduled to be carried out by John O'Conner under the grounds maintenance contract. As a result, there is no formal evidence maintained as verification that all scheduled work has been carried out in accordance with the contract. As a mitigating factor, it was accepted that any issues identified relating to grounds maintenance work would be discussed as part of the weekly meetings, however a formal monitoring mechanism should be in place to ensure that work is being carried out in accordance with the standard and frequency as required under the terms of the contract.	Formal monitoring mechanism to be introduced to verify that work is being carried out in accordance with the standard and frequency as required under the terms of the contract.	2	<i>Noted and plans already in place with a new grounds maintenance contract commencing in April to undertake more detailed and recorded inspections.</i>	1 st April 2018	David Stowe Landscape Assistant

Title of review: **ICT Network Controls**

Date issued: **29 January 2018**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Compliance	A malicious user attempting to break into a system would typically start by attempting to try to obtain the password for the Administrator superuser account. It is best practice to rename or disable the default Administrator account. A review of superuser access rights on the Chiltern DC domain disclosed that the default 'Administrator' account had not been renamed or disabled.	Management should ensure that default Administrator account is renamed and disabled.	2	<i>Decision made not to rename administrator account as we have tampered with this in the pass and caused systems to fail. This account is controlled with a 14 character password which only the infrastructure managers knows and a copy of this password is kept in a sealed dated envelope in the safe within Business Support.</i>	31.12.2017	Frances Phillips (Infrastructure Manager)
3	Compliance	User account controls within Active Directory offer an administrator the ability to set the 'Password Not Required' flag against individual accounts. If enabled, an account can be set up with a blank password. Audit testing identified 46 accounts where the 'Password Not Required' was set to TRUE. Thus an administrator could set a blank password against these accounts.	Management should ensure that the 'Password Not Required' field is set to FALSE against all Active Directory accounts.	2	<i>Accepted. This flag was not intentionally set, we believe this may have set itself when accounts where migrated between domains as part of shared services project. A Microsoft PowerShell script was run against AD to reset the flag back to False on all affected accounts.</i>	31.12.2017	Frances Phillips (Infrastructure Manager)



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Chiltern & South Bucks District Councils

Follow Up Review of 2017/18 Internal Audit Reports

2017/18

Executive Summary

INTRODUCTION

- 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 and South Bucks District Councils, which had been finalised during 2017/18 (with a cut-off date of 15 May 2018). Unless otherwise specified, these were joint audit reviews for both Chiltern and South Bucks. The review was carried out in May and June 2018.

Review	Year	Date of Final Report
Cash & Bank	16/17	23 May 2017
Mobile & Agile Working	16/17	4 July 2017
Information Risk Management	16/17	4 July 2017
Access to the Internet	16/17	4 July 2017
Network Convergence Programme	16/17	4 July 2017
Contractor Health & Safety	16/17	14 July 2017
Crematorium New Admin System (CDC only)	16/17	20 July 2017
Leisure Contracts	16/17	11 September 2017
South Buckinghamshire Golf Club – Stock Control (Bar) (SBDC only)	16/17	2 October 2017
Disabled Facilities Grants	17/18	4 July 2017
Expenses	17/18	7 July 2017

Review	Year	Date of Final Report
Chilterns Crematorium (CDC only)	17/18	14 July 2017
Complaints and Compliments	17/18	15 August 2017
Business Rates (CDC only)	17/18	20 September 2017
Emergency Planning	17/18	21 September 2017
Harmonised HR policies & procedures	17/18	22 September 2017
iTrent HR module	17/18	22 September 2017
Gifts & Hospitality	17/18	11 October 2017
Commercial Rents	17/18	24 October 2017
Business Rates (SBDC only)	17/18	10 November 2017
Main Accounting	17/18	15 November 2017
Council Tax (CDC only)	17/18	11 December 2017
Council Tax (SBDC only)	17/18	12 December 2017
Contracts and Procurement	17/18	20 December 2017
HR - Recruitment	17/18	10 January 2018
Purchasing Cards	17/18	17 January 2018
Payroll	17/18	8 February 2018

Review	Year	Date of Final Report
Housing Benefits & Council Tax Support (CDC only)	17/18	13 February 2018
Creditors	17/18	13 February 2018
Debtors	17/18	13 February 2018
Joint Grounds Maintenance Contract	17/18	28 February 2018
Treasury Management	17/18	5 March 2018
Car Parking Income	17/18	20 March 2018
Cash & Bank	17/18	26 March 2018
Housing Benefits & Council Tax Support (SBDC only)	17/18	27 March 2018
Crematorium Admin System follow up (CDC only)	17/18	1 May 2018

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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	37
In Process of Being Implemented	1

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Evaluation	Number of Recommendations
Revised Target Date	5
Target Date not yet reached	6
Considered but not Implemented	1
No Longer Applicable	1
Not Implemented	0

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3. Two further audit reviews carried out in 2017/18 (Temporary Accommodation and CDC Waste – Health & Safety) are subject to specific, formal follow up reviews early in 2018/19 which will be reported upon separately and as such have not been included within this general follow up review.
4. Where recommendations are in the process of being implemented or have a revised target date, these will continue to be monitored during 2018/19. Details relating to the specific recommendations in these cases have been included in the Detailed Report section below.
5. For the 37 recommendations that have been confirmed as implemented, no further action is necessary and specific details have not been included in this report. For the 6 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 2018/19 as they reach their intended implementation dates

SCOPE AND LIMITATIONS OF THE REVIEW

6. 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.
7. 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.
8. 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.

Item 13

RELEASE OF REPORT

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

Date draft report issued:	18 th June 2018
Date management responses received:	25 th June 218
Date final report issued:	26 th June 2018

Detailed Report

FOLLOW UP

10. 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: 16/17 Information Risk Management

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

Recommendation:	Priority: 3
Policy and procedure documentation be reviewed and confirmed as current, or updated as necessary. A version control to verify last review date be introduced.	
Action taken: The initial target date of 31/03/18 has been revised to 31/07/18.	
Audit Observation: It was advised by the Head of Business Support that this work has been impacted by the ill health of the Corporate Information Manager and their absence from the office. Other members of Business Support have picked up the work to review and publish updated versions of required documents.	

Recommendation:	Priority: 3
<p>A project to commence document retention management be instigated to ensure data, information and documents are not retained inappropriately.</p>	
<p>Action taken: The initial target date of 31/03/18 has been revised to 31/07/18.</p>	
<p>Audit Observation: It was advised by the Head of Business Support that this work has also been impacted by the ill health of the Corporate Information Manager and their absence from the office. Other members of Business Support have picked up the work to assist service managers to review their Information Asset Registers. Refresher training is also being provided.</p>	

Review: 16/17 South Buckinghamshire Golf Club Stock Control (Bar) (SBDC only)

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

Recommendation:	Priority: 2
<p>Purchase orders to be raised on the Integra purchase order system for bar and catering products.</p>	
<p>Action taken: Considered but not Implemented.</p>	
<p>Audit Observation: It was advised by the Golf Club General Manager that this system has not been introduced, as orders are placed in the main by telephone on a daily basis with suppliers and staff would not have the time to then enter onto Integra. There can be up to 10 different orders per week. As a mitigating factor, all orders are now recorded and signed for as agreed with the external stock taker.</p>	

Recommendation:	Priority: 3
Catering management to work with ESP to ensure the bar stock units and cost prices are loaded to ESP to ensure that stock ordering processes are updated and that ESP can control stock movements.	
Action taken: In Process of Being Implemented.	
Audit Observation: It was advised by the Golf Club General Manager that they have been unable to add stock to ESP to date as it was not possible to change the system to a zero starting figure. In addition the setup on ESP relates to what is ordered (i.e. a barrel or a case) and do not correlate with how items are sold (bottle, glass or pint). Staff will be contacting ESP in June to see if this can be amended and start again.	

Review: 17/18 Complaints & Compliments

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

Recommendation:	Priority: 3
The draft Intranet Comments, Compliments and Complaints Procedure to be expanded to include details of: i) complaint register details at stages one to three, ii) complaint monitoring details at each level, iii) any customer/service complaint referred to the Local Ombudsman and other independent bodies, iv) lessons learnt from the complaint process, and v) customer/ service action taken.	
Action taken: The initial target date of 31/10/17 has been revised to 31/03/19.	
Audit Observation:	

It was advised by the Customer Services Manager that since the audit there has been continuing development of the Full Business Case for the Customer Experience Strategy for all services across both Councils. The Full Business Case is due to go to the Joint Committee in June 2018. Part of the implementation and programme of work within the strategy includes the procurement of a CRM lite with the ability to record, monitor and measure SLA on Complaints, Comments and Compliments. This is due to be part of Phase 1 and will be in place by April 2019. This is the new timeline. The draft intranet procedure has not been updated or rolled out yet due to the decision being made in the Full Business Case for a centralised Team to monitor and manage.

Review: 17/18 Council Tax (SBDC only)

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

Implemented	-	Considered but not Implemented	-
In Process of Being Implemented	-	Target Date not yet reached	1
Revised Target Date	1	Not Implemented	-

Recommendation:	Priority: 3
Council Tax Reduction Scheme general guidance be added to the Council's Benefits/Council Tax Support page of the website to provide relevant information to tax payers.	
Action taken: The initial target date of 31/01/18 has been revised to 30/11/18.	
Audit Observation: It was advised by the Service Development Manager that this action has not been implemented to date. General user friendly guidance is still to be written. Publishing the full scheme was considered however this runs to 140 pages. Guidance is to be produced by November 2018.	

Review: 17/18 Contracts and Procurement

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

Implemented	1	Considered but not Implemented	-
In Process of Being Implemented	-	Target Date not yet reached	1
Revised Target Date	1	Not Implemented	-

Recommendation:	Priority: 3
Specific procedures for procurement via framework contracts and preferred suppliers to be included in the Contracts Procedure Rules.	
Action taken: The initial target date of 30/06/18 has been revised to 30/11/18.	
Audit Observation: In the original management comments it was agreed that it would be useful for the rules to include this. The Contract Procedure Rules were due to be updated to reflect changes for e-procurement in March 18, therefore it was planned for this information to be built into the revised version. During this follow up review it was confirmed by the Principal Accountant that e-procurement is now due to be implemented in October 2018, therefore the implementation date for the recommendation has been revised to reflect this.	

SUBJECT:	<i>2017/18 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

The purpose of this report is to:

- Present the 2017/18 Statement of Accounts for Members to review.
- Request that the Accounts are approved by the Audit & Standards Committee and signed in accordance with the Accounts and Audit Regulations.

RECOMMENDATIONS

The Accounts are approved by the Audit & Standards Committee and signed by the chair of the Audit & Standards Committee to signify the completion of the Authority's approval process.

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.

These Accounts must:

- Follow the format laid out in the Code of Practice on Local Authority Accounting – which is based on International Financial Reporting Standards (IFRS);
- Be approved by the Council's s151 senior finance officer by 31 May (changed from 30 June in previous years);
- Be subject to external audit;
- Be made available to the public for inspection;
- Be considered and approved by Members by 31 July (changed from 30 September in previous years); and
- Be published by 31 July (also changed from 30 September)

3. Report Structure

3.1 The Statement of Accounts is a complex document and to assist members in reviewing them a commentary on each of the main sections of the Accounts is detailed below using the following standard headings.

- Narrative Report
- Statement of Responsibilities
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cashflow Statement
- Notes to the Accounts
- Collection Fund
- Auditor's Report
- Annual Governance Statement

4. Narrative Report

4.1 The purpose of the Narrative Report is to offer interested parties a summary of the most significant matters reported in the Accounts.

4.2 It gives a high level overview of the year's performance in terms of both revenue and capital spend, and highlights the Authority's financial position at the end of the year and the outlook for the future. It also outlines significant factors that affect the understanding of the Accounts.

5. Statement of Responsibilities

5.1 The Statement of Responsibilities is a formal requirement to set out the respective responsibilities of the Authority and the most senior SBDC finance officer (the Director of Resources) in regards to preparing and producing the Statement of Accounts. The wording is based on best practice requirements and does not tend to change from year to year.

6. Comprehensive Income and Expenditure Statement (CIES)

6.1 The CIES is fundamental to the understanding of the Council's activities in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that costs has been financed from general government grants and income from local taxpayers.

6.2 The statement is split into a number of sections:

- The first section provides information on the costs of the Council's different operations, net of specific grants and income from fees and charges, to give the Net Cost of Services of £11,941,000.
- The second section comprises items of income and expenditure relating to the Council as a whole i.e. not service specific – primarily the Parish Precepts of £2,813,000.
- The third section shows Financing and Investment income and expenditure. New for 2017/18 is the loan interest payable for capital borrowing, £198,000.
- The fourth section shows the income from local taxation and general Government grants, including Council Tax £10,625,000 and business rates £947,000.

7. Movement in Reserves Statement

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

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

- The General Fund Balance increased by £3,054,000 to £6,648,000. This is mainly due to adjustments relating to retained income from Non-Domestic Rates.
- Earmarked Reserves increased by £1,803,000 to £12,532,000. This is due to transfers to Earmarked Reserves from the General Fund.
- The Council's Capital Receipts Reserve increased by £390,000 to £1,079,000. This is primarily because borrowing increased to fund Capital expenditure.

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

- The Revaluation Reserve decreased by £2,799,000. This is due to the accelerated depreciation of Chiltern Pools in advance of potential redevelopment works.
- The Pension deficit reduced by £1,835,000. The accumulated estimated pension fund deficit now stands at £44,614,000.

8. Balance Sheet

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

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

	Value 31 March 2018 £m
Assets	
Property, Plant and Equipment	43.4
Investment Property	2.7
Investments, Cash and Bank Holdings	22.7
Debtors	13.0
Liabilities	
Short Term Creditors	7.4
Short Term Provisions	1.1
Finance Lease Liability	0.7
Pension Liability	44.6

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

9. Cashflow Statement

- 9.1 The cashflow statement shows the inflow and outflow of cash for the year for both revenue and capital and shows how the Council's cash position has changed on a year on year basis.
- 9.2 It shows that in 2017/18 the amount of cash and cash equivalents held by the Authority decreased by £3,128,000. This is mainly due to timing differences in relation to Business Rates and Council Tax, and the fact that payments were made to preceptors in respect of this in 2017/18 for surpluses made in previous years.

10. Notes to the Accounts

- 10.1 Accompanying the Accounts are a large number of disclosure notes that give further explanations of the figures. The notes are required under the Code of Practice to give added clarity and understanding for the readers of the accounts.
- 10.2 Detailed below is a commentary on a number of the key notes.

Note 1: Accounting Policies:

- 10.3 This note details the accounting policies that have been used to compile the Accounts. The accounting policies that all major local authorities are required to use are set out in the Accounting Code of Practice. The policies set out are therefore in line with the standard requirements.

Note 6: Expenditure and Funding Analysis

- 10.4 This note reconciles the amounts that are reported to Management as part of the budget monitoring process and the final figures that are produced for Accounts purposes.

Note 8 Earmarked Reserves

This note gives a breakdown of the amounts held in Earmarked Reserves. Particularly, it shows that of the £12,532,000 held as Earmarked, £2,140,000 is for S106 projects and £4,983,000 is held for capital projects.

Note 9: Property, Plant and Equipment

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

Note 10: Investment Properties

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

Note 12: Financial Instruments

- 10.8 This note provides more information on the Council's investments and contractual debtors/creditors. In 2017/18 CDC borrowed £10,800,000 from the PWLB to fund the build of Amersham Multi Storey Car Park extension. As at the 31 March 2018, £206,000 is due to be repaid within the next 12 months and £10,570,000 is due after 1 year.

Note 18: Officers Remuneration

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

Note 23: Leases

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

Note 24: Defined Benefit Pension Scheme

- 10.11 This note provides additional information about the Council's pensions arrangements. It is long and detailed as the method of calculating future pension

liabilities is complex and it is considered important that the technical reader can understand the specific assumptions that underpin the pension valuation include in the Accounts.

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

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

11. Collection Fund

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

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

11.3 NDR Income is shares as follows:

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

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

11.5 During 2017/18 £75.0m of Council Tax income was due and £20.3m of NDR income was due

12. Auditors' Report

12.1 In accordance with the Accounts and Audit Regulations the Authority's external auditors, Ernst & Young, are required to audit the Accounts to ensure that they present fairly the financial position of the Authority.

12.2 Once their audit is completed they issue a formal opinion on the Accounts and this has to be included in the Accounts.

12.3 The External Audit is substantially complete and the Audit Results Report is included as a separate agenda item to this Audit & Standards Committee meeting. It is anticipated that the auditors will issue a formal opinion on the Accounts once these have been approved by the Audit & Standards Committee.

13. Annual Governance Statement

- 13.1 One of the key requirements of the Accounts and Audit Regulations is that an Annual Governance Statement is produced and published alongside along-side the financial statement. This statement describes the Council's framework of internal control and governance arrangements.
- 13.2 This statement will be considered by the Audit & Standards Committee at its meeting on the 16th July.

14. Formal Approval of Accounts

- 14.1 The Accounts and Audit Regulations require the Chairman of the Committee receiving the accounts to sign and date the Accounts to formally represent completion of the Authority's approval process.
- 14.2 The Chairman of the Audit & Standards Committee will therefore be requested to sign the declaration in the financial statements once Members have considered the Accounts

15. Member Review of the Accounts

- 15.1 Members should note that, as the Accounts are an important public document, it is considered good practice that these are subject to detailed review. Members should therefore feel free to ask questions about the Accounts and if appropriate request additional information to support the figures presented. However, due to the length and complexity of the Accounts, Officers would request advance notice if possible of any particularly detailed questions in order to provide comprehensive answers.
- 15.2 There is a risk that the CDC Accounts will be incorrect due to fraud or error. The risk of fraud is considered to be low and the risk of error is low/medium due to the complexity of the Accounts. The following controls mitigate against this risk.
- The Council has detailed Financial and Contract Procedure rules
 - Access to the finance system is limited to authorised staff and password protected.
 - Internal audit carry out annual reviews of all key finance systems
 - The Accounts are produced by an experienced finance team
 - The Authority has obtained and followed the appropriate Codes of Practice and associated guidance notes
 - Key staff in the finance team attend update courses, to ensure that they are aware of any changes to the Accounts
 - A comprehensive timetable/checklist of what needs to be done and when is produced, and progress is monitored against this.
 - Working papers are produced to support the figures in the Accounts

- The Director of Resources reviews the Accounts and signs these off
- The Principal Accountants, Head of Finance and Director of Resources are qualified accountants and are therefore required to comply with their Accounting institutes' codes of practice
- Members have the opportunity to review the Accounts and ask questions about any of the figures
- The Accounts are subject to external audit review

16. Corporate Implications

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

17. Next Step

17.1 Once the Statement of Accounts has been formally signed by the Chairman of the Committee they will be formally adopted by the Council.

17.2 The final Statement of Accounts for 2017/18 will be published on the Chiltern District Council website

Background Papers:	None
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CHILTERN

District Council

Statement of Accounts **For the year ended 31 March 2018**

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1. About Chiltern District Council

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

The overall population of the district is approximately 95,000. 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 38 seats and controls the Council. There are 2 Liberal Democrats.

The Authority 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, and strategic finance.
- Customer Services – Housing Benefits, Council Tax and Non-Domestic Rate collection, and Customer Services.
- Environment – Estates, facilities, Council car parks, waste management, flooding and carbon management.
- Healthy Communities – Community, leisure, environmental health, community safety, licensing and housing.
- Support Services – Business transformation, ICT, legal, democratic services, land charges, audit and finance.
- Sustainable Development - Development management, building control, planning enforcement, trees and conservation, strategic transport, economic development, planning policy and the Local Development Framework.

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

2. Format of Accounts

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

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

The statements summarise the overall financial position of the Authority 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 Authority and the balances and reserves at the Authority'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 Authority 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

The Council continues to be in a period of challenge for local authorities, as it is faced with having to maintain and improve key services in a time of reducing resources. The Authority 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 28th February 2017 the Council set its budget for 2017/18 to take account of the continuing material reduction in funding to the Authority as shown in the following table.

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Business Rates Income - Baseline Need	1,330	1,355	1,366	1,394
Revenue Support Grant (RSG)	1,506	1,125	407	-
Settlement Funding Assessment	2,836	2,480	1,773	1,394
Year on Year Change (£k)		-356	-707	-379
Year on Year Change (%)		-13%	-29%	-21%

The 2017/18 budget incorporated over £500,000 of savings, budget reductions and increased income.

The Authority was also in the position to set aside £1m to support the capital programme. This was agreed in order to make the Capital Programme sustainable in the medium term. In addition, the Authority planned to borrow in order to finance the building of an extension to the Multi Storey Car Park in Amersham.

The Council's Medium Term Financial Forecast anticipates 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 Authority's revenue income and expenditure and compares the budget for the year with the actual expenditure. It also shows how the overall Authority 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 Portfolio	80	-37	-117
Healthy Communities	2,272	2,122	-150
Customer Services	1,199	1,001	-198
Environment	1,529	1,483	-46
Support Services	3,375	3,278	-97
Planning & Economic Development	1,821	1,759	-62
Net Cost of Services	10,276	9,606	-670
Interest & Investment Interest	-100	-147	-47
Interest Payable	136	236	100
Contributions from LDF/Planning Reserve	-268	-138	130
Contribution to Elections Reserve	20	20	-
Contribution to Capital Programme	1,422	1,422	-
Contribution to HS2 Reserve	150	-	-150
Contribution from Pension Fund Reserve	-1,000	-1,000	-
Contribution to Accumulated Absence Reserve	-	-137	-137
Contribution to Other Earmarked Reserves	111	111	-
Budget Requirement	10,747	9,973	-774
Council Tax Payers	-7,713	-7,713	-
Non- Domestic Rates (NDR)	-1,394	-1,777	-383
Non- Domestic Rates (NDR) - General Grants	-	-1,808	-1,808
General Grants - Transition Grants	-100	-100	-
General Grants - New Homes Bonus	-1,126	-1,130	-4
General Grants - Other	-	-24	-24
Collection Fund Council Tax Surplus	-114	-114	-
Collection Fund NDR Deficit (From NDR)	-300	-644	-344
Levy payable on Business Rates Growth	-	283	283
Net (Surplus)/Deficit for the Year	-	-3,054	-3,054

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

	£'000
(Surplus)/Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	1,523
Adjustments between Accounting Basis and Funding Basis	-6,380
Net Transfer to Earmarked Reserves	1,803
(Increase)/Decrease in General Fund Reserve	-3,054

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 Authority's usable reserves are as follows.

- The General Fund Balance increased by £3,054,000 to £6,648,000. This is mainly because of adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves increased by £1,803,000 to £12,532,000. This is mainly due to transfers to Earmarked Reserves from the General Fund.
- The Authority's Capital Receipts Reserve increased by £390,000 to £1,079,000.

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

- The Pensions deficit decreased by £1,835,000. The accumulated estimated pension fund deficit now stands at £44,614,000.
- The Revaluation Reserve balance decreased by £2,799,000 due to the accelerated depreciation of Chiltern Pools in advance of potential redevelopment works.

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 £5,321,000. This was financed from internal capital receipts, borrowing and central Government grants. Further details are shown in note 22.

Financial Position at Year End

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

	Value 31 March 2017 £m	Value 31 March 2018 £m
Assets		
Property, Plant and Equipment	43.3	43.4
Investment Property	2.7	2.7
Investments, Cash and Bank Holdings	23.9	22.7
Debtors	3.7	13.0
Liabilities		
Short Term Creditors	6.3	7.3
Short Term Provisions	0.9	1.1
Finance Lease Liability	1.1	0.7
Pension Liability	46.4	44.6

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 19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For Chiltern the pension asset value is £47.8m and the liability £92.4m giving a net deficit of £44.6m as at 31 March 2018.

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 2017/18 the amount of cash and cash equivalents held by the Authority decreased by £3,128,000. This is mainly due to timing differences in relation to Business Rates and Council Tax, and the fact that payments were made to preceptors in respect of this in 2017/18 for surpluses made in previous years.

Collection Fund

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

In 2017/18 CDC raised £75.0m 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 2017/18 (£74.2m) equals the amount that was requested as part of the 2017/18 budget setting process.

In 2017/18 CDC raised £20.3m 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 2017/18.

6. Financial and Non-Financial Performance

In 2017/18 Chiltern District Council has:

- Continued to develop the Chiltern and South Bucks Joint Local Plan, which will help shape future development in the district up until 2036.
- Helped 66 elderly or disabled households to remain in their homes with adaptation works.
- Delivered a Private Sector Housing Strategy to tackle poor housing conditions and help residents access the help they need.
- Improved the recycling rate to 52.7%.
- Collected 99.4% of the Council Tax amounts due and 98.7% of the Business Rates amounts due.

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 2017/18.
- There are no significant changes in accounting policy to report.
- The Authority borrowed £10.8m from the PWLB to finance the extension to the Multi Storey Car Park in Amersham.
- 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, and reduce the use of expensive nightly booked temporary accommodation.
- Complete the delivery of the Housing Strategy to help people in need to secure appropriate housing.
- Mitigate the impact of major infrastructure projects arising from planning development, by working with partners.
- Progress the joint arrangements with South Bucks 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.
- Complete the extension to the Multi Storey Car Park in Amersham.

The potential for local government reorganisation in Buckinghamshire will not affect the issues outlined above. It would impact on how some of the issues are tackled and their timescales, as any reorganisation will impact on capacity and management focus for a period.

CDC is also starting to develop a replacement for the Chiltern Pools leisure centre. This project will result in the Authority undertaking additional long term borrowing to help fund this.

9. Further Information

Further information on the financial affairs of the Authority 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 2018 and its income and expenditure for the year then ended.

Director of Resources

Date: 16 July 2018

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 16 July 2018

Signed on behalf of Chiltern District Council
Chair of Audit and Standards Committee

Date: 16 July 2018

Appendix 1

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; which is likely to be different from the accounting cost.

2016/17				Note	2017/18		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,622	-1,336	286	Leader Portfolio		1,613	-1,524	89
4,580	-1,839	2,741	Healthy Communities Portfolio		7,144	-3,689	3,455
23,187	-22,265	922	Customer Services Portfolio		22,895	-21,408	1,487
11,310	-7,201	4,109	Environment Portfolio		11,624	-8,888	2,736
5,397	-3,462	1,935	Support Services Portfolio		5,675	-3,646	2,029
3,485	-1,706	1,779	Planning and Economic Development Portfolio		3,852	-1,775	2,077
174	-	174	Repairs & Renewals		68	-	68
49,755	-37,809	11,946	Cost of Services		52,871	-40,930	11,941
			Other Operating Expenditure				
		2,653	Parish Council Precepts & Grant				2,813
		-	(Gain) / loss on disposal of non-current assets				-125
		31	Pension Administration Expenses	24			43
			Financing and Investment Income and Expenditure				
		38	Interest element of finance leases				38
		-	Loan Interest Payable	12			198
		1,253	Pensions net interest cost	24			1,209
		-164	Investment interest receivable	12			-147
		-180	(Gain) / loss on investment properties	10			-123
		104	(Gain) / loss on trading operations	27			27
			Taxation and Non-Specific Grant Income and expenditure				
		-10,185	Council tax income				-10,625
		-8,649	Non-domestic rates income				-7,935
		6,918	Non-domestic rates expenditure - Tariff payment				6,988
		237	Non-domestic rates expenditure - Levy payment				283
		-407	Revenue Support Grant				-
		-134	Transition Grant				-100
		-1,050	New Homes Bonus				-1,130
		-300	Non service related government grants				-1,832
		-7	Capital Grants and Contributions				-
		2,104	(Surplus) or Deficit on Provision of Services				1,523
		-4,548	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	9			723
		8,507	Remeasurements of the net defined liability	24			-3,036
		3,959	Other Comprehensive Income & Expenditure				-2,313
		6,063	Total Comprehensive Income & Expenditure				-790

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 Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Movement in Reserves 2017/18

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
Total Comprehensive Income & Expenditure	-1,523	-	-	-	-1,523	-723	3,036	-	-	-	-	2,313	790
Adjustments between accounting basis & funding basis under regulations (Note 6)	6,380	-	390	216	6,986	-2,076	-1,201	-2,083	-15	-1,474	-245	-7,094	-107
Net Increase / Decrease before Transfers to Earmarked Reserves	4,857	-	390	216	5,357	-2,799	1,835	-2,083	-15	-1,474	-245	-4,781	683
Transfers to / from Earmarked Reserves (Note 8)	-1,803	1,803	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	3,054	1,803	390	216	5,357	-2,799	1,835	-2,083	-15	-1,474	-245	-4,781	683
Balance as at 31 March 2018	6,648	12,532	1,079	365	20,624	21,050	-44,614	20,296	192	-1,392	-138	-4,606	16,018

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

Balance Sheet

Appendix 1

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

31 March 2017 £'000		Note	31 March 2018 £'000
43,285	Property, Plant & Equipment	9	43,413
2,651	Investment Property	10	2,713
217	Intangible Assets	11	105
40	Long Term Investments	12	40
7	Long Term Debtors		19
46,200	Long Term Assets		46,290
11,061	Short Term Investments	12	13,035
-	Inventories		9
3,733	Short Term Debtors	13	12,955
12,821	Cash and Cash Equivalents		9,693
27,615	Current Assets		35,692
-6,292	Short Term Creditors	9, 14	-7,304
-928	Short Term Provisions	15	-1,052
-386	Short Term Finance Lease Liabilities	23	-351
-	Short Term Borrowing	12	-206
-920	Receipts In Advance	13	-910
-8,526	Current Liabilities		-9,823
-	Long Term Borrowing	12	-10,570
-702	Long Term Finance lease Liabilities	23	-352
-629	Long Term Creditors		-565
-1,932	S106 Liabilities		-40
-46,449	Pensions Liabilities	24	-44,614
-242	Receipts In Advance		-
-49,954	Long Term Liabilities		-56,141
15,335	Net Assets		16,018
-15,160	Usable reserves *		-20,624
-175	Unusable Reserves*	16	4,606
-15,335	Total Reserves		-16,018

* See Movement in Reserves Statement for further details.

The unaudited accounts were issued on 31 May 2018 and the audited accounts were authorised for issue on 16 July 2018

Director of Resources

Date: 16 July 2018.

Cash Flow Statement

Appendix 1

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

2016/17		2017/18
£'000		£'000
-2,104	Net surplus or (deficit) on the provision of services	-1,523
3,832	Adjustments to net surplus or deficit on the provision of services for non-cash movements	-2,433
128	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-187
-166	Interest received	-173
38	Interest paid	235
1,728	Net cash flows from Operating Activities	-4,081
	Investing Activities	
-1,087	Purchase of property, plant & equipment, investment property & intangible assets	-3,967
-9,000	Purchase of short-term investments	-20,000
-	Proceeds from the sale of property, plant & equipment, investment property & intangible assets	-
642	Capital grants	841
9,000	Proceeds from short-term investments	18,000
-9	Other (receipts) / payments for investing activities	-253
	Financing Activities	
-	Cash receipts of PWLB borrowing	10,800
-	Repayments of PWLB borrowing	-76
-451	Change in the outstanding liabilities relating to finance leases	-450
2,978	Other (receipts) / payments for financing activities Change in NNDR	-3,300
1,094	Other (receipts) / payments for financing activities Change in Council Tax	-642
4,895	Net increase or (decrease) in cash and cash equivalents	-3,128
7,926	Cash and cash equivalents at the beginning of the reporting period	12,821
12,821	Cash and cash equivalents at the end of the reporting period	9,693
1	Cash held	1
2,814	Bank current accounts	-320
10,006	Short-term deposits / Money Market Funds	10,012
12,821		9,693

Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18, 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.

Notes to the Accounts

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. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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.

Notes to the Accounts

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave, 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.

Notes to the Accounts

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.

Notes to the Accounts

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 joint ventures that would require it to prepare group accounts. For further information see Note 21.

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 losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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.

Notes to the Accounts

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.

Notes to the Accounts

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 or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). 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.

Notes to the Accounts

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.

Notes to the Accounts

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 or by borrowing a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so 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.

Notes to the Accounts

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 2017/18 (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 2018/19 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2017/18) financial statements.

The 2018/19 Code has adopted:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

The specific changes made to the standards listed above are not applicable to Chiltern District Council therefore no further disclosures are required in 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 Authority sold its housing stock to the Chiltern Hundreds Housing Association (Paradigm). The Authority retains responsibility for homelessness.
- Leisure Services – In October 2000 the Authority 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 Authority retains a strategic and policy making role in the provision of leisure services.

Notes to the Accounts

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 2018 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 Authority 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 £12.5k for every year that useful lives had to be reduced. This figure excludes the Chiltern Pools as the useful life of this asset was significantly reduced to three years in 2017/18 due to a potential new development. However, were this asset to be included the increase in the depreciation charge would be £1.3m.
Creditor Accruals	Accruals are estimated based on goods or services which have been received but not yet invoiced. The value of estimated creditors is £2,570k.	If there is a difference of 1% on the value of the actual invoice received, this would equate to £26k.
Debtors	At 31 March 2018, the Council had a balance of invoiced sundry debts of £2,399k. Review suggested that an impairment of doubtful debts of 5% (£119k) was appropriate Estimated debtors are based on invoices which were not raised prior to 31 March 2018. The value of estimated debtors is £2,353k.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £239k to be set aside A difference of 1% on the value of the actual debtors invoice raised would equate to £24k.
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 £1,051k 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 £105k to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of the pensions liability in the balance sheet is £44,614k.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1,660k.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Director of Resources on 31 May 2018 and the audited accounts were authorised for issue on the 16 July 2018. 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 2018, 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 2018 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

2017/18	Services within the General Fund								Total General Fund £'000	Other Usable Reserves £'000	Unusable Reserves £'000
	Leader	Healthy Communities	Customer Services	Environment	Support Services	Planning & Economic Development	Repairs & Renewals	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	-37	2,122	1,001	1,483	3,278	1,759	-	-12,554	-2,948		
Adjustment for Earmarked Reserves	-28	-1,759	127	296	8	-4	68	-511	-1,803		
Net Expenditure Chargeable to the General Fund	-65	363	1,128	1,779	3,286	1,755	68	-13,065	-4,751		
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)	154	333	359	261	-1,480	322	-	1,252	1,201	-	-1,201
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-	1,489	1,489	-	-1,489
- Holiday Pay (transferred to the Accumulated Absences Reserve)	-	-	-	-	-	-	-	138	138	-	-138
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	2,908	-	618	92	-	-	-	3,618	-	-3,618
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	131	-	-	-	131	-	-131
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	-	-	-	220	-	-	-	-	220	-	-220
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-62	-	-	-	-	-62	-	62
Total Adjustments to Revenue Resources	154	3,241	359	1,037	-1,257	322	-	2,879	6,735	-	-6,735
Adjustments between Revenue and Capital Resources											
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-	-	-	-	-125	-125	125	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	604	-	8	-	-	-	-	612	-	-612
Total Adjustments between Revenue and Capital Resources	-	604	-	8	-	-	-	-125	487	125	-612
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-	-	-	-	265	-265
Application of capital grants to finance capital expenditure	-	-753	-	-88	-	-	-	-	-841	215	626
Total Adjustments to Capital Resources	-	-753	-	-88	-	-	-	-	-841	480	361
Total Adjustments between the Funding and Accounting Basis	154	3,092	359	957	-1,257	322	-	2,754	6,381	605	-6,986
Net Expenditure in the Comprehensive Income and Expenditure Statement	89	3,455	1,487	2,736	2,029	2,077	68	-10,418	1,523		

Notes to the Accounts

2016/17	Services within the General Fund								Total General Fund £'000	Other Usable Reserves £'000	Unusable Reserves £'000
	Leader	Healthy Communities	Customer Services	Environment	Support Services	Planning & Economic Development	Repairs & Renewals	Other Income & Expenditure			
	£'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	-	-636
Total Adjustments between Revenue and Capital Resources	-	638	-	-2	-	-	-	-	636	-	-636
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		

7. Income and Expenditure Analysed by Nature

	2016/17 £'000	2017/18 £'000
Income		
Fees, charges & other service income (Note)	-8,850	-12,191
Interest and investment income	-164	-147
Council Tax income	-10,185	-10,625
Non-Domestic Rates income	-1,731	-947
Government grants and contributions (Note 20)	-22,022	-22,811
Funded from reserves	-278	-2,243
(Gain) / loss on disposal of fixed assets	-	-125
	-43,230	-49,089
Expenditure		
Employee expenses (Note)	11,704	13,364
Housing Benefit payments	19,029	18,317
Capital financing costs	1,444	4,362
Other operating expenses (Note)	8,959	11,345
Support service recharges	-98	17
Interest payments	37	236
Precepts	2,653	2,813
Revaluation of non-current assets	1,606	158
	45,334	50,612
(Surplus) or deficit (CI&E Account)	2,104	1,523

Note: Employee expenses and other operating expenses have increased compared to 2016/17 due to new joint services being delivered by Chiltern District Council on behalf of South Bucks District Council. These expenditure increases are offset by increases in income from South Bucks District Council.

Notes to the Accounts

8. Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in the year.

	Balance at 31 March 2017 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2018 £'000
s106 Earmarked Reserve To hold unconditional s106 monies until spend on associated projects	25	-79	2,194	2,140
Repairs & Renewals Fund For the replacement of vehicles, plant, machinery and equipment as required and as a contingency for major repairs to buildings	614	-160	55	509
Local Development Framework Reserve To fund costs of the Local Plan development and review	1,036	-138	30	928
Planning Digitalisation Reserve A reserve established to support the digitalisation of planning information	-	-25	110	85
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	60	-	20	80
Waste Initiatives Reserve A reserve established to support the delivery of waste and recycling services across the district	294	-13	-	281
Rent Deposit / Private Leasing and Homelessness Prevention Reserves To provide funding to assist households in accessing affordable housing and avoiding homelessness	80	-35	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	425	-71	-	354
Pension Fund To contribute to the shortfall in funding of the Pension scheme	1,000	-1,000	300	300
Leisure Fund To contribute to the development of leisure provision	1,000	-286	-	714
Transformation Reserve A reserve established to enable the Authority to achieve further savings and efficiencies through service delivery review and other organisational change	167	-167	-	-
Refuse Vehicles Reserve This reserve is held to provide resources for capital expenditure	1,166	-	394	1,560
Capital Projects Reserve This reserve is held to provide resources for capital expenditure	2,799	-404	1,028	3,423
HS2 Reserve To cover potential costs involved in the planned HS2 rail route	364	-	31	395
Community Support Reserve This reserve holds grant monies received until expenditure is incurred.	32	-34	18	16
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
	10,729	-2,412	4,215	12,532

Notes to the Accounts

9. Property, Plant and Equipment

Movements in 2017/18	Land & Buildings	Vehicle, Plant & Equipment	Vehicles acquired under Finance Leases	Assets Under Construction	Community Assets	Surplus Assets Not Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation:							
As at 1 April 2017	39,695	2,815	2,605	605	1,500	163	47,383
Additions	330	21	-	4,316	23	-	4,690
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluation increases / (decreases) - recognised in the Revaluation Reserve	-723	-	-	-	-	-	-723
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-319	-	-	-	-	-	-319
As at 31 March 2018	38,983	2,836	2,605	4,921	1,523	163	51,031
Depreciation & Impairments:							
As at 1 April 2017	-700	-1,867	-1,531	-	-	-	-4,098
Depreciation written out to the Revaluation Reserve	99	-	-	-	-	-	99
Depreciation written out to the Surplus/Deficit on the Provision of Service	-	-	-	-	-	-	-
Transfer Depreciation	-	-	-	-	-	-	-
Disposal Depreciation	-	-	-	-	-	-	-
Charge for year	-3,069	-167	-383	-	-	-	-3,619
As at 31 March 2018	-3,670	-2,034	-1,914	-	-	-	-7,618
Net book value at 31 March 2018	35,313	802	691	4,921	1,523	163	43,413

Comparative movements in 2016/17	Land & Buildings	Vehicle, Plant & Equipment	Vehicles acquired under Finance Leases	Assets Under Construction	Community Assets	Surplus Assets Not Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'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

Notes to the Accounts

Major Assets Held

The main assets owned by the Authority 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.
- **Assets Under Construction** - Amersham Multi Storey Car Park extension.
- **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.

Impairment Losses

During 2017/18, the Authority has recognised an impairment loss of £nil (2016/17 £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 Authority 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 commitment for the Multi Storey Car Park in Amersham is £5.9m and for the Berton Crematorium is £2.9m, both of which are due for completion in 2018/19. The cost of the construction of the Berton Crematorium will be fully recharged to the Chilterns Crematorium Joint Committee.

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 Authority of £899,000.

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

As at 31 March 2018	Future Liabilities £'000
Under one year	64
In the second to fifth years	514
Over five years	-
	578

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.

Aside from KGVH offices, which have been revalued as at 31st March 18, 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 all valuations were issued by Wilks Head & Eve, Chartered Surveyors and Town Planners, 6th Floor, Fairgate House, 78 New Oxford Street, London WC1A 1HB.

	Land & Buildings	Vehicle, Plant & Equipment	Vehicles acquired under Finance Leases	Assets Under Construction	Community Assets	Surplus Assets Not Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	330	21	2,605	4,316	1,523	-	8,795
Valued at Fair Value as at							
1 April 2016	34,309	2,815	-	605	-	163	37,892
31 March 2018	4,344						4,344
Total Cost or Valuation	38,983	2,836	2,605	4,921	1,523	163	51,031

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	2016/17 £'000	2017/18 £'000
Income	-378	-319
Expenditure	194	258
Revaluation	4	-62
(Surplus)/Deficit in year	-180	-123

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

	2016/17 £'000	2017/18 £'000
Balance at start of year	2,654	2,651
Net gains / (losses) from fair value adjustments	-4	62
Balance at end of year	2,651	2,713

Notes to the Accounts

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 £2,713k on 31 March 2018 and £2,651k on 31 March 2017.

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	2016/17 £'000	2017/18 £'000
Balance at start of year:		
Gross carrying amounts	795	774
Accumulated amortisation	-456	-557
Net carrying amount at start of year	339	217
Additions	50	19
Disposals	-52	-46
Transfer Gross Cost	-19	-
Transfer Depreciation	9	-
Accumulated amortisation on disposal	52	46
Amortisation for the period	-162	-131
Net carrying amount at end of year		
Gross carrying amounts	774	747
Accumulated amortisation	-557	-642
Net carrying amount at end of year	217	105

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 2017		31 March 2018	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Fixed deposits / money market loans	11,061	-	13,035	-
Available-for-sale financial assets	-	40	-	40
Total Investments	11,061	40	13,035	40
Debtors	2,276	7	4,110	19
Cash and Cash Equivalents	12,821	-	9,693	-
Borrowing	-	-	-206	-10,570
Creditors	-1,569	-51	-2,646	-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	PWLB Loan £'000	Total £'000
2017/18				
Interest income to I&E	45	102	-	147
Interest expense to I&E	-	-	-198	-198
Gain/(loss) for the year	45	102	-198	-51
2016/17				
Interest income to I&E	47	117	-	164
Gain/(loss) for the year	47	117	-	164

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 value of Public Works Loan Board (PWLB) loans of £11,005,999 measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreement with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £10,724,199 would be valued at £11,005,999. But, if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loan including the penalty charge would be £12,885,479.

The fair values are calculated as follows.

	Short Term		Long Term	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
31 March 2018				
Loans and Receivables	13,035	13,035	-	-
PWLB Debt	-206	-206	-10,570	-10,800
Total	12,829	12,829	-10,570	-10,800
31 March 2017				
Loans and Receivables	11,061	11,061	-	-
PWLB Debt	-	-	-	-
Total	11,061	11,061	-	-

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 2018				
Loans and receivables	-	13,035	-	13,035
PWLB Debt	-	-11,006	-	-11,006
Total	-	2,029	-	2,029
31 March 2017				
Loans and receivables	-	11,061	-	11,061
PWLB Debt	-	-	-	-
Total	-	11,061	-	11,061

13. Debtors

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

	2016/17	2017/18
	£'000	£'000
General Debtors (net of impairments)	833	1,610
Central Government	665	3,640
Other Local Authorities	1,666	3,496
Council Tax (net of impairments)	63	87
Business Rates (net of impairments)	108	184
Payments in Advance (Note 1)	398	3,938
Total	3,733	12,955

Note 1: In 2017/18 Payments in Advance include advance contribution made to the Pension Fund.

14. Short Term Creditors

	2016/17	2017/18
	£'000	£'000
Central Government	-1,765	-1,895
Other Local Authorities	-3,047	-2,509
Council Tax	-254	-322
Business Rates	-443	-457
General Creditors	-783	-2,121
Receipts in Advance - General	-920	-910
Total	-7,212	-8,214

15. Provisions

	NDR Appeals £'000	Total £'000
Balance as at 31 March 2017	-928	-928
Amounts used	-	-
(Increase to)/release of existing provision	-124	-124
Balance as at 31 March 2018	-1,052	-1,052

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

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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	19,725	23,849
Upward revaluation of assets	4,548	-723
Difference between fair value depreciation and historical cost depreciation	-424	-2,076
Balance at 31 March	23,849	21,050

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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	-36,562	-46,449
Remeasurement of pension assets and liabilities	-8,507	3,036
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	-3,007	-3,767
Employer's pensions contributions and direct payments to pensioners payable in the year	1,627	2,566
Balance at 31 March	-46,449	-44,614

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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	23,817	22,379
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:</i>		
• Charges for depreciation and impairment	-2,900	-3,838
• Amortisation of intangible assets	-162	-131
• Revenue expenditure funded from capital under statute	-636	-612
• Disposals	-	-
Adjusting amounts written out of the Revaluation Reserve	424	2,076
<i>Insertion of items not debited or credited to the comprehensive income & expenditure statement:</i>		
Borrowing and adjustments	-	-4,884
<i>Financing of Capital Expenditure:</i>		
• Use of internal capital reserves to finance new capital expenditure	1,225	400
• Use of external borrowing to finance new capital expenditure	-	4,307
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	615	537
Movement in the market value of Investment Properties	-4	62
Balance at 31 March	22,379	20,296

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.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	-1,195	289
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	106	-15
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	1,378	-1,474
Balance at 31 March	289	-1,200

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	-107	-107
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	245
Balance at 31 March	-107	138

17. Members' Allowances

The Authority paid the following amounts to Members during the year.

	2016/17 £'000	2017/18 £'000
Basic Allowance	185	183
Special Responsibility Allowance	77	75
Independent Persons	-	1
Expenses	6	6
	268	265

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.

2017/18	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contribution £
Chief Executive	CDC	128,278	-	-	-	128,278	19,883	148,161
Interim Director Of Services (Note 1)	SBDC	26,554	-	-	-	26,554	-	26,554
Director of Services (Note 2)	SBDC	61,615	-	-	-	61,615	9,685	71,300
Director of Resources	SBDC	98,129	-	-	2,245	100,374	15,529	115,903
Head of Legal & Democratic Services	CDC	78,818	-	-	1,179	79,997	12,415	92,412
Head of Finance	SBDC	77,306	-	-	1,331	78,637	10,436	89,073
Head of Customer Services	CDC	78,818	-	-	848	79,666	12,349	92,015
Head of Business Support	CDC	78,818	-	-	1,450	80,268	12,443	92,711
Head of Health & Housing	CDC	78,818	-	-	1,165	79,983	12,398	92,381
Head of Sustainable Development (Note 3)	SBDC	48,698	-	65,755	1,436	115,889	7,316	123,205
Interim Head of Sustainable Development (Note 3)	Contractor	53,613	-	-	-	53,613	-	53,613
Head of Environment	SBDC	78,818	-	-	1,564	80,382	12,439	92,821

Note 1: The Director of Services (Contractor) was appointed to Interim Director of Services 1st April 2017- 17th July 2017.

Note 2: The Director of Services was appointed 29th July 2017.

Note 3: The Head of Sustainable Development left 30th November 2017, the post is currently covered by a Contractor.

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	-	-	-	131,790	-	131,790
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

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	2016/17 Number of employees	2017/18 Number of employees
£50,000 to £54,999	9	12
£55,000 to £59,999	3	2
£60,000 to £64,999	-	1
£65,000 to £69,999	-	-
£70,000 to £74,999	-	-
£75,000 to £79,999	4	3
£80,000 to £84,999	-	1
£125,000 to £129,999	-	1
Total	16	20

Exit Packages 2017/18

There were no exit packages payable to Chiltern District Council employees in 2017/18.

A total cost of £55,000 was charged to the Authority's Comprehensive Income and Expenditure Statement in 2017/18 for contributions to Exit Packages made to two South Bucks District Council employees as part of the shared services arrangement.

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 was charged to the Authority's Comprehensive Income and Expenditure Statement in 2016/17.

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.

	2016/17 £'000	2017/18 £'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	13	9
Fees payable in respect of other services provided by Ernst & Young LLP	-	-
Total	54	50

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	2016/17 £'000	2017/18 £'000
Revenue Support Grant	407	-
New homes bonus grant	1,050	1,130
Transition Grant	134	100
Small Business Rate Relief	231	842
Business Rates Retail Relief	-87	-1
Business Rates 2% Cap Compensation Grant	22	22
Flooding Business Rates Relief	31	-
Business Rates Transitional Grant	11	821
Business Rates Discretionary Relief	-	98
Business Rates Rural Rates Relief Grant	-	1
Business Rates Public House	-	18
Business Rates Support Small Business	-	9
New Burdens Grants	34	15
Community Housing	26	-
Custom Build	15	-
Capital Grants & Contributions	7	-
Net Other Grants	17	7
Total Non Service Related Government Grants	307	1,832
Total	1,898	3,062

Credited to Services	2016/17 £'000	2017/18 £'000
Council Tax/Housing Benefits Admin	287	250
Mandatory Rent Allowances	18,849	18,120
Discretionary Housing	81	110
Cost of Collection Allowance	115	112
LA Data sharing Programme	22	10
Individual Electoral Registration	13	-
Election Account	176	358
Disabled Facilities Grant	545	753
Local Land Charges Grant	-	20
Homelessness Grant	-	119
Flood Grant	-	75
Business Rates Revaluation	-	12
Custom Build Grant	-	30
Net Other Grants	36	63
	20,124	20,032

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 Authority, or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority 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 Authority 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 have direct control over the Authority'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 have control over the day-to-day management of the Authority 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 Authority nominated one Councillor to sit on the Board of the Association in 2017/18. The Authority 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 Authority.

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 (2016/17 £125k). Additionally, CAB provides a specialist debt and money advice service which the Council provides funding £25k in 2017/18 (2016/17 £25k).

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 Authority's leisure facilities, including Community Play and Sports Development. The Authority 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 Authority 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 2017/18 was £107k (2016/17 £104k).

Chilterns Crematorium Joint Committee

Chiltern District 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, construction of the Bierton Crematorium and to meet future deficits. Chiltern District Council's share of the accumulated reserves is £1,678,173 (2016/17 £1,819,839).

The assets and liabilities of the Joint Committee have not been consolidated into the Authority'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 Authority 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. Chiltern District Council paid £3,750 in 2017/18 for the management of Angling Spring Wood (2016/17 £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 Authority 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 Authority 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 2018, the company had been dissolved. The company was limited by shares and each local authority had 35,000 shares, each at a value of £1. However, due to amounts outstanding to suppliers at company closure, Chiltern did not recover the share value.

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.

	2016/17 £'000	2017/18 £'000
Opening Capital Financing Requirement	-75	-75
<i>Capital Expenditure</i>		
Amersham Multi-Storey Car Park	605	4,316
Car Park Enhancements	251	68
Leisure Centres	108	243
King George V House	27	15
IT Equipment & Systems	29	34
IT Desktop IT (Unified Network)	62	-
Public Conveniences	49	11
Mill Meadow Bridge	51	17
Shared Parking Service	22	5
	1,204	4,709
<i>Revenue Expenditure Funded from Capital Under Statute</i>		
Improvement Grants	486	538
Other Schemes	150	74
	636	612
Total Capital Expenditure	1,840	5,321
<i>Sources of finance</i>		
Adj capital receipts for opening CFR	-	-75
Adj capital receipts for borrowing for 2016/17 (Note)	-	-578
Capital receipts	1,225	390
Government grants and other contributions	615	625
Closing Capital Financing Requirement	-75	4,884

<i>Explanation of movements in year</i>		
Increase in underlying need to borrow (unsupported by government financial assistance)	-	4,959
Increase/decrease in Capital Financing Requirement	-	4,959

Note: Expenditure incurred in 2016/17 on Amersham Multi-Storey Car Park in advance of borrowing. Borrowing undertaken in 2017/18 (see Note 12)

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 2018	Finance Lease Liabilities £'000	Future Finance Costs £'000	Minimum Lease Payment £'000
Under one year	351	22	373
In the second to fifth years	352	7	359
Over five years	-	-	-
	703	29	732

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

	2016/17 £'000	2017/18 £'000
Finance lease payments	438	423

Authority as Lessee - Operating Leases

The Authority 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:

	2016/17 £'000	2017/18 £'000
Under one year	1	1
In the second to fifth years	4	4
Over five years	74	73
	79	78

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

	2016/17 £'000	2017/18 £'000
Operating lease payments	1	1

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

The Authority leases out a number of its properties under operating leases.

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:

	2016/17 £'000	2017/18 £'000
Not later than one year	408	382
Later than one year and no later than five years	1,274	1,152
Later than five years	2,405	2,155
	4,087	3,689

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.

Notes to the Accounts

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	
	2016/17 £'000	2017/18 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services		
Service cost	1,723	2,533
Curtailments and Settlements	-	-18
Administration expenses	31	43
Net Interest on the defined liability (asset)	1,253	1,209
Total post-employment benefits charged to the surplus or deficit on the provision of services	3,007	3,767
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets	5,266	1,366
Actuarial gains and losses arising on changes in demographic assumptions	1,004	-
Actuarial gains and losses arising on changes in financial assumptions	-14,813	1,670
Experience (loss)/gain on defined benefit obligation	36	-
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	-8,507	3,036
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	1,380	1,201
Actual amount charged against General Fund Balance for pensions in the year		
Employer's contributions payable to the scheme	1,581	2,524
Retirement benefits payable to pensioners	46	42

It should be noted that the Authority's accounts do not include IAS19 pension accounting entries in respect of Chilterns Crematorium staff although they are treated as employees of the Authority 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	
	2016/17 £'000	2017/18 £'000
Present Value of Liabilities in LGPS	-91,046	-92,405
Fair Value of Assets in LGPS	44,598	47,791
Surplus/(Deficit) in LGPS	-46,448	-44,614

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	
	2016/17 £'000	2017/18 £'000
Opening fair value of Fund assets 1 April 2017	38,475	44,598
Interest on Assets	1,351	1,209
Return on Assets less Interest	5,266	1,366
Other Actuarial Gains/(Losses)	-132	-
Administration expenses	-31	-43
Employer Contributions including unfunded	1,627	2,566
Contributions by Scheme Participants	406	431
Benefits Paid	-2,364	-2,311
Settlement prices received/(paid)	-	-25
Closing fair value of Fund assets 31 March 2018	44,598	47,791

Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2016/17 £'000	2017/18 £'000
Opening Liability 1 April 2017	75,037	91,046
Service Cost	1,723	2,533
Interest Cost	2,604	2,419
Contributions by Scheme Participants	406	431
Change in financial assumptions	14,813	-1,670
Change in demographic assumptions	-1,004	-
Experience loss/(gain) on defined benefit obligation	-168	-
Curtailments	-	-43
Benefits Paid	-2,319	-2,269
Unfunded Pension Payments	-46	-42
Closing Liability 31 March 2018	91,046	92,405

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.

	2016/17	2017/18
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	23.9 years	24.0 years
Women	26.0 years	26.1 years
Longevity at 65 for future pensioners:		
Men	26.1 years	26.2 years
Women	28.3 years	28.4 years
Rate of increase in pensions	2.60%	2.35%
Rate of inflation (RPI)	3.50%	3.35%
Rate of inflation (CPI)	2.60%	2.35%
Rate of increase in salaries	4.10%	3.85%
Rate for discounting scheme liabilities	2.70%	2.55%
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 2017	31 March 2018		
	Total £'000	Quoted £'000	Unquoted £'000	Total £'000
Gilts	5,273	4,357	-	4,357
UK Equities	4,370	4,696	-	4,696
Overseas Equities	17,745	19,400	-	19,400
Private Equity	3,090	-	2,846	2,846
UK Other Bonds	5,472	6,223	-	6,223
Property	3,411	3,250	192	3,442
Cash	1,402	1,825	-	1,825
Alternative Assets	538	-	509	509
Hedge Funds	1,630	-	2,264	2,264
Absolute Return Portfolio	1,667	-	2,229	2,229
Value of Fund Assets	44,598	39,751	8,040	47,791

Notes to the Accounts

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 Authority in the year to 31 March 2019 is £1,940,000.

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	94,961	96,621	98,312
Projected service cost	2,690	2,754	2,819
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	96,758	96,621	96,485
Projected service cost	2,754	2,754	2,754
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	98,177	96,621	95,092
Projected service cost	2,820	2,754	2,690
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	100,348	96,621	93,037
Projected service cost	2,842	2,754	2,669

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.

Notes to the Accounts

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 2018 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.

Notes to the Accounts

	Amount at 31 March 2018	Historical Experience of default	Experience adjusted for market conditions at 31 March 2018	Estimated maximum exposure to default and uncollectability at 31 March 2018	Estimated maximum exposure at 31 March 2017
	£'000	%	%	£'000	£'000
Deposits with banks and other financial institutions					
- Short Term investments	13,035	-	0.30%	39	33
- Cash & Cash Equivalents	9,693	-	-	-	-
Customers	1,748	0.46%	0.50%	9	5

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 £661k of the total sundry debtor balance of £1,748k is past its due date for payment. The past due amount can be analysed by age as follows:

	2016/17 £'000	2017/18 £'000
Less than three months	86	644
More than three months	38	17
	124	661

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 2018		
On demand	9,693	-
Less than three months	-	1,008
Between three months and one year	-	12,027
More than one year	-	-
Total	9,693	13,035
As at 31 March 2017		
On demand	12,821	-
Less than three months	-	4,033
Between three months and one year	-	7,028
More than one year	-	-
Total	12,821	11,061

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 2017/18 was 70% 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 2018, 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	-134

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 Authority'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	2016/17 £'000	2017/18 £'000
Markets		
Income	-20	-20
Expenditure	24	26
(Surplus)/Deficit in year	4	6
Property Management		
Income	-93	-71
Expenditure	101	92
Revaluation Gain/Loss	92	-
(Surplus)/Deficit in year	100	21
Total Trading Services Deficit	104	27

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	627	33	660
Central Support Services	222	12	234
Other Costs	52	3	55
	901	48	949
Income			
Building Regulation Charges	-941	-	-941
Miscellaneous Income	-5	-	-5
	-946	-	-946
(Surplus) / Deficit for Year	-45	48	3

This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority 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	2016/17 Total £'000	2017/18 Council Tax £'000	2017/18 NDR £'000	2017/18 Total £'000
Income					
Income from Council Tax	1	-71,367	-75,013	-	-75,013
Transfer from General Fund		-38	-4	-	-4
Income Collectable from Business Ratepayers	2	-20,437	-	-20,286	-20,286
Contribution to previous year's deficit		-3,576	-	-	-
		-95,418	-75,017	-20,286	-95,303
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		10,877	-	10,955	10,955
Buckinghamshire County Council		52,496	53,496	1,972	55,468
Thames Valley Police & Crime Commissioner		7,273	7,478	-	7,478
Bucks and MK Fire Authority		2,819	2,674	219	2,893
Chiltern District Council **		18,758	10,526	8,764	19,290
		92,223	74,174	21,910	96,084
Business Rates Transitional Protection Payments					
Business Rates Cost of Collection		115	-	112	112
Business Rates Provision for Appeals		-1,292	-	302	302
Write offs of uncollectable amounts		145	41	53	94
Increase / (reduction) in allowance for impairment		-124	83	-18	65
Contribution to previous year's Coll Fund surplus		160	797	1,610	2,407
		-996	921	2,059	2,980
(Surplus) / Deficit for the Year		-4,191	78	3,683	3,761
Balance brought forward 1 April 2017		2,531	-1,457	-203	-1,660
Balance carried forward 31 March 2018		-1,660	-1,379	3,480	2,101
Analysis of Share of (Surplus)/Deficit					
Central Government		-101	-	1,740	1,740
Buckinghamshire County Council		-1,066	-995	313	-682
Thames Valley Police & Crime Commissioner		-149	-139	-	-139
Bucks and MK Fire Authority		-55	-50	35	-15
Chiltern District Council		-289	-195	1,392	1,197
Totals		-1,660	-1,379	3,480	2,101

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

1. Council Tax

Chiltern District Council's requirement from the Council Tax was £175.62 (2016/17 £170.62).

The average Council Tax at band D including all precepts on the Collection Fund was £1,688.92 (2016/17 £1,617.72).

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	482	6/9	321
B	1,244	7/9	968
C	4,063	8/9	3,611
D	5,497	9/9	5,497
E	6,006	11/9	7,341
F	6,121	13/9	8,841
G	8,567	15/9	14,278
H	1,865	18/9	3,730
Adjust for estimated collection rate of 98.5% - Council Tax Base			43,918

2. Income from Business Ratepayers

Chiltern District Council collects Business Rates for the area, which is based on rateable values multiplied by the rate poundage set by Central Government.

	2016/17	2017/18
Non-domestic rateable value (at end of year)	£53.751m	£58.754m
Rate poundage – Standard Multiplier	49.7p	47.9p
– Small Business Multiplier	48.4p	46.6p

Independent Auditor's Report to the Members of Chiltern District Council

Opinion

We have audited the financial statements of Chiltern District Council for the year ended 31 March 2018 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
- 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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of Chiltern District Council as at 31 March 2018 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 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report (pages 3 to 9), other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

Independent Auditor's Report to the Members of Chiltern District Council

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in August 2017, 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 2018.

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.

We have nothing to report in these respects.

Responsibility of the Director of Resources

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 10, 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 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Chiltern District Council

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 August 2017, 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 2018.

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, the [name of body] had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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.

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.

Use of our report

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.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading

The maintenance and integrity of the Chiltern District Council website 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 website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Annual Governance Statement

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 2018 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 2017/18 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 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.

6) Main Governance Issues

The following issue arose from a review of the assurance framework.

ISSUE	ACTION
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>We will continue to review during 2018/19 the existing Business Continuity plans, taking into account organisational changes, changes to working arrangements, and shared working with South Bucks District Council, and will continue to test the IT business continuity arrangements.</p> <p>An additional resource has been employed to review and update our business continuity arrangements during 2018/19.</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 2018 is £44.6m 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.

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

Community Assets

This is the land and property that the Authority 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 Authority 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 Authority for work done or goods and services that have been provided to them by the Authority during the financial year but have not been paid for by the end of the accounting period.

Depreciation

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

Events after the Reporting Period

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

External Audit

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

Fair Value

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

Fees and Charges

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

Finance Lease

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

Financial Instrument

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

General Fund

The main fund of the Authority 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 Authority'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 Authority 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 Authority and bring benefits to the Authority 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 Authority has bought to use on a continuing basis but has not yet used.

Liability

A liability arises when the Authority 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 Authority, or to be controlled or influenced by the Authority.

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 Authority'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 Authority to another organisation. This counts as capital expenditure but does not create an asset that belongs to the Authority.

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 Authority 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 Authority will derive benefits from the use of a non-current asset.

SUBJECT:	<i>Annual Governance Statement 2017/18</i>
REPORT OF:	<i>Director of Resources</i>
RESPONSIBLE OFFICER	<i>Rodney Fincham, Head of Finance</i>
REPORT AUTHOR	<i>Rodney Fincham, 01494 732260</i> rfincham@chiltern.gov.uk
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

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

- conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
- approve the statutory Annual Governance Statement for 2017/18.

RECOMMENDATION

1. Members are asked to:

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

2. Background

2.1 Governance is defined as:

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

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

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

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

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

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

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

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

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

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

(b) prepare an annual governance statement;

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

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

(i) by a committee; or

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

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

(i) a committee; or

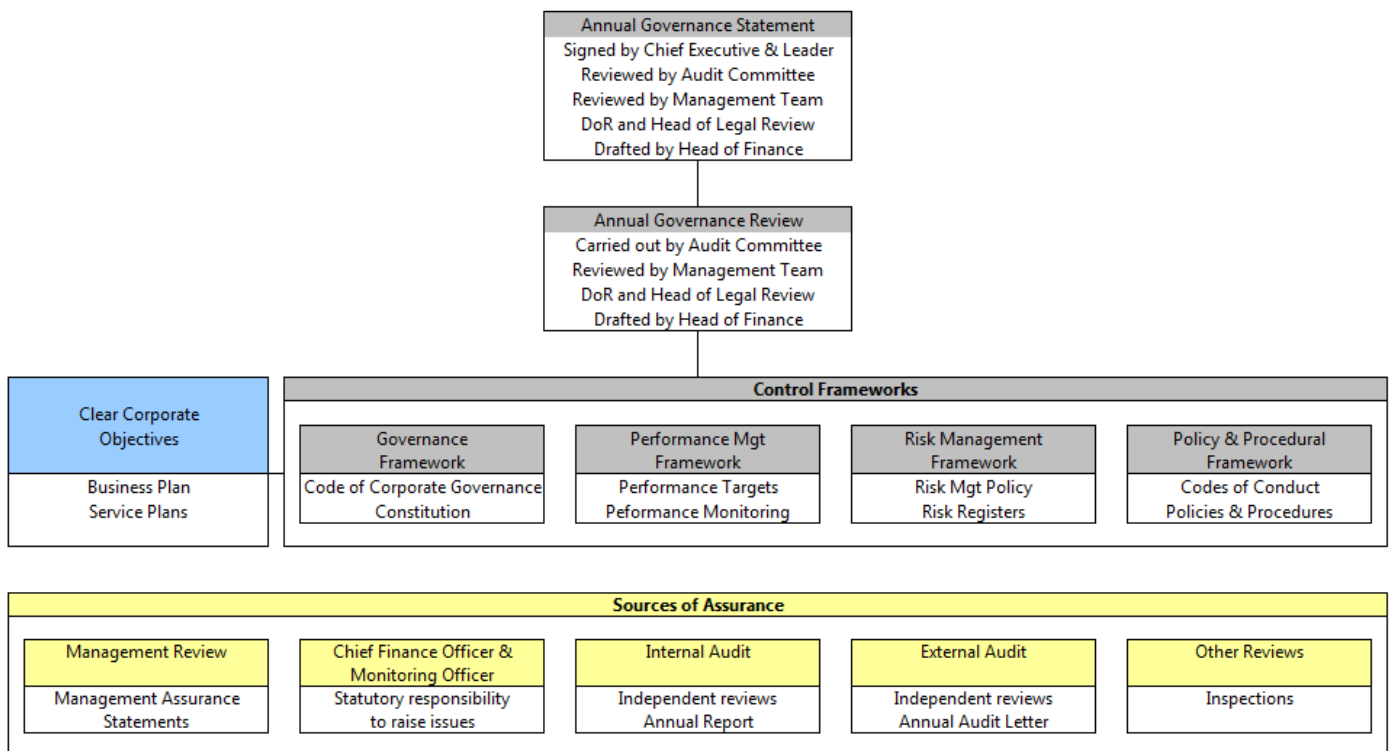
(ii) members of the authority meeting as a whole.

3. Responsibility for Undertaking the Review

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

4. Overall Framework

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



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

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

5. Review of Governance Framework

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

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

6. Sources of Assurances

6.1 The following table summarises the five key sources of assurance, and the assurances obtained from these sources for 2017/18.

Source of Assurance	Comment from Guidance	Assurance Obtained
Management and Member Review	Managers should routinely monitor and review the internal controls as an integral part of the risk management process.	Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members. For 2017/18 all Heads of Service were required to complete a Management Assurance Return to highlight any known weaknesses in internal control.
The Role of the Chief Finance Officer and the Monitoring Officer	The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis.	During the year no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services).
Internal Audit	The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion.	The 2017/18 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that <i>'In my opinion, Chiltern District Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.'</i>

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

7. Gaps in Control and Governance Assurances

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

8. Annual Governance Statement

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

9. Corporate Implications

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

10. Links to Council Policy Objectives

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

11. Next Step

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

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

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

Changes since last year are shown in blue.

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

Requirement B – There is a mechanism in place to establish corporate objectives.		
Suggested measure	Evidence	
B1 - Consultation with stakeholders on priorities and objectives.	The Authority works within the Local Strategic Partnership framework and has consulted on its priorities. In addition for any major service changes (e.g. waste services, parking charges) the Authority has a well-established record of consultation.	✓
B2 - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	The Business Plan 2017 -2020 was approved by Cabinet on 4 April 2017.	✓
B3 - Priorities and objectives are aligned to principal statutory obligations and relate to available funding.	The Authority's priorities encompass the organisation's statutory obligations and the Business Plan is set based on an understanding of the available resources.	✓
B4 - Objectives are reflected in departmental plans and are clearly matched with associated budgets.	Individual service plans are produced for each service area in line with the actions agreed in the Business Plan, and the budget implications of the actions are considered as part of the budget setting process.	✓
B5 - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners.	The Authority's objectives are cascaded to all staff via team meetings and are published in the Business Plan. Key objectives for the year ahead are also mentioned as part of the annual staff briefings.	✓

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

Requirement D – Performance management arrangements are in place.		
Suggested measure	Evidence	
D1 - Comprehensive and effective performance management systems operate routinely.	There is a clearly defined performance management framework within the organisation.	✓
D2 - Key performance indicators are established and monitored.	Key performance indicators are established and reported to Cabinet and Overview on a regular basis.	✓
D3 - The authority knows how well it is performing against its planned outcomes.	Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis.	✓
D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	When drawing up service plans previous and relative performance is considered.	✓
D5 - The authority continuously improves its performance management.	The Authority is continuing to develop and improve its performance driven culture. Steps are in hand to have a workforce strategy that is consistent across SBDC and CDC. A workforce planning framework was introduced in early 2018.	✓

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

Changes since last year are shown in blue.

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

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

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

Changes since last year are shown in blue.

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

Suggested measure	Evidence	
11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored.	Key risks are regularly monitored and reviewed and where appropriate these are linked with the corporate performance management arrangements. Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk.	✓
12 - The authority's internal control framework is subject to regular independent assessment.	Internal Audit regularly reviews the internal control framework.	✓
13 - A corporate Health & Safety Policy has been drawn up.	The Authority has a Health & Safety Policy, which is available on the intranet.	✓
14 - A corporate complaints policy / procedure has been drawn up.	The Authority has a general complaints Procedure. There is also a Member complaint procedure and form on the website.	✓
The Council has policies and procedures in place to ensure compliance with data protection laws.	The Council has a Corporate Information Officer and complies with data protection rules, and FoI requirements. The Authority has an Information Governance Group that maintains an overview of Information Management and its development.	✓
The Council has policies and procedures in place to maintain IT security.	The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy). It is fully PSN compliant.	✓
The Council has policies and procedures in place to maintain good Information Asset management.	The Council has information asset management policies and procedures, and has a corporate Information Governance Group. Information Governance roles are identified in the organisation and work is in hand to review and update Information Asset Registers and disposal and retention arrangements.	✓

Appendix 4: Annual Governance Statement 2017/18

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 2018 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 2017/18 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 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.

6) Main Governance Issues

The following issue arose from a review of the assurance framework.

ISSUE	ACTION
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>We will continue to review during 2018/19 the existing Business Continuity plans, taking into account organisational changes, changes to working arrangements, and shared working with South Bucks District Council, and will continue to test the IT business continuity arrangements.</p> <p>An additional resource has been employed to review and update our business continuity arrangements during 2018/19.</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 2018 is £44.6m 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.

Chiltern District Council Audit results report

Year ended 31 March 2018

16 July 2018

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The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. Above the 'Y' is a yellow triangle pointing to the right. The logo is positioned in the bottom right corner of the page, partially overlapping the EY logo and the tagline.

Building a better
working world

Item 16

Private and Confidential

16 July 2018



Dear Audit and Standards Committee Members

We have substantially completed our audit of Chiltern DC (the Authority) for the year ended 31 March 2018. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 4, before the statutory deadline of 31 July 2018. We also have no matters to report on the Authority's arrangements to secure economy, efficiency and effectiveness in its 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 welcome the opportunity to discuss the contents of this report with you at the Audit and Standards Committee meeting on 16 July 2018.

Yours faithfully

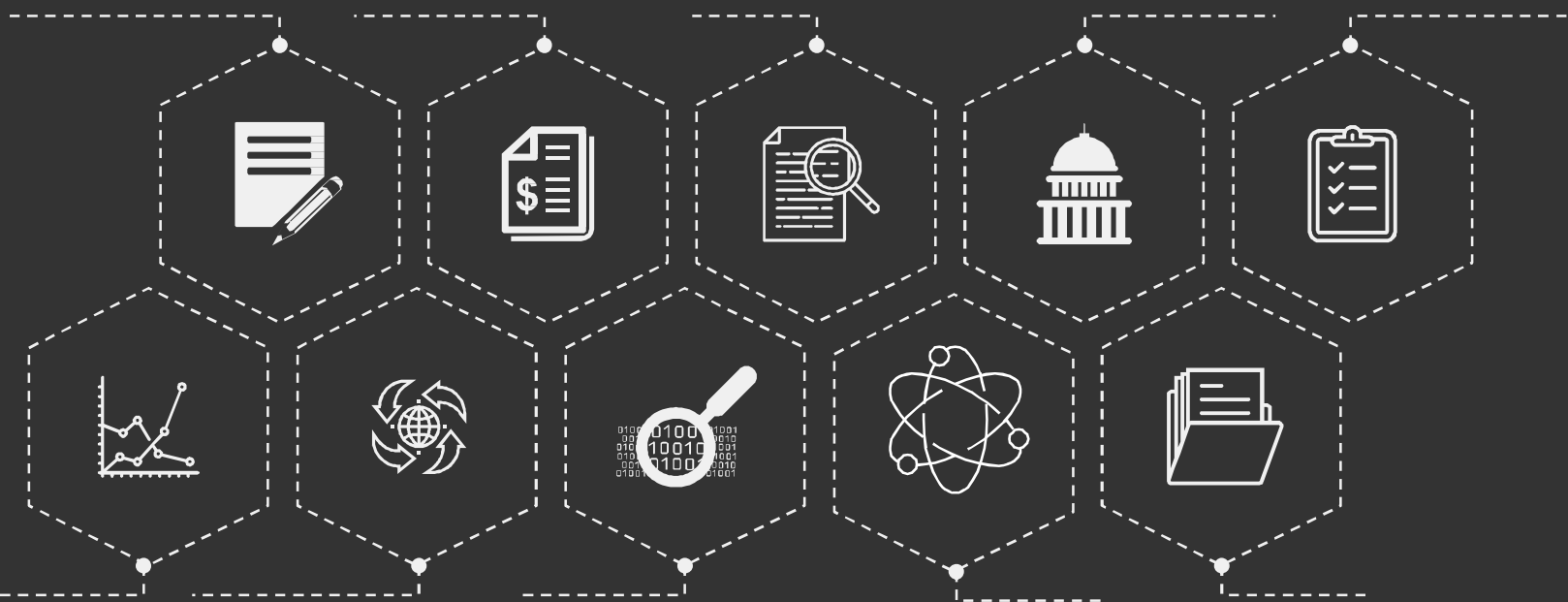
Andrew Brittain

For and on behalf of Ernst & Young LLP

Encl

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- 01 Executive Summary
- 02 Understanding Financial Statements
- 03 Areas of Audit Focus
- 04 Audit Report
- 05 Audit Differences
- 06 Value for Money



- 07 Other reporting issues
- 08 Assessment of Control Environment
- 09 Data Analytics
- 10 Independence
- 11 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 February 2017)" 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 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, 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 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 our prior written consent.



01

Executive Summary



Executive Summary

Scope update

In our audit planning report to the 17 January 2018 Audit and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality. We updated our assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £1.14m (Audit Planning Report – £1.07m). This results in updated performance materiality of £0.85m at 75% of overall materiality, and an updated threshold for reporting misstatements of £57K.

There was no change in our assessment of significant risks.



Executive Summary

Status of the audit

We have substantially completed our audit of Chiltern DC's financial statements for the year ended 31 March 2018 and have performed the procedures outlined in our Audit planning report. 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 4. However until work is complete, further amendments may arise:

Pension scheme liabilities

Review of the final version of the financial statements

Completion of subsequent events review

Receipt of the signed management representation letter

Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission

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

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

Objections

We have received no objections to the 2017/18 accounts from members of the public.

Areas of audit focus

Our Audit Planning Report 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. 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.



Executive Summary

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

Value for money

We have considered the Authority's arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified no significant risks.

We have no matters to report about these arrangements.



Executive Summary

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.

We have no other matters to report.

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Independence

Please refer to Section 10 for our update on Independence. There were no issues arising during the audit.

Item 16

02

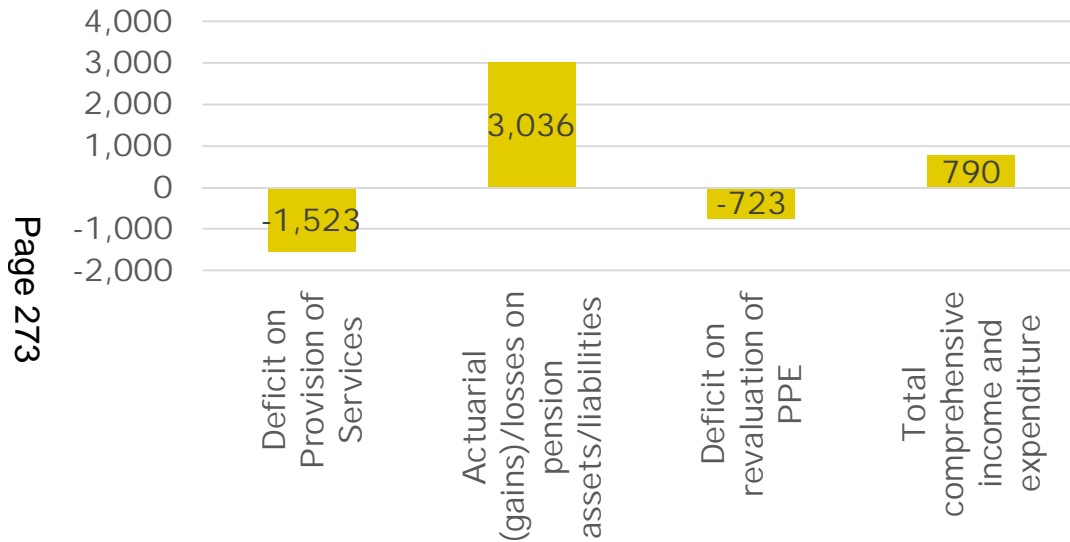
Understanding Financial Statements



Understanding Financial Statements

Key components of net expenditure

Net expenditure for the year ended 31 March 2018 was £1,523k deficit, a decrease of £581k from the prior year. During the year no significant events have occurred with an impact on the underlying financial position of the Authority. The following provides an overview of the material items:



The main movement from the net cost of services to the total comprehensive income and expenditure was due to the remeasurement of the net defined liability for pension obligations.



03 Areas of Audit Focus





Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the 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 the manipulation of expenditure recognition.

What judgements are we focused on?

- As we reported in our 17 January Audit Plan, we focused on:
- those areas of revenue and expenditure recognition which involve significant estimates, which have a higher risk of management bias:
 - cut-off procedures, to ensure income and expenditure is recorded in the correct year:
 - Forecast projections comparison with year-end actual

What are our conclusions?

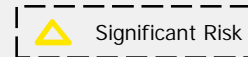
Our testing has not identified any material misstatements from revenue and expenditure recognition.

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

We were able to reach this conclusion by considering the work performed and its results (see following page for details).

What did we do?

See next page for details





Areas of Audit Focus

Significant risk



Further details on procedures/work performed

The work we carried out was as follows:

- We reviewed and tested revenue and expenditure recognition policies. We did not find any issues of concern in how the Authority decides on when to recognise income and expenditure. We did not find any individual transactions in our detailed testing which led us to believe that these policies were not in consistent use.
- We reviewed and discussed with management any accounting estimates on revenue or expenditure recognition for evidence of bias. We specifically looked at key estimates on PPE valuation, IAS 19 requirements for pensions disclosure, and NNDR appeals. We did not find any issues of concern with these estimates, which are arrived at using the work of specialists on which we carried out our own procedures as appropriate.
- We developed a testing strategy to test material revenue and expenditure streams. We tested streams depending on their materiality and level of inherent risk. We did not find any issues of concern.
- We reviewed and tested revenue cut-off at the period end date. We tested year-end cut-off procedures to ensure that income and expenditure were accounted for in the correct year and that expenditure was not understated or income overstated in the year of audit. We did not find any issues of concern.
- We reviewed in-year financial projections and compare to year-end position. We used predictive analytical review in areas where income is predictable (e.g. NDR, Council Tax) to see if actual income was as expected. We found no issues of concern. We also reviewed budget monitoring reports against out-turn as part of our work on the Narrative Report. We found no issues of concern.
- We reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised, We did not find any issues of concern.



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

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

What judgements are we focused on?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

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

What did we do?

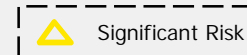
See next page for details.

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.

We were able to reach this conclusion by considering the work performed and its results (see following page for details).





Areas of Audit Focus

Significant risk



Further details on procedures/work performed

The work we carried out was as follows:

- We identified fraud risks during the planning stages, by considering our knowledge and experience of the audit, taking into account technical and sector issues raised during the year, and asking internal audit for their views. The risks identified fell under the headings of revenue recognition (see pp. 14-15)
- We asked management about risks of fraud and the controls to address those risks. We performed “walkthrough” of systems to confirm our understanding of the controls and how they operated during the year of audit. No issues of concern were identified.
- We ensured we understood the oversight given by those charged with governance of management’s processes over fraud. We were able to do this through attending Audit & Standards Committee meeting throughout the year, review of minutes, and follow-up procedures.
- We considered the effectiveness of management’s controls designed to address the risk of fraud. We did this through the walkthrough of processes as mentioned.
- We determined an appropriate strategy to address those identified risks of fraud. This included focusing risks on those parts of the accounts which are more likely to be estimates, using a lower threshold and/ or larger sample at which to test specific items, in order to address the risk of management bias. No issues of concern were identified.
- We performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. We are required to do this in order to meet our own professional standards. No issues of concern were identified.
- We evaluated the business rationale for significant unusual transactions. No issues of concern were identified.



Areas of Audit Focus



Other areas of focus: valuation of land and buildings

Valuation of land and buildings	Work performed
<p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents significant balances in the Council's accounts and is subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<p>We considered the work performed by the Council's valuers (Wilks, Head & Eve), including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; We sample tested key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre); We considered the annual cycle of valuations to ensure that assets have been valued within a five-year rolling programme as required by the Code for PPE, and annually for IP. We also considered any specific changes to assets communicated to the valuer; We reviewed assets not subject to valuation in 2017/18 to confirm that the remaining asset base was not materially misstated; We considered changes to useful economic lives as a result of the most recent valuation; and We tested that accounting entries were correctly processed in the financial statements, No issues of concern were identified.</p>

Other areas of focus: pension asset valuation

Valuation of pension assets	Work performed
<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures in its financial statements about its membership of the Local Government Pension Scheme. The Council's pension fund liability is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary Barnett Waddingham. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>We undertook IAS19 protocol procedures assisted by the pension fund audit team to obtain assurances over the information supplied to the actuary for Chiltern District Council. We assessed the work of the Pension Fund actuary (Barnett Waddingham) including the assumptions they used. We did this by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors - and considering any relevant reviews by the EY actuarial team. We reviewed and tested the accounting entries and disclosures made within the Council's financial statements for IAS19. We note that in their report to the Council, Barnett Waddingham have explicitly addressed the concerns raised by auditors last year about their methodology.</p>



Areas of Audit Focus



Other matters

For all entities, we are required to communicate, in writing, our current assessment of the entity's IFRS 15 implementation plan, as part of the year-end communications. Our view in the year of audit is that IFRS15 will not have a significant impact on the Council's position because other income streams are materially less than the income from taxation and grants, which is not affected by IFRS15.

Other matters include the following:

- Audit work and findings on significant accounts with higher inherent risk.
- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures.
- Going concern
- Any significant difficulties encountered during the audit
- Any significant matters arising from the audit that were discussed with management

Other matters if any, significant to the oversight of the financial reporting process, including the strengths and weaknesses of the finance function and the quality of the financial statement preparation process. Any significant items raised in the EY FRG accounts pre-issuance clearance which have not been acted upon by the client MUST be included here as well.

Any requested written representations

- Expected modifications to the audit report
- Related parties
- External confirmations
- Consideration of laws and regulations, including any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association which were identified in the course of the audit, in so far as they are considered to be relevant in order to enable the Audit and Standards Committee to fulfil its tasks.
- Use of auditor's external specialists

We have no significant matters to report.



04 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion

We have audited the financial statements of Chiltern District Council for the year ended 31 March 2018 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
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 2017/18.

In our opinion the financial statements:
give a true and fair view of the financial position of Chiltern District Council as at 31 March 2018 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 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report [set out on pages], other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in August 2017, 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 2018.



Audit Report

Draft audit report

Our opinion on 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.

We have nothing to report in these respects.

Responsibility of the Director of Resources

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 10, 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 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 August 2017, 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 2018.

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, the [name of body] had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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.



Audit Report

Draft 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.

Use of our report

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.

Andrew Brittain (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Reading

The maintenance and integrity of the Chiltern District Council website 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 website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



05 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the 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 amended by officers.



06

Value for Money





Background

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

For 2017/18 this is based on the overall evaluation criterion:

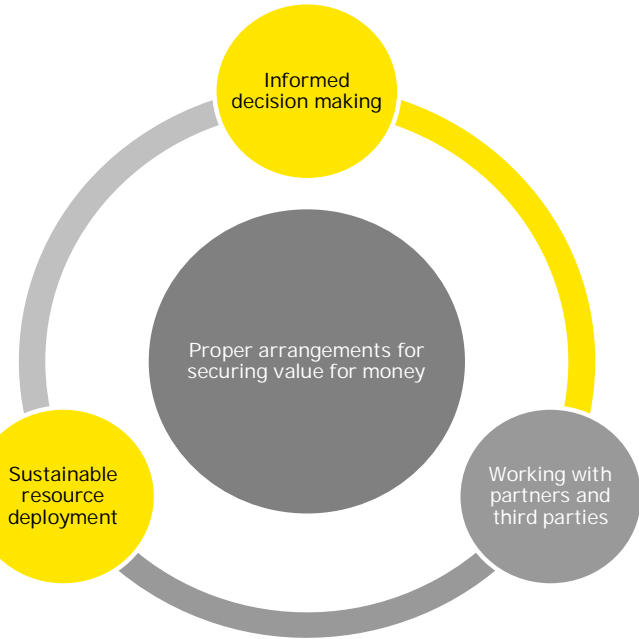
"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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.

Page 288



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.

Item 16



07 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 2017/18 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 2017/18 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 290

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 16

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;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations.

We have no matters to report.



08

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.



09 Data Analytics



Use of Data Analytics in the Audit

- ▶ Data analytics – Revenue Recognition, Income & Expenditure, Employee Costs

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of the Council's financial data. These analysers:

- Help to identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Make identifying errors more likely than traditional, random sampling techniques.

In 2017/18, our use of these analysers in the authority's audit included testing journal entries and employee costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all Chiltern DC financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us more effectively to identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

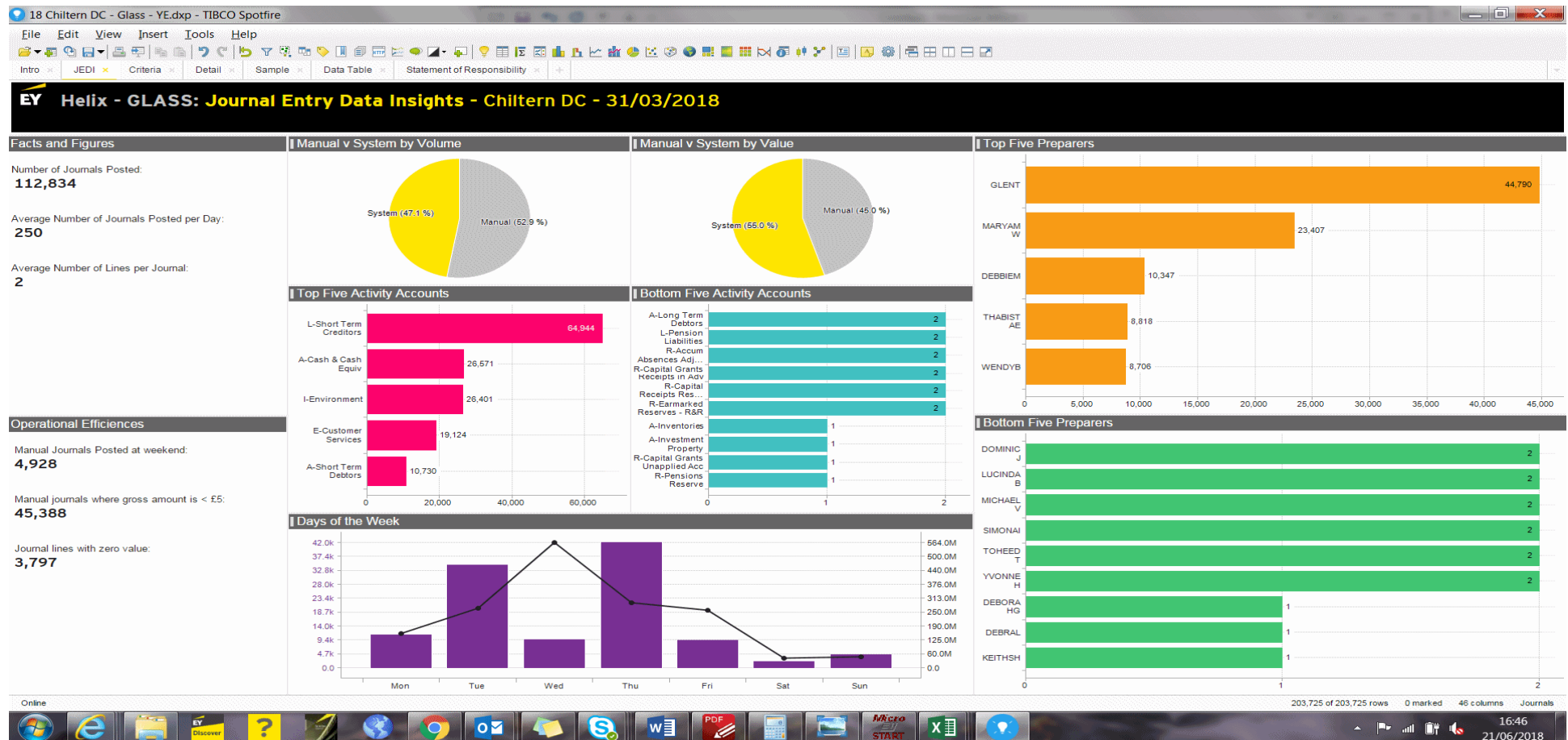


Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the Chiltern DC journal population for 2017/18. We review journals by certain risk-based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk-focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples. We have also shared this information with management to provide additional insight and value from our audit procedures.





Journal Entry Testing

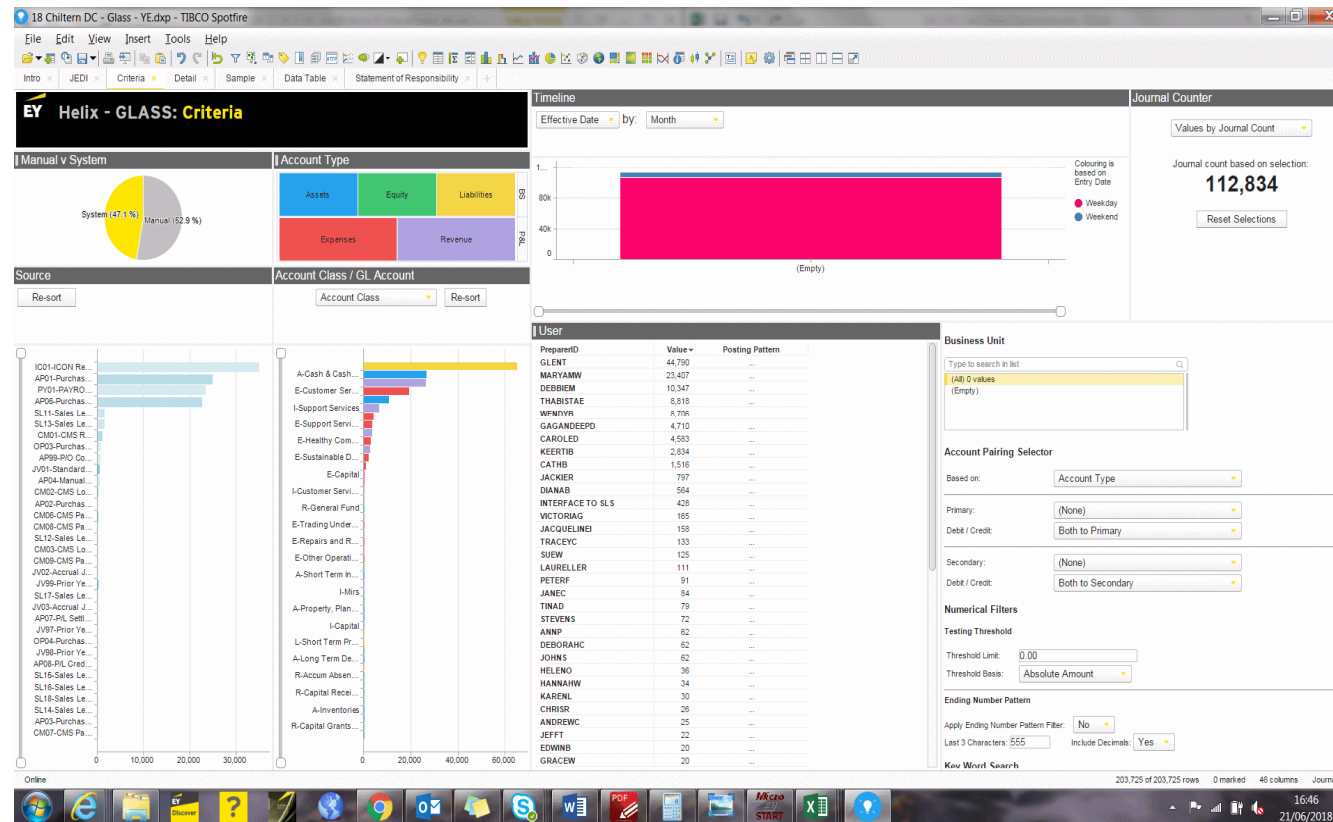
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – Chiltern DC – 31st March 2018

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

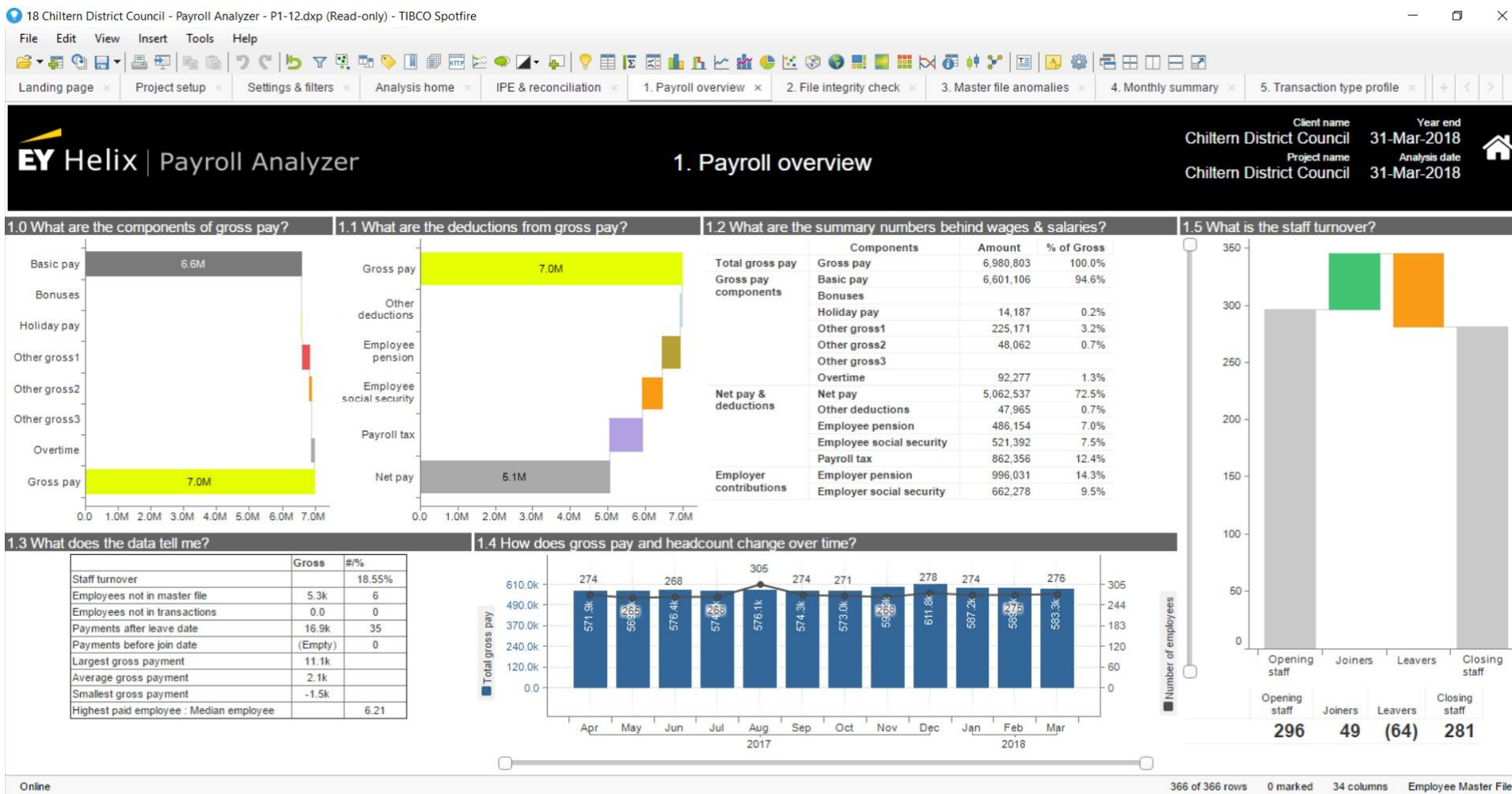
What are our conclusions?

We isolated a sub-set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



Payroll Analyser Insights

The graphic outlined below summarises the Chiltern DC payroll data for 2017/18. We review transactions for payroll at a more detailed level, which allows us to identify items more likely to contain material misstatements or to identify unusual patterns within a population of data and to design tests of details. This allows us to provide a more effective and risk-focused audit on payroll, improving efficiency for both audit and the management as we reduce the need for evidence support for larger random sampling.





Payroll Testing

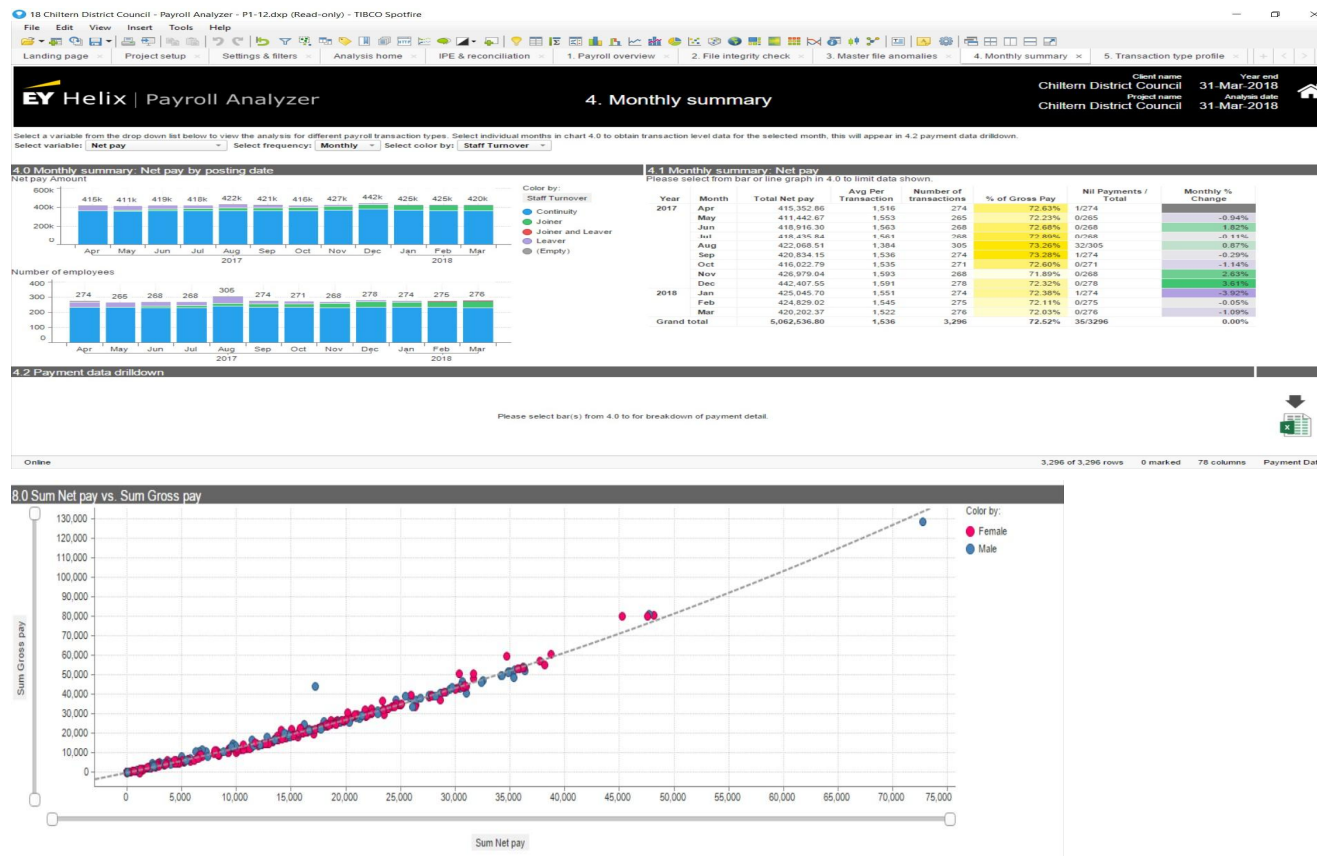
What is the risk?

Payroll at Chiltern DC is a low risk account.

What judgements are we focused on?

Using our analysers we are able to identify anomalies in the payroll data which allow us to focus our testing and enquires over unusual or unexpected transactions.

Payroll Data – Chiltern DC 31 March 2018



What did we do?

We obtained payroll data for the period and have used our analysers to identify unusual payments based on expectations of average pay per designation, date inconsistencies where payments made to individuals after they have left the organisation or before they have joined and payments made in the year that appears anomalous compare to average monthly payments.

We then tested the anomalies to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub-set of anomalies for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



10

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated 17 January 2018.

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 Committee meeting on 16 July 2018.

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

Independence



Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, and its members and senior management, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2017 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below includes a summary of the fees that you have paid to us in the year ended 31 March 2018 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that no services have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted. We have provided a written proposal for the certification of the housing benefit claim in 2018/19. This was previously part of the PSAA regime but has been separated for 2018/19 onwards.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2018.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO.

	Final Fee 2017/18	Planned Fee 2017/18	Scale Fee 2017/18	Final Fee 2016/17
	£	£	£	£
Total Audit Fee – Code work	41,288	41,288	41,288	41,288
Non-audit work [Grant claims]	TBC	9,240	9,240	12,678






11 Appendices

Appendix A

Required communications with the Audit and Standards Committee





There are certain communications that we must provide to the Audit and Standards Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
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.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	17 January 2018 Audit Plan	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	17 January 2018 Audit Plan	
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report	

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
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, either individually or together, to 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 • Material misstatements corrected by management 	Audit results report
Subsequent events	<ul style="list-style-type: none"> • Where appropriate, asking the Audit and Standards Committee regarding 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
Fraud	<ul style="list-style-type: none"> • Asking the Audit and Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • 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

Appendix A





		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, when applicable: <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the Authority 	Audit results report
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.	17 January 2018 Audit plan and Audit results report

Appendix A

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Audit and Standards Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Standards Committee may be aware of 	We have not identified any material instances or non-compliance with laws and regulations]
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit. 	Audit results report

Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations requested from management and/or those charged with governance 	Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit planning report is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	17 January 2018 Audit plan Audit results report
Certification work	<ul style="list-style-type: none"> Summary of certification work 	Certification Report Date TBC

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

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 2018. 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 consolidated and council financial statements give a true and fair view of the financial position of Chiltern District Council as of 31 March 2018 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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, 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:

A. Financial Statements and Financial Records

1. 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 2017/18.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the council's financial statements. We believe the council's 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 2017/18 and are free of material misstatements, including omissions. We have approved the council's financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the Council financial statements.
4. 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 2017/18 for the Council that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

Management representation letter

Management Rep Letter

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the Council's financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. 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 consolidated and council financial statements.
3. We have made available to you all minutes of the meetings of the Council, Cabinet and Audit and Standards Committee (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: 16 July 2018.
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 year 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 consolidated and council financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

Management representation letter

Management Rep Letter

D. 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 council's 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 confirm there are no guarantees that we have given to third parties.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Use of the Work of a Specialist

When the Council has used the work of a specialist, we may include the following representation:

We agree with the findings of the specialists that we engaged to evaluate the valuation of land and buildings and investment property 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.

H. Estimates

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 CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

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 Council.

We confirm that the disclosures made in the financial statements with respect to the accounting estimates are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements due to subsequent events.

I. Retirement benefits

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 Council. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Director of Resources

Chairman of the Audit and Standards Committee

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ED None

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ey.com

SUBJECT:	Understanding how the Audit & Standards Committee gains assurance from Management	
REPORT OF:	Director of Resources	Jim Burness
RESPONSIBLE OFFICER	Head of Finance	Rodney Fincham
REPORT AUTHOR	Head of Finance 01494 732260	Rodney Fincham rodney.fincham@southbucks.gov.uk
WARD/S AFFECTED	All	

1. Purpose of Report

- 1.1 To consider the response to the External Auditor's request for information on how the Audit & Standards Committee gains assurance from Management.

RECOMMENDATIONS

1. **That the Audit & Standards Committee agrees the proposed response to the External Auditor's letter, requesting information on how the Audit & Standards Committee gains assurance from Management.**

2. Report

- 2.1 Auditing standards require our external auditors (Ernst & Young) to formally update their understanding of Chiltern's management processes at least annually.
- 2.2 As part of this they formally request that both the section 151 officer (the Director of Resources), and the chair of the Audit & Standards Committee provide written responses to various questions about the Council's management processes.
- 2.3 The formal request to the chair of the Audit & Standards Committee is included as Appendix 1 and the proposed response is included as Appendix 2.
- 2.4 The Audit & Standards Committee is requested to review the letter and proposed response, and suggest any changes.

3. Next Step

- 3.1 Once agreed, the Chair of the Audit & Standards Committee will then be requested to sign the formal response.

Background Papers:	None
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Cllr John Gladwin
Chiltern District Council
King George V House
King George Road
Amersham
Buckinghamshire
HP6 5AW

17 April 2018

Ref: CDC/TCWG
Your ref:

Direct line: 011 8928 1167

Email: abrittain@uk.ey.com

Dear Councillor Gladwin

Understanding how the Audit and Standards Committee gains assurance from management

Auditing standards require us every year to update our understanding of your arrangements for overseeing management processes and arrangements formally. I therefore ask for a response to the following questions.

1) How does the Audit and Standards Committee, as ‘those charged with governance’ at the Authority, exercise oversight of management’s processes for:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority code of conduct);
- encouraging employees to report their concerns about fraud; and
- communicating to you the processes for identifying and responding to fraud or error?

2) How does the Audit and Standards Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

3) Is the Committee aware of any:

- breaches of, or deficiencies in, internal control; and
- actual, suspected or alleged frauds during 2017/18?

4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

5) How does the Audit and Standards Committee gain assurance that the Authority has complied with all relevant laws and regulations? Are you aware of any instances of non-compliance during 2017/18?

6) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements?

7) How does the Audit and Standards Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Thank you for your assistance. We would appreciate your response by 18 May 2018 if possible. If you have any queries about this letter please contact Susan Gill, Manager, at SGill4@uk.ey.com.

Thank you for your assistance.

Yours sincerely



Andrew Brittain
Associate Partner
For and on behalf of Ernst & Young LLP
United Kingdom

King George V House, King George V Road, Amersham, Bucks, HP6 5AW
01494 732931 (debtors) | 01494 732930 (creditors) | 01494 732932 (cash & bank)
Email: finance@chiltern.gov.uk | finance@southbucks.gov.uk
www.chiltern.gov.uk | www.southbucks.gov.uk

Andrew Brittain
Associate Partner
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Date 16 July 2018

Dear Andrew,

How the CDC Audit & Standards Committee gains Assurance from Management

In reply to your letter dated 17th April 2018, I would provide the following responses.

1) How does the Audit & Standards Committee, as 'those charged with governance' at the Authority, exercise oversight of management's processes for:

1a) Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);

When the annual Statement of Accounts is presented to the Audit & Standards Committee for approval, the accompanying report includes a section detailing Management's assessment of the risk of the Accounts being incorrect due to fraud or error, and the controls that mitigate against this risk.

The Audit & Standards Committee reviews the Accounts, and Members ask officers to explain items that are not clear or are unusual.

The Overview Committees review quarterly performance information for the Council. A number of members of Resources Overview and Audit & Standards are the same.

1b) Identifying and responding to risks of fraud in the Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;

The Audit & Standards Committee is aware that the Council has an Anti-Fraud, Bribery and Corruption Policy and has given the Director of Resources overall responsibility for investigation of fraud and corruption.

The Audit & Standards Committee receives an annual Corporate Fraud Report, as well as regular updates, and has the opportunity to question specific cases.

1c) Communicating to employees its view on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct);

The Audit & Standards Committee is aware that the Council has the following policies for setting down its expectations of employees in their work

- Employee Code of Conduct
- Protected Disclosure (Whistleblowing) Policy
- Anti-Fraud, Bribery & Corruption Policy.

The Council also has a Value & Behaviours framework which was developed with significant input from staff.

Annually Internal Audit reviews the Council's Governance arrangements and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

1d) Encouraging employees to report their concerns about fraud; and

The Audit & Standards Committee is aware that the Council has a Protected Disclosure (Whistleblowing) Policy which allows employees to report concerns to their line manager, the Audit Fraud and Error Reduction Manager, the Chief Executive, the Director of Resources, or the Leader of the Council. Anonymous allegations will also be considered.

Internal Audit reviews the Council's Anti-Fraud and Protected Disclosure (Whistleblowing) procedures and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

1e) Communicating to you the processes for identifying and responding to fraud or error?

The Audit & Standards Committee receives regular updates on frauds, as well as at least an annual Corporate Fraud Report, including information on any fraud write offs.

The Audit & Standards Committee also receives all internal and external audit reports, and therefore would be made aware of any issues of fraud or material error highlighted from the work of audit.

2) How does the Audit & Standards Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

The Audit & Standards Committee oversees the management process to identify and respond to such risks by:

- Overseeing the work of Internal Audit, including: approving the Audit Plan; receiving and reviewing Internal Audit Reports; and monitoring Management's progress with implementing audit recommendations.
- Receiving and reviewing External Audit reports.
- Carrying out an annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

3a) Is the Committee aware of any breaches of, or deficiencies in, internal control?

Internal Audit provides regular update reports to the Audit & Standards Committee and Internal Audit have identified a number of areas where controls can be improved. However none of these is considered to be fundamental to the overall system of internal control.

3b) Is the Committee aware of any actual, suspected or alleged fraud during 2017/18?

Internal Audit provide regular update reports to the Audit & Standards Committee and apart from Benefit claimant fraud, there have been no known issues during 2017/18.

The Chair of the Audit & Standards Committee is notified of all frauds.

4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

CDC strives to meet performance and financial targets. However we do not consider there to be any undue pressure.

The Authority is willing to accept performance and financial targets being missed.

Internal Audit reviews the Council's performance management framework and Internal Audit have a professional duty to report any areas of concern to the Audit & Standards Committee.

5a) How does the Audit & Standards Committee gain assurance that the Authority has complied with all relevant laws and regulations?

The Audit & Standards Committee gains assurance that all relevant laws and regulations have been complied with as:

- The Authority has a suitably qualified Chief Executive who is supported by experienced Directors and Heads of Service.
- The Authority has a suitably qualified and experienced s151 Officer.
- The Authority has a suitably qualified and experienced Monitoring Officer.

And by:

- Overseeing the work of Internal Audit, including approving the Audit Plan and receiving and reviewing the Internal Audit Reports.
- Receiving and reviewing External Audit reports.
- Obtaining assurance as part of the annual review of the effectiveness of the Authority's Governance Framework / system of internal control.

5b) Are you aware of any instances of non-compliance during 2017/18?

I am not aware of any material instance of non-compliance during 2017/18.

6) Is the Committee aware of any actual or potential litigation or claims that would affect the financial statements?

I am not aware of any material actual or potential litigation or claims that would materially affect the financial statements.

7) How does the Audit & Standards Committee satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

As a local authority, Chiltern District Council is required to set a balanced budget and the Chief Finance Officer is required to report to the Authority on the following matters:

- The robustness of the estimates it makes when calculating its budget requirement.
- The adequacy of the Authority's reserves, taking into account the experience of the previous financial year.

The Resources Overview Committee reviews the budget proposals and satisfies itself that there are sufficient resources to deliver the budget for the year in question, as well as future years.

The Audit & Standards Committee reviews the financial statements and the Annual Governance Statement for the year ended.

Furthermore as a local authority CDC is effectively underwritten by central Government / taxpayers.

I hope this response covers all your questions, but if you require any further clarification please contact me.

Yours sincerely

Cllr John Gladwin
Chair of Audit & Standards Committee

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

23 April 2018

Ref: 18-19 CDCfee

Direct line: 0118 928 1167

Email: ABrittain@uk.ey.com

Dear Bob

Annual Audit 2018/19

We are writing to confirm the audit that we propose to undertake for the 2018/19 financial year at Chiltern District Council.

From 2018/19, new arrangements for local auditor appointment - as set out in the Local Audit and Accountability Act 2014 - apply for principal local government and police bodies. These bodies are responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. Public Sector Audit Appointments Ltd (PSAA) has appointed auditors for bodies that have opted into the national scheme. Appointments have been made for an appointing period of five years, covering the audit of the accounts for 2018/19 to 2022/23. Appointments for all bodies that had opted into the appointing person scheme before 9 March 2017 were confirmed, following consultation, in December 2017.

Indicative audit fee

For the 2018/19 financial year, PSAA has set the scale fee for each audited body that have opted into its national auditor appointment scheme. Following consultation on its Work Programme and Scale of Fees, PSAA has reduced the 2018/19 scale audit fee for all opted-in bodies by 23 per cent from the fees applicable for 2017/18.

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

The audit fee covers:

- the audit of the financial statements
- the value for money conclusion
- the Whole of Government Accounts.

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

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

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

As we have not yet completed our audit for 2017/18, our audit planning process for 2018/19 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Summary of fees

	Indicative fee 2018/19 £	Planned fee 2017/18 £	Actual fee 2016/17 £
Total Code audit fee	31,792	41,288	41,288
Certification of housing benefit subsidy claim	N/A*	9,240	12,678

**NB the housing benefit work is not included in the PSAA national scheme, so the Council will appoint separately.*

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

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £7,948.

Audit plan

We expect to issue our plan in January 2019. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also

set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Resources and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Standards Committee.

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Andrew Brittain
Associate Partner
For and on behalf of Ernst & Young LLP

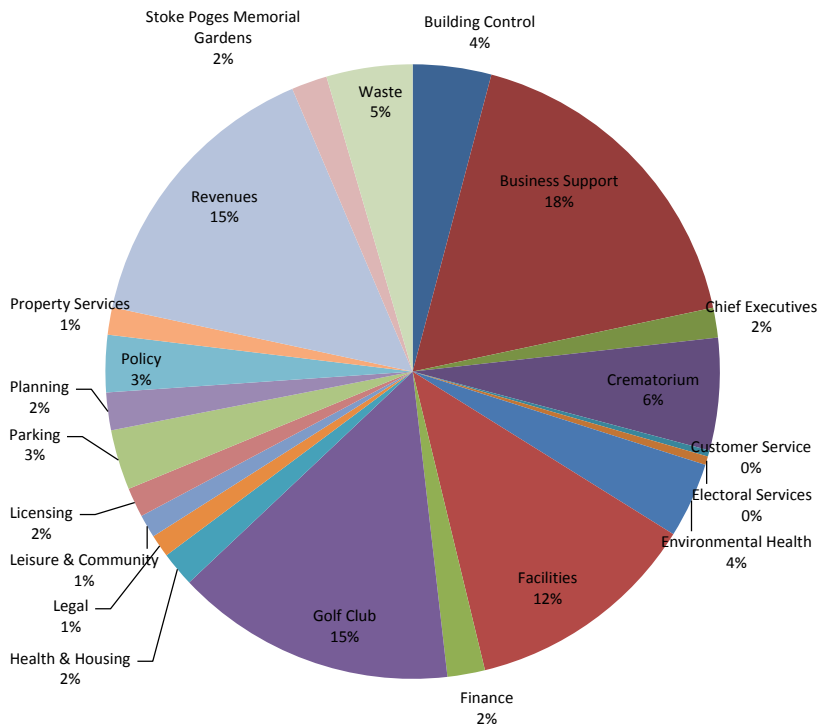
cc. Jim Burness, Director of Resources
John Gladwin, Chairman of the Audit and Standards Committee

Analysis of Procurement Card Spend 2017/18

Number of Procurement Cards

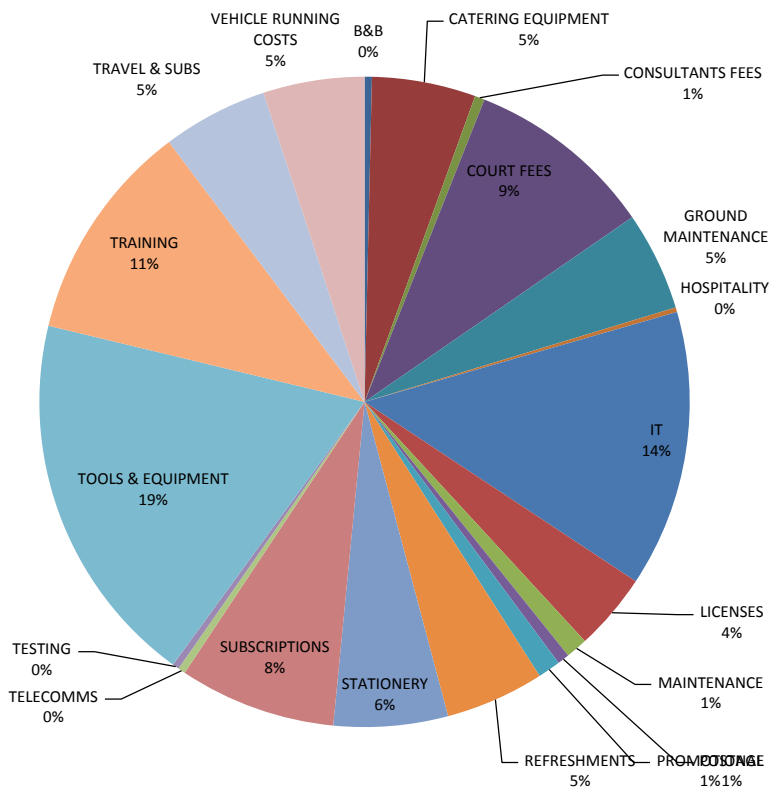
	No of Cards	Total spend £	Av. spend per card £
As at 31st March 2017	53	168,454	3,178
As at 31st March 2018	48	159,019	3,313

Spend by Department



DEPT	SPEND £
Business Support	27,886
Revenues	24,230
Golf Club	23,486
Facilities	19,623
Crematorium	9,387
Waste	7,199
Building Control	6,566
Environmental Health	6,305
Parking	5,032
Policy	4,777
Planning	3,151
Finance	3,143
Stoke Poges Memorial Gardens	2,989
Health & Housing	2,918
Chief Executives	2,493
Licensing	2,470
Property Services	2,287
Leisure & Community	1,940
Legal	1,906
Electoral Services	718
Customer Service	514
Total	159,019

Spend by Category



Category	SPEND £
Tools & Equipment	29,791
IT	21,883
Training	17,436
Court Fees	14,918
Subscriptions	12,392
Stationery	9,020
Travel & Subs	8,336
Catering Equipment	8,204
Vehicle Running Costs	7,999
Ground Maintenance	7,821
Refreshments	7,814
Licenses	6,122
Promotional	1,793
Maintenance	1,719
Postage	938
Consultants Fees	777
Telecomms	587
B&B	577
Testing	526
Hospitality	367
Total	159,019

Electoral Registration Briefing Note

Introduction

Further to a request made by the Audit & Standards Committee meeting held on 8 March 2018 this briefing note is intended to set out the main processes and controls in place for electoral registration to maintain data quality, minimise errors and prevent fraud.

An assurance review of electoral registration arrangements was carried out in March 2016, following the introduction of Individual Electoral Registration (IER), resulting in a substantial assurance: *Based upon our findings there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risk of failure of the continuous and effective achievement of the objectives of the process, which at the time of our review were being consistently applied.*

Since the review in 2016 the Democratic & Electoral Services teams (D&ES) were merged into a single joint team for Chiltern and South Bucks District Councils. This has resulted in processes and locally provided forms e.g. absent vote applications and those that are not prescribed being harmonised to a single format. Only the Council's branding remains different. All phone calls are directed to a single phone number. Two email addresses remain in place which can be accessed by the D&ES team.

Invitation to Register (ITR)

Electors wishing to register to vote can do so via www.gov.uk/registertovote alternately they can complete a paper ITR or phone the Council. The D&ES team process ITRs, absent vote application forms, evidence of identity, open register opt out request, overseas declarations and forms relating to special category elector. All staff handling electoral registration enquiries are trained and provided with appropriate procedure notes.

All paper forms are scanned into the Council's electoral management software (EMS) daily before being processed in the work queues and updated. Letters of confirmation are then emailed or posted to electors. Registrations made via www.gov.uk/registertovote are sent securely to the Council's EMS for processing by the D&ES team.

If an elector's details do not match with the records held by the Department for Work and Pensions the elector is sent a letter requesting further documentary evidence to confirm their identity. If the records match and they meet the eligibility criteria to vote they are then added to the electoral register.

Duplicate entries arising where an elector repeatedly registers to vote are detected via the EMS and can be checked by the D&ES officers before being merged as one elector.

The work queues are processed daily by D&ES officers.

To avoid clerical errors one officer processes application and a different officer then checks them. The same process is carried out with Household Enquiry Forms (HEF) during the canvass which is referred to later in this paper.

The D&ES team can also check Council Tax records for the purpose of checking that information contained on the electoral register is accurate and up-to-date.

Canvass

The annual canvass usually starts in July and ends on 1 December when the revised register is published. The aim of the canvass is to enable the Electoral Registration Officer to publish an accurate and complete revised register on 1 December. Each household in the district is sent a HEF which they must respond to either confirming that the details of electors registered to vote at the property are correct, or advise us of any changes. If a response is not received a reminder is sent a month after the initial forms are despatched.

Canvassers are sent to properties in September to chase up any non-responding households.

The majority of canvassers are Council staff and have previous experience carrying out this work. New canvass staff are required to demonstrate previous experience and how they are suitable to perform the role. Checks are carried to ensure they are legally entitled to work in the UK. All canvassers undertake annual training including specific information about data protection, customer service, and safeguarding requirements.

In 2017 tablets were trialled by canvassers to collect data from electors at their homes, now considered the optimal method for collecting information, rather than printed forms. This approach was successful in 2017 and will be used again in 2018. The tablets transfer data over a secure encrypted connection directly into the Council's election management software. This promotes data protection, improves efficiency and reduces risk to canvassers.

A project plan is in place for each canvass.

Postal Votes

There are a number of measures in place to reduce the risk of postal vote fraud.

When an elector applies for a postal vote they are required to provide personal identifiers which include their signature and date of birth. When a postal vote is received during an election a postal vote statement must be completed by the elector and must match the details provided on the initial application. Where details do not match the postal vote is rejected and does not proceed to the count. This is to reduce the risk that a postal ballot paper has been completed by someone other than the elector themselves. The Electoral Registration Officer is required to write to all electors after an election where their postal vote has been rejected. They must provide a new signature if they wish to continue to vote by post.

All applications for postal and proxy votes (where someone votes on the electors behalf) are refreshed after 5 years to ensure that recent signatures are held on the EMS. The elector, or elector's proxy, are sent a form requesting that a new specimen signature be provided. They must respond to the request or their application is deleted and they must vote in a polling station.

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	Jul 18	Sep 18	Jan 19	Mar 19	Jul 19
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 Annual Report	Annual					
Fraud & Corruption Update (maybe verbal 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

CHILTERN DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

STANDARDS WORK PROGRAMME

2018/2019

		2018			2019
	Contact	16.07.18	11.10.18	24.01.19	10.04.19
16.07.18					
<ul style="list-style-type: none"> Complaints Monitoring Report 2017/18 	Joanna Swift	X			
<ul style="list-style-type: none"> Review of the Protocol on the role of the Independent Person 	Joanna Swift	X			
11.10.18					
<ul style="list-style-type: none"> Annual Review of the Code of Conduct and Complaints Procedure 	Joanna Swift		X		
<ul style="list-style-type: none"> Committee on Standards in Public Life Annual Report 	Joanna Swift		X		
24.01.19					
<ul style="list-style-type: none"> Review of Guidance on Dispensations 	Joanna Swift			X	
<ul style="list-style-type: none"> Standards Training for new councillors 	Joanna Swift			X	
10.04.19					
<ul style="list-style-type: none"> Update on the Standards Framework 	Joanna Swift				X
<ul style="list-style-type: none"> Work programme for 2019/20 	Joanna Swift				X