



Wycombe District Council Draft Statement of Accounts 2016/17



place people pounds



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1. INTRODUCTION

This document presents the statutory financial statements for Wycombe District Council (the Council) for the period 1st April 2016 to 31st March 2017 and presents an overall true and fair view of the financial position of the council. The accounts are presented in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

This narrative report will also provide information on the council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year in line with regulation 8(2) of the Accounts and Audit Regulations 2015.

Wycombe District had a population of 172,000 in the 2011 census and stretches from just south of Aylesbury in the north, to the Thames in the South. Henley is just outside of the District to the west, and to the east the District goes to the edge of Beaconsfield. 71% of the district is part of an Area of Outstanding Natural Beauty (AONB) and 48% of the District falls within the Metropolitan Green Belt, which runs all the way round London. The District is in a prime location with excellent access to the M25/M40/M4 corridor, good rail links between London and Birmingham and is close to Heathrow Airport and London.

In 2011 census Wycombe District had an 81% white population and BME / other 19%. Just over 25% of the population were under the age of 20 and 22.1% of the population over 65. The working age population was 57.4%. The district has very high property values with average house prices in the district rising 11.7% from 12 months ago to £0.4m, which is 11 times the average salary (£36,963). The district contains pockets of deprivation in the town of High Wycombe, with 11% of children living in low income families.

The Council's Corporate Plan was launched in 2015 and included 3 Corporate Priorities:



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Regeneration and Infrastructure – our **place** priority. This priority focuses on investing in our District and enabling regeneration through the use of the Council's assets. In this way we are also helping to ensure we have the appropriate infrastructure to support sustainable growth.

NARRATIVE REPORT

Cohesive Communities – our **people** priority. This priority focuses on people and communities. We want to maintain and improve people's quality of life by engaging and working with them to ensure we have more cohesive communities and can shape our plans and provision based on local need.

Value for Money Services – our **pounds** priority. This priority focuses on our organisation - Wycombe District Council. It is about what we do and how we do it. We want to make sure that we continue to work to maintain our services and make sure they are responsive to meet the needs of our residents.

The priorities need to be achieved against a background of tough economic conditions, mainly due to increases in private sector rents and welfare changes leading to higher demand for additional temporary accommodation, rising inflation impacting on the Councils overall costs and significant reductions in local government funding, which has resulted in the council needing to identify £1.1m of savings by 2020 and a further £0.8m by 2023.

2. PERFORMANCE DURING THE YEAR 2016/17

The Council has set ambitious targets within its Corporate Plan to deliver outcomes that will address some of the districts key challenges over this period and performance targets to drive improvement.

- Completed the transfer of the Museum to a Local Trust to preserve our local heritage and produce a more sustainable model for the future.
- Completed a number of property acquisitions in the district to generate revenue at commercial returns and also deliver new offers for the district in High Wycombe Town Centre.
- In partnership we completed the first phase of the High Wycombe Town Centre Masterplan with the construction of the Westbourne Link Road.
- Working with Buckinghamshire County Council the Councils Information Centres have now been merged together with the County Library Service providing both savings but a more sustainable and accessible service for residents and visitors alike.

NARRATIVE REPORT

Key Performance Achievements

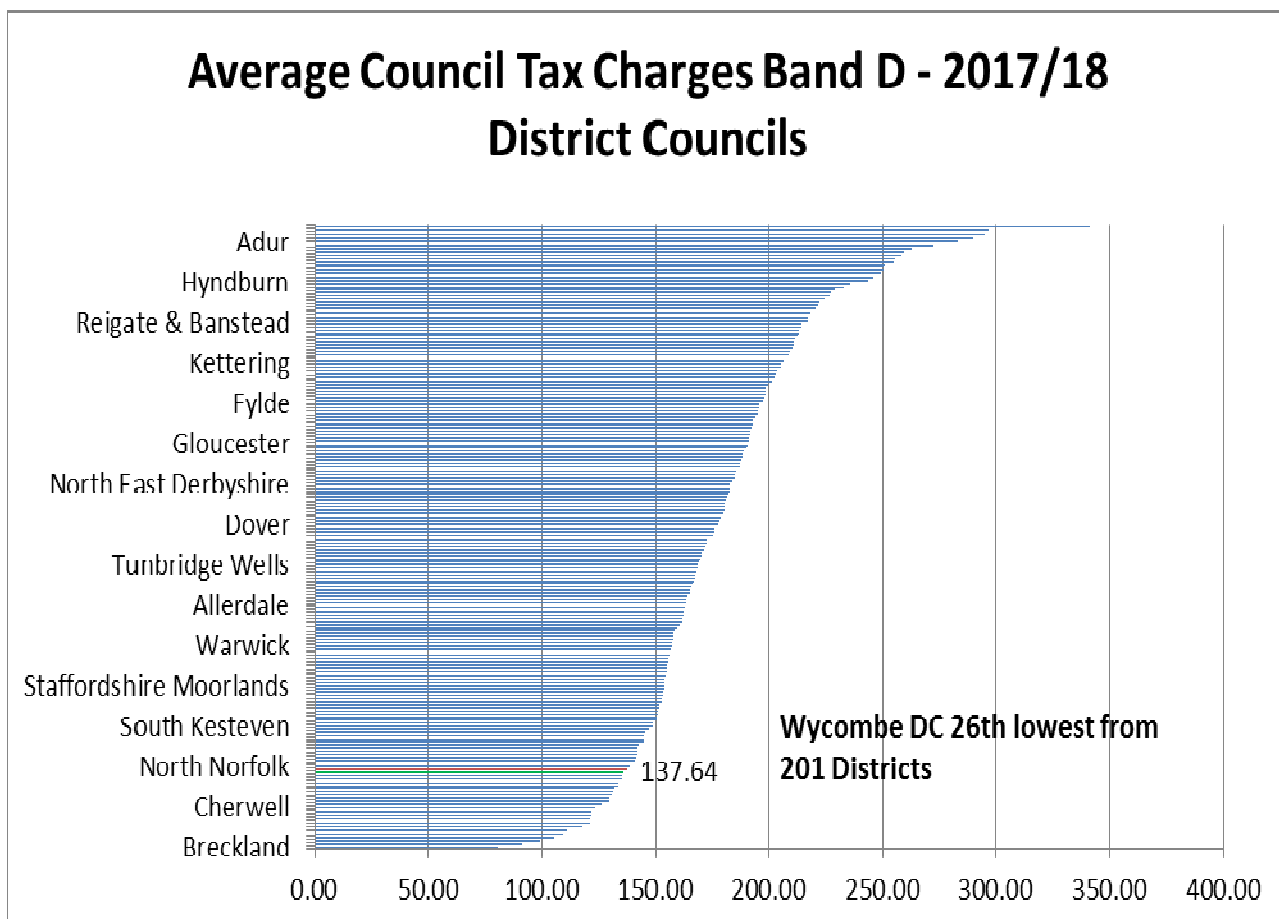
- Welcomed 981,211 users at our three leisure centres.
- Processed 3,848 planning applications, helping towards the provision of new housing and the creation of jobs.
- Emptied bins 8,502,000 times across Wycombe and Chiltern districts, with over 99.8% of bins emptied on time.
- Our housing advice work stopped 193 people becoming homeless.
- Processed 35,139 changes and new applications for Housing Benefit and the Council Tax Support Scheme supporting our most vulnerable residents.
- We collected £106.1m in council tax income, which equates to 98.4% of the total debit, above the national average.
- We also collected £72.1m in business rates, equating to 98.5% of the total annual debit, above the national average.
- Reduced CO2 emissions from our offices since 2010 by 222 tonnes enough to fill 37 hot air balloons.

The full set of published performance indicators can be found on:

<https://www.wycombe.gov.uk/pages/About-the-council/How-the-council-works/Our-performance.aspx>

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The Council continues to offer one of the lowest levels of Council Tax in England for a District Authority (26th lowest from 201 Districts), whilst offering some of the widest range of facilities including 3 sports and leisure centres, a 1000 seat theatre, open air pool, museum service, and a major retailing destination in High Wycombe .



People

At 31st March 2017 the Council employed 279 staff which is 12 fewer than 12 months earlier. The workforce comprises 172 female and 107 male employees.

3. FINANCIAL PERFORMANCE

The service expenditure covers the day to day service running costs and general income of the council and includes expenses such as salaries, heating, lighting, rent, rates and depreciation plus income generated through the provision of services.

The Council had a net budget of £14.7m for 2016/17. Overall spending against this budget was £14.5m. This gave an overall underspend of £0.2m, which equates to 1.36% of the net council budget.

This underspend is largely driven by savings on the councils waste collection service and various discretionary services within the community services portfolio.

The underspending on the waste collection service was due to lower than expected spending on variable contract items, lower inflation increases to the overall contract price and increased income including recycling credits.

The Council made additional voluntary MRP payments from this surplus to provide for future liabilities under the Waste Collection contract.

The underspending within the community portfolio was primarily driven by higher vacancy rates (staffing costs), cancellation of winter works on the grounds maintenance contract and additional income generated through concessions and rents.

These gains were partly netted off by an overspend on homelessness where demand for assistance for eligible families in priority need rose sharply resulting in much higher spending on bed and breakfast accommodation.

There was also a significant overspend within the planning service as a result of large planning appeals in the year, which was in part met through the use of a risk reserve for this purpose.

The budget for 2017/18 has been updated to take account of financial pressures and changes which are anticipated to continue beyond 2016/17.

A review of the key risks faced by the Council which are likely to impact on the Council's future financial performance has been carried out and used to inform planning assumptions on the Medium Term Financial Plan forecast to 2023/24.

The level of financial reserves has also been reviewed as part of the 2017/18 budget process and these are considered to be sufficient.

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General Fund Outturn	Budget	Actual	Variance
	£'000	£'000	£'000
HR, ICT & Customer Services	-37	88	125
Finance	1,634	1,601	-33
Economic Development	-3,982	-3,902	80
Planning & Sustainability	3,261	3,322	61
Environment	6,907	6,446	-461
Community	4,389	3,924	-465
Housing	2,330	2,300	-30
Leader	2,416	2,311	-105
Cabinet Outturn 2016/17	16,918	16,090	-828
<u>Other Charges</u>			
Capital Charge Reversal	-2,213	-1,882	331
Use of Reserves	-772	-392	380
Parish Payments	128	128	0
Planned Contribution to Revenue Development Reserve	624	624	0
Non-Service Net Expenditure	14,685	14,568	-117
Business Rate Surplus	0	-713	-713
Business Rate Surplus to Reserve	0	713	713
Transition Grant	0	84	-84
Formula Grant	4,550	4,550	0
New Homes Bonus	1,152	1,152	0
Council Tax	8,761	8,761	0
Council Tax Adjustment	221	221	0
Funding	14,684	14,768	-84
General Fund Balance at 31 March 2016			9,537
Surplus in 2016/17			-201
General Fund Balance at 31 March 2017			9,737

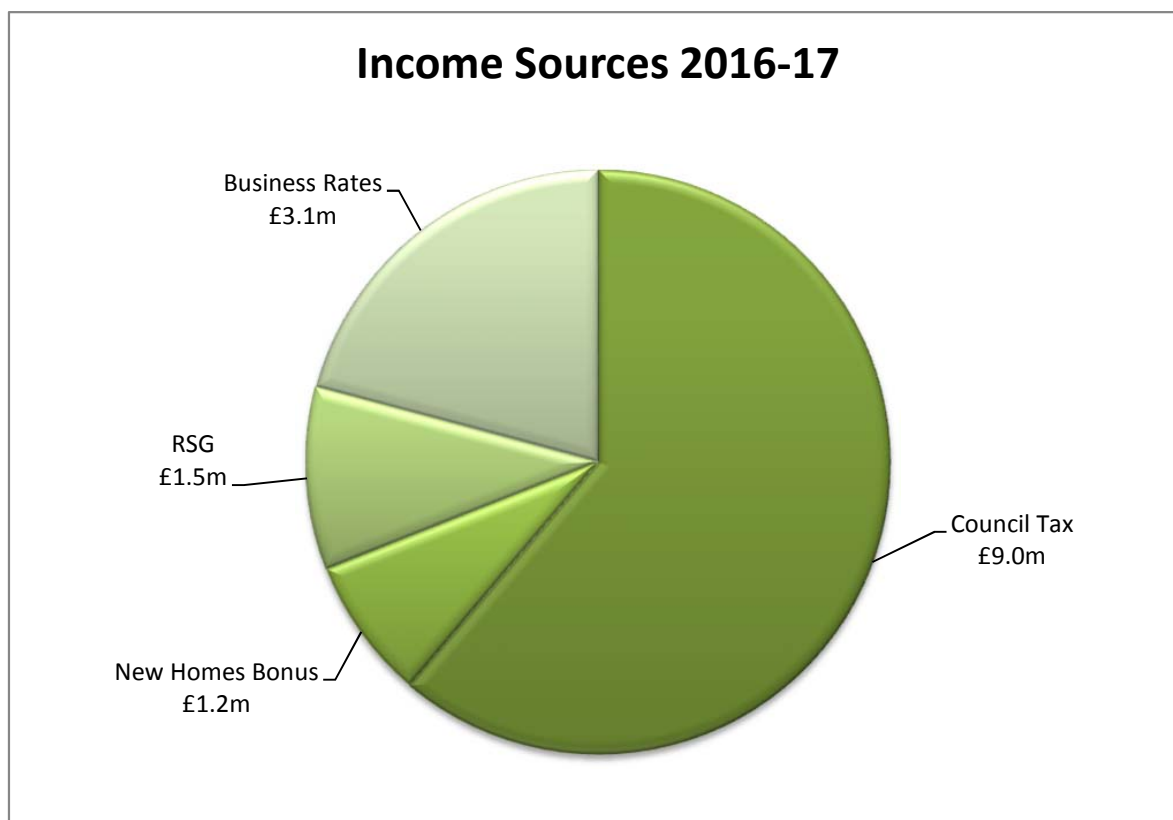
NARRATIVE REPORT

Borrowing

The Council did not undertake any new borrowing in 2016/17. The Council has no outstanding external borrowing. The Council does hold internal borrowing relating to a loan it has repaid to the Public Works Loan Board (£5.0m) which it used to finance capital expenditure but has not yet fully financed from available resources. The council also holds finance leases in relation to the waste collection contract which are being repaid through the contract. The impact of these liabilities make up the total outstanding balance on the councils Capital Financing Requirement as at the 31st March 2017 of £6.7m (a reduction of £1.3m from 2016/17).

Income from Grants, Local Tax Payers and other sources

The following graph illustrates how the budget requirement has been financed.



NARRATIVE REPORT

In addition, some services receive specific grants, which are included in their separate budgets. There are conditions attached to most specific grants, which set out how, when and on what service or activity the grant may be spent.

A list of grants received by the council in 2016/17 can be found at note 26 to the financial statements.

Pension Liability

The council's financial statements in accordance with the proper accounting practice (IAS19) show a net pension liability at 31st March 2017 of (£66.9m) which is an increase of (£12.6m) since 31st March 2016. This is due to a change in financial and demographic assumptions.

In practice, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy. The deficit will be funded through reassessment of the employer's contributions as a result of the three yearly fund revaluations by the actuary.

Full details of the Local Government Pension Scheme can be found in note 30 to the financial statements.

Capital Expenditure

In 2016/17 the council invested £14.0m compared with £30.5m in 2015/16. The main areas of expenditure in 2016/17 are explained below:

Sword House – The Council purchased the freehold of an investment property with the benefit of a long term lease running for 65 years at a cost of £6.8m. This will yield over 6% per annum, with the income being used to support future investment in existing operational assets.

The Council also purchased a number of shops on High Wycombe High Street which the Council has represented to the market and successfully leased out on commercial rents.

The Council in partnership with the Bucks Thames Valley Local Enterprise Partnership and Buckinghamshire County Council approved the next phases of the High Wycombe Town Centre Masterplan which involves an investment of £15.0m to provide an alternative link road through High Wycombe and improve the Cressex Link Road. This scheme is being funded through a combination of Growing Places funding and developer contributions.

Disabled Facility Grants – The Council provided £0.6m funding for eligible applicants to enable them to remain in their homes by assisting with adaptations.

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Assured Shorthold Tenancy Scheme – To provide quality additional temporary housing the council entered into a partnership arrangement with Bucks Housing Association to acquire on market houses, which the Council has exclusive nomination rights to for homeless families. The council contributed £0.2m towards this scheme in 2016/17 and plans to invest a further £0.2m in 2017/18.

The Capital Expenditure has been funded from various sources, the major elements being Capital Receipts £11.8m and Government Grants and Contributions of £2.2m.

The Council completed assets disposals totalling £3.7m in the year, which included a parcel of land at the Hughenden Quarter to Marstons for £1.2m. The Council also received £2.6m from Red Kite Community Housing as part of its share of the Preserved Right to Buy Agreement.

The Council approved its Major Projects Programme (including capital investment schemes) in March 2017 worth £21.7m, which included the following major schemes:

- £2.0m for refurbishing the Court Garden Leisure Complex
- £1.2m for refurbishing and expanding the Council's Leisure Centre at Princes Risborough
- £3.3m to regenerate the Desborough Square area and develop a new foodstore to generate additional revenue for the Council.
- £5.6m to build an alternative route around High Wycombe town
- £2.0m affordable housing (section106)
- £0.9m broadband
- £0.5m to prepare reserve sites for housing development

The Council expects to meet the full cost of the approved programme from existing and new resources which it forecasts will be generated over this period. Therefore the Council has no plans to enter into any borrowing to fund this expenditure.

Section 106 Contributions

The Council spent a total of £0.6m in 2016/17. Including accrued interest and new amounts received, balances increased from £6.6m to £7.2m

Community Infrastructure Levy (CIL)

CIL allows Councils to charge a levy on specified development that is ring fenced to fund additional infrastructure to support the development of the area. The levy can be used to address the impacts of development by funding infrastructure that the Council and local communities support.

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In 2016/17, the Council raised a total of £2.4m, ring-fenced for future infrastructure works within the district. At 31 March 2017 the balance of CIL held by the Council was £5.0m.

Adequacy of Reserves

A general risk assessment carried out alongside the development of the budget, showed that the minimum prudent level of reserves was £7.5m. The General Fund Balance at 31st March 2017 was £9.7m.

In addition to this the Council has made additional provision through specific risk reserves in relation to the following areas:

Insurance Fund – Balance at 31st March 2017 £2.1m. This reserve helps the Council meet future liabilities where the Council has to meet the costs of any excess under its current insurance cover or through financial indemnities that it has made in relation to the Housing Stock Transfer to Red Kite Community Housing.

Planning Appeals – This reserve helps to fund unbudgeted costs associated with defending planning appeals, where the overall costs exceed the annual budget

Business Rates - The Council has set aside a specific reserve to meet the potential losses that might arise in the future as a result of the Council not reaching its baseline funding position, factors could include, appeals, large long term empty properties, demolition or non-payment.

The Council holds other earmarked reserves to meet future expenditure which will support delivery of both the current corporate priorities and future development and growth of the district. Details of these reserves is included at Note 19c

Chiltern Crematorium Joint Committee

The Council is one of three constituent members of the Chilterns Crematorium Joint Committee along with Aylesbury Vale and Chiltern District Councils.

The Joint Committee manages the crematorium and associated facilities located in Amersham. 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 capital expenditure and to meet future deficits.

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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.

Wycombe District Council's share of the accumulated reserves is £2.8m (£2.3m 2015/16). The assets and liabilities of the Joint Committee have not been consolidated into the Council's accounts, reflecting the separate statutory nature of the service. Instead, the summarised results of the Joint Committee are presented below.

The Joint Committee is currently exploring options to build a second crematorium to address rising demand in the region.

The table below shows the reserve balances apportioned between the constituent authorities of the Chiltern Crematorium Joint Committee.

	AVDC £	CDC £	WDC £	Total £
Balance 31.3.2016	1,611,533	1,503,847	2,258,913	5,374,293
Apportionment 2016/17	412,592	315,993	496,639	1,225,224
	2,024,125	1,819,840	2,755,552	6,599,517
<u>Balances retained</u>				
Earmarked for new Crematorium	1,757,228	1,582,935	2,395,827	5,735,990
General reserves	266,897	236,905	359,725	863,527
	2,024,125	1,819,840	2,755,552	6,599,517

Group Accounts

The Council is sole trustee of the Higginson Park Trust and the assets are required to be recognised within a set of group accounts. These can be found on Page 71.

The Group Account Financial Statements consolidate the financial position of the Council and its interest in Higginson Park Charity. The aim of the consolidation is to provide a clearer financial picture of the Council's control and influence. These requirements have no impact upon the Council's financial results and standing.

Collection Fund

The Collection Fund is shown on page 68. During 2016/17 the Council collected £106.1m in Council Tax of which £104.0m was paid to Preceptors and £2.1m retained in the District, with the surplus distributed in future years via the Collection Fund.

From the Council's share, £2.4m was distributed to Parishes and £0.4m to the High Wycombe Town Committee. The Council collects Non-Domestic Rates (NDR, also known as Business Rates), retaining 40% of rates collected with the remaining 60% being passed to Major Preceptors and Central Government. In 2016/17, £72.0m in rates were collected, £44.0m were paid to major preceptors and Central Government. The majority of the £28.0m retained by Wycombe District Council is paid over to Central Government as a tariff as it is over the Council's baseline funding level set for the Council by Government. The Council was only allowed to retain £3.0m. The Council's share of business rates growth is subject to a Levy by Government of 50%. In 2016/17 the Council's share of the business rates growth was £1.4m and therefore £0.7m was retained after payment of the Levy.

Significant Provisions and Contingencies

The Council has made three significant provisions that are held on the Balance Sheet as at 31st March 2017:

- Business Rates Appeals Provision – this represents the council's share of the estimated costs of notified and statutory appeals for reductions to business rates values £2.5m.
- Insurance Provisions – this represents the estimated future losses on actual claims that the council expects to incur in future years £0.8m.
- Bad Debt Provisions – this represents the amount of outstanding debt that the council estimates that it will not be able collect from customers in relation to Council Tax, Business Rates, Housing Benefit Overpayments and other charges relating to the provision of services £6.2m.

The council also discloses significant contingent liabilities that it is exposed to. The council has provided indemnities to Red Kite Community Housing as part of the housing stock transfer. These indemnities relate to the VAT shelter which has a maximum exposure of £22.0m, an Environmental Warranty which the Council has taken out separate insurance for covering the first 15 years post transfer and Asbestos works should the value of expenditure exceed the sum of £1.1m which was provided for in the original transfer agreement. Details of these indemnities are set out at note 36.

Significant Write-Off's

The Council routinely writes off uncollectable debts in respect of Council Tax, Business Rates, Housing Benefit Overpayments and other service income.

Whilst there were no individual significant debts (above £0.1m) the overall amount of debt written off in the year totalled £1.6m, of which Wycombe's share was £0.6m.

Impact of the Current Economic Climate

The Council continues to be in a period of exceptional challenge with reducing grant from central government, whilst balancing higher demand and expectation on services. The Council will need to make further economies and grow income to meet the anticipated reductions in government funding.

Despite these reductions the Council remains well placed to meet this and maintain one of the lowest levels of Council Tax in England for a District Authority.

The Government triggered Article 50 in March 2017 following the result of the Referendum in 2016. It is too early to assess the medium to longer term impact of this on the district and council. However, the council will be monitoring and taking appropriate action to manage the impacts of this as they become clearer.

In the short term there are potential risks around inflation whilst the pound remains at its current low levels. The impact on the Council is managed through appropriate clauses in supplier contracts in terms of day to day service contracts.

There are potential risks that capital works costs will rise and the cost of future capital expenditure schemes will therefore rise. The Council will aim to manage these risks through its supply chain and the approach it takes to future commissioning.

Key Financial Risks

Corporate Risks

Wycombe District Council has identified its key strategic risks as part of its approach to effective corporate governance. The strategic risks are reviewed by the senior management team each quarter and reported and scrutinised by the Audit Committee to ensure timely and effective action is being taken.

In the context of the corporate plan the delivery of the Councils Medium Term Financial Plan is critical to the success of the organisation and therefore its delivery to local residents, businesses and visitor economy. The key financial risks associated with this were set out in the 2017/18 budget report and are summarised as follows:

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- Business Rates Income – The Council’s funding from central government includes £3.1m from retained business rates (Funding Baseline). Since April 2013 the Council carries 40% of the financial risk associated with the level of net income that is actually achieved in the year. If the total income received is less than the funding baseline then the amount of funding the Council can retain can be reduced by 7.5% (£0.2m 17/18).
- Business Rates Retention Scheme and Devolved Responsibilities - There are also risks regarding business rates retention for Councils, proposed to be implemented by the end of the Parliament. The Government intend the retention of business rates by Local Authorities to be revenue neutral for the Government and to achieve this by devolving responsibilities to Local Authorities. It is not clear at this stage what these additional responsibilities will be. The Government have also indicated that the redistribution mechanism of ‘Tariffs and Top-Ups’ will remain and it is not clear how Business Rates will be distributed nationally. The Medium Term Financial Plan does not make any assumptions about these changes as there are no firm details at this stage.
- Council Tax Support - The Council set a discount scheme in 2013/14 designed to mitigate the projected shortfall in Council Tax Support grant it received from government. The Council together with other precepting bodies is responsible for the financial costs of any increase in take up for this discount and uncollected payments.
- Delivering Future Savings and Transformation – The budget continues to rely on a significant level of savings and income generation, which includes the identification of opportunities and the delivery of projects to generate funds. Any delays or failure to deliver these could add significant strain on the Council’s budget position both in 2017/18 and beyond. Progress will be reported to Cabinet as part of the regular budget monitoring reports.
- Universal Credit / Welfare Changes – From 2018/19 welfare changes will begin to impact more significantly with the rollout of Universal Credit which is likely to have a major impact on Housing Benefits grant and administration grant funding.
- Homelessness – Demand both nationally and locally for assistance is expected to continue to remain at high levels during 2017/18. This has been the experience in 2016/17. A substantial budget increase has been made to meet the short terms costs, pending implementation of various measures to try and increase prevent homelessness and put in place increased levels of temporary accommodation which is more affordable. The impact of the welfare changes will also become increasingly more challenging for those at risk.

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- HMO Licensing – New Legislation is expected during 2017 which it is anticipated will increase the number of properties that the Council will need to license, with 2 story buildings likely to be included in addition to 3 story plus. The financial implications cannot be assessed yet until more detail is published.
- Estates – The budget proposed for 2017/18 reflects a prudent view on future income, however, the income generated from the Council's property portfolio is the 2nd largest source of income and the loss of existing tenants / default does present an on-going risk to the Council's budget.
- New Homes Bonus – The Government are intending to consult on further measures designed to significantly reduce payments and influence planning decisions. These present considerable financial risks that could impact on the Medium Term Financial projection. In the short term the budget is considered to reflect a prudent sum for future allocations of bonus payments.

Looking Forward

The Council along with the other authorities in Buckinghamshire (excluding Milton Keynes Unitary) are currently awaiting a decision from the Secretary of State for Communities and Local Government about the future structure of local government for Buckinghamshire and whether the existing two-tier system should be replaced with either 1 or 2 unitary councils.

In the event that there is a positive announcement then this is expected to be implemented by April 2019. The respective Councils plans and budgets do not reflect the impact of any change.

Further Information about the accounts is available, including alternative languages or font size.

Please write to Wycombe District Council, Queen Victoria Road, High Wycombe, Bucks HP11 1BB, or telephone 01494 421316.

Contents of the Accounts

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2017. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which in turn is underpinned by International Financial Reporting Standards;

A Glossary of key terms can be found at the end of this publication.

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The Comprehensive Income and Expenditure Statement – this records all of the Council’s income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning and registration; and,
- discretionary expenditure focussed on local priorities and needs.

The Movement in Reserves Statement – this is a summary of the changes to the Council’s reserves over the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unuseable” which must be set aside for specific purposes.

The Balance Sheet is a “snapshot” of the Council’s assets, liabilities, cash balances and reserves at the year-end date.

The Cash Flow Statement – this shows the reason for changes in the Council’s cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

The Expenditure and Funding Analysis demonstrates how funding available to the authority (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

The Annual Governance Statement which sets out the governance structures of the Council and its key internal controls.

The Collection Fund summarises the collection of Council tax and business rates.

The Notes to these financial statements provide more detail about the Council’s accounting policies and individual transactions.

Like other Local Authorities, the District has faced an unprecedented reduction in Government funding as part of the Government’s ongoing austerity agenda.

In the current 4 year spending review (2016/17 – 2019/20) period the Council faces a 48% reduction in its overall share of central government grant funding. By 2019/20 the Council will no longer be receiving any Revenue Support Grant.

By 2019/20 the Council will no longer be receiving any Revenue Support Grant.

STATEMENT OF MOVEMENT IN RESERVES

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.

	General (DO NOT SHOW)	Earmarked (DO NOT SHOW)	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Movement in Reserves 2015/16</u>								
Balance as at 31 March 2015	8,810	32,641	41,451	36,004	1,544	78,999	84,416	163,415
<u>Movement in reserves during 2015/16</u>								
Total Comprehensive Expenditure and (Income)	20,696	0	20,696	0	0	20,696	11,161	31,857
Adjustments from income & expenditure charged under the accounting basis to the funding basis	Note 11 (10,905)	0	(10,905)	(20,694)	2,048	(29,551)	29,554	3
Increase or Decrease in 2015/16	727	9,064	9,791	(20,694)	2,048	(8,855)	40,715	31,860
Balance at 31 March 2016 carried forward	Note 19a and Note 20a 9,537	41,705	51,242	15,310	3,592	70,144	125,131	195,275
			<i>41,705 Earmarked Reserves</i>					
			<i>9,537 UnEarmarked Reserves</i>					
<u>Movement in Reserves 2016/17</u>								
Balance as at 31 March 2016	9,537	41,705	51,242	15,310	3,592	70,144	125,131	195,275
<u>Movement in reserves during 2016/17</u>								
Total Comprehensive Expenditure and (Income)	8,587	0	8,587	0	0	8,587	(9,593)	(1,006)
Adjustments from income & expenditure charged under the accounting basis to the funding basis	Note 11 (6,306)	0	(6,306)	3,019	1,418	(1,869)	1,869	0
Transfers to/from Earmarked Reserves	(2,081)	(4,817)	(6,898)			(6,898)	6,898	0
Increase or Decrease in 2016/17	201	(4,817)	(4,616)	3,019	1,418	(180)	(826)	(1,006)
Balance at 31 March 2017 carried forward	Note 19a and Note 20a 9,738	36,888	46,626	18,329	5,010	69,964	124,305	194,270
			<i>36,888 Earmarked Reserves</i>					
			<i>9,738 UnEarmarked Reserves</i>					

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2015/16				2016/17			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		NOTE	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
4,461	(1,844)	2,617	Leader		5,138	(2,212)	2,926
1,633	(592)	1,041	Economic Development and Regeneration		1,688	(1,182)	506
13,271	(1,108)	12,163	Community		5,255	(1,095)	4,160
3,809	(1,188)	2,621	Housing Services - General Fund		4,153	(1,329)	2,824
10,154	(4,035)	6,118	Environment		9,454	(4,179)	5,275
8,211	(2,789)	5,422	Planning & Sustainability		8,239	(5,055)	3,184
112	0	112	HR, ICT and Customer Services		0	0	0
50,666	(49,535)	1,131	Finance		49,957	(47,433)	2,524
736	0	736	Non Distributed Costs		(148)	(171)	(319)
93,053	(61,092)	31,961	Cost of Services	7	83,737	(62,657)	21,080
		(2,192)	Other Operating Expenditure	8			614
		(26,160)	Financing & Investment Income & Expenditure	9			(9,183)
		(24,305)	Taxation & Non-Specific Grant Income	10			(21,098)
		<u>(20,696)</u>	(Surplus) / Deficit on Provision of Services				<u>(8,587)</u>
		(737)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	20c			173
		(10,423)	Remeasurement of the net defined benefit liability (assets)	30b			9,420
		<u>(11,160)</u>	Other Comprehensive Income and Expenditure				<u>9,593</u>
		(31,856)	Total Comprehensive Income and Expenditure				1,006

BALANCE SHEET AS AT 31 MARCH 2017

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

31 March 2016			31 March 2017	
£'000		Note	£'000	£'000
	NON-CURRENT ASSETS			
81,292	Property, Plant and Equipment	12b	77,135	
780	Heritage Assets		780	
104,950	Investment Properties	13b	120,508	
277	Intangible Assets		138	
4,000	Investments	15a	6,000	
13,561	Long Term Debtors	15b	13,466	
204,860	TOTAL LONG TERM ASSETS			218,027
	CURRENT ASSETS			
44,385	Investments (Short Term)	15c	41,323	
16,294	Short Term Debtors	15d	7,789	
18,661	Cash and Cash Equivalents	15e	28,078	
46	Inventories		0	
79,385	TOTAL CURRENT ASSETS			77,189
284,245	TOTAL ASSETS			295,216
(792)	Finance Leases	15f	(798)	
(26,270)	Short Term Creditors & Receipts in Advance	15g	(26,741)	
(3,811)	Provisions	16	(3,260)	
(30,872)	TOTAL CURRENT LIABILITIES			(30,798)
253,373	TOTAL ASSETS LESS CURRENT			264,418
	NON-CURRENT LIABILITIES			
(3,781)	Other Payables	17	(3,229)	
(54,317)	Liability related to Defined Benefit Pension	18	(66,918)	
(58,098)				(70,147)
195,275				194,271
	FINANCED BY:			
	USABLE RESERVES			
9,537	General Fund Balance		9,738	
41,705	Earmarked Reserves	19c	36,888	
15,310	Capital Receipts Reserve	19d	18,329	
3,592	Capital Grants Unapplied	19e	5,010	
70,144	TOTAL USABLE RESERVES	19a		69,965
	UNUSABLE RESERVES			
164,552	Capital Adjustment Account	20b	178,567	
14,558	Revaluation Reserve	20c	13,086	
3,023	Deferred Capital Receipts	20d	1,347	
(54,317)	Pensions Reserve	20e	(66,918)	
(105)	Financial Instrument Adjustment Account		0	
(2,332)	Collection Fund Adjustment Account	20f	(1,528)	
(248)	Accumulated Absences Reserve		(248)	
125,131	TOTAL UNUSABLE RESERVES	20a		124,307
195,275	TOTAL RESERVES			194,271

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

2015/16		Note	2016/17
Financial Activity in Year			Financial Activity in Year
£'000			£'000
(20,696)	Net (Surplus) or Deficit on the Provision of Services		(8,587)
22,217	Adjustment to net (Surplus) or Deficit on the provision of services for non cash movements	21a	(5,357)
4,596	Adjustment for items included in the net (Surplus)/Deficit on the provision of services that are investing and financing activities	21a	1,894
6,116	Net Cash Flows from Operating Activities	21a	(12,050)
(10,997)	Net Cash Flows from Investing Activities	21b	4,287
9,302	Net Cash Flows from Financing Activities	21c	(1,654)
4,421	Net increase/(decrease) in cash and cash equivalents		(9,417)
(23,081)	Cash and cash equivalents at the beginning of the reporting period		(18,660)
(18,660)	Cash and cash equivalents at the end of the reporting period		(28,077)

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Accounting Policies

A General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by The Accounts & Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and the CIPFA Service Reporting Code of Practice (SeRCOP) for Local Authorities 2016/17, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis.

B Accruals

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

Revenue from the sale of goods 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.

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.

C Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. For instance, the Council 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 to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that re-imburement will be received if the obligation is settled.

NOTES TO THE CORE FINANCIAL STATEMENTS

D Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by charging to the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then credited to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

E Government Grants and Contributions

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

- the grants or contributions will be received.

Amounts recognised as due to the Council are credited to the Comprehensive Income and Expenditure Statement when conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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. Sums advanced as grants and contributions for which conditions have yet to be 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 (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Where grants (defined as capital under statute) are credited to the Comprehensive Income and Expenditure Statement (as required under IFRS), they are debited to the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Revenue Support Grant (RSG) is a general grant allocated by central government directly to local authorities as additional revenue funding. RSG is non-ringfenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement

F 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 and non-monetary benefits in lieu of salary (e.g. nursery vouchers) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

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 yet to be taken before the year end which employees can carry forward into the next financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 the 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 the General Fund in the financial year in which the holiday absence occurs.

G 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.

It is charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 as distinct from 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 debits and credits for pension enhancement termination benefits charged in the Comprehensive Income and Expenditure Account 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

The Local Government Pension Scheme

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

The liabilities of the Buckinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 of 3.6%.

The assets of Buckinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value using the following methods:

quoted securities – current bid price

unquoted securities – professional estimate

unitised securities – current bid price

property – market value.

The change in the net pensions liability 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 or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

NOTES TO THE CORE FINANCIAL STATEMENTS

Net Interest Expense - the expected change in the present value of net liabilities during the year as they move one year closer to being paid, partially offset by the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:

Return of Plan Assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited/credited to the Pensions Reserve.

Contributions paid to the Buckinghamshire County Council 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 Council to the pension fund or directly to pensioners in the year as distinct from the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the debits and credits for retirement benefits charged in the Comprehensive Income and Expenditure Account and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits as 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 as are applied to the Local Government Pension Scheme.

H VAT

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs, and all VAT paid is recoverable from it.

I Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.

Non-Distributed Costs - the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services.

J Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) are 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, when in excess of £10k. 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 an 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 recognised 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 disposal 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.

K Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure (over £10k) on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction. Assets are then carried in the Balance Sheet using the following measurement bases:
 - infrastructure, community assets, plant, vehicles and equipment and assets under construction – historical cost
 - all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations since 31 March 2007 are reflected in the Revaluation Reserve to recognise unrealised gains. In year gains will be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Decreases in value are identified as follows:

- where there is an opening 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 or an insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines 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. Assets with a valuation of less than £10k are not recognised.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

When impairment losses are identified, they are accounted for as follows:

- where there is an opening 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 lines 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. Where an asset has been recategorised, any subsequent impairment or revaluation gain is accounted for within the category of the asset at the end of the financial year.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (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 the straight-line allocation over the useful life of the asset.

- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.

Depreciation is not provided on capital spend in year.

NOTES TO THE CORE FINANCIAL STATEMENTS

Depreciation is charged to the appropriate service against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. It is then credited to the General Fund balances through the Movement in Reserves Statement so that is no net charge against Council Tax. The corresponding debit is to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment asset 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

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 disposals (if any) are credited to the same line in the Comprehensive Income & Expenditure Statement also as part of the gain or loss on disposal.

All Revaluation Reserve balances in respect of the Asset are transferred to the Capital Adjustment Account. Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are required to be credited to the Capital Receipts Reserve, and can then only be used to fund new capital investment (or set aside to reduce the Council'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.

L Charges to Revenue for Non-Current Assets

Services, support services and trading accounts 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 amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This amount, known as the minimum revenue provision (MRP) is equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this 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 methods.

NOTES TO THE CORE FINANCIAL STATEMENTS

M REFCUS (Revenue Expenditure Funded from Capital Under Statute)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the 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 that there is no impact on the level of Council Tax.

N Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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 and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is recognised at the lower of the present value of the minimum lease payments and the fair value. They are accounted for using the policies applied generally 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 methods.

NOTES TO THE CORE FINANCIAL STATEMENTS

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from 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 (eg there is a rent-free period at the commencement of the lease).

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 (ie 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 – 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 Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore charged 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 a 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 receipts (eg there is a premium paid at the commencement of the lease). 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

O 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 their 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 rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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 made, 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 income 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 Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

P Community Infrastructure Levy (CIL)

Income from CIL charges, with the exception of amounts applied in accordance with the CIL regulations to meet administrative expenses, must be applied to fund infrastructure to support the development of the area.

Where CIL charges to be applied to fund capital expenditure have been received prior to the commencement date for the chargeable development, the CIL charges shall be transferred from the General Fund to the Capital Grants Unapplied Account until such a time that the charges are applied to capital expenditure. When CIL charges have been applied to fund capital expenditure, the CIL charges shall be transferred from the General Fund (or the Capital Grants Unapplied Account) to the Capital Adjustment Account.

Where CIL charges are to be applied to fund revenue expenditure (such as administration expenses), the CIL charges shall not be transferred out of the General Fund.

NOTES TO THE CORE FINANCIAL STATEMENTS

Q Insurance

A partial self-insurance fund has been established to cover any excess on claims made, as this is not covered under the insurance policies that are currently held.

In addition there is a provision made to cover the cost of known insurance claims.

R Cash and Cash Equivalents

Any investment in instant access cash deposit accounts will be treated as cash. Any term deposit that has been made for less than an original term of 1 month will be treated as a cash equivalent. Investments in instant access vehicles such as Money Market Funds will also be treated as Cash equivalents. Investments in term deposits for periods of 1 month or more will be treated as investments as will investments with or through fund managers.

S Prior Period Adjustments, Changes in Accounting Policies, 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, ie 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 Council'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.

T Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued as part of a five year rolling programme according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, 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.

U Heritage Assets

Heritage assets consist solely of the Authority's museum collection. The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any such impairment is recognised and measured in accordance with the Authority's general policies on impairment.

NOTES TO THE CORE FINANCIAL STATEMENTS

V Group Accounts

Wycombe District Council acts as sole trustee of Higginson Park Charity and the assets are recognised within a set of group accounts.

W Materiality and Exceptional Item

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Account or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

X Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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.

Y Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 Council. 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 of economic benefits or service potential.

Z Collection Fund

Billing Councils in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

Council Tax cash collected belongs proportionately to the Council and the major preceptors. Business Rates cash collected by the Council belongs to the Government (50%), the Council (40%) and preceptors (10%).

The Council's share of Council Tax and NNDR is recognised in the Comprehensive Income and Expenditure Statement. The balance sheet recognises debtors for unpaid Council Tax and NNDR, and a debtor/creditor position for each preceptor since the net cash paid to each preceptor in the year will not be equal to its share of total Council Tax and NNDR income received.

NOTES TO THE CORE FINANCIAL STATEMENTS

2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

There are no accounting standards affecting the Council that have been issued but not yet adopted for 2016/17.

3 Critical Judgements In Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statements of Accounts is the level of uncertainty about future levels of funding for local government. However, the Council has planned to make savings and generate new income to compensate for reductions in funding. These savings will result predominantly from efficiencies and not reduced level of services, so the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

4 Assumptions Made About The Future And Other Major Sources Of Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. Estimates are made taking in to account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2017 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Business Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. Appeals are lodged and decided by the Valuation Office Agency (VOA). If their appeal is successful they will be entitled to a refund of overpaid Non Domestic Rates. The Council has recognised a provision in its accounts of £2.5m for the settlement of successful appeals.	An increase in the level of appeals would reduce the Collection Fund's net collectable NDR rates. This would reduce the amount of income that the Council and other Major Preceptors would receive.
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 the retirement ages, mortality rates and expected returns on pension assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The Council's actuaries update their assumptions and the calculation of the liability annually, based on the latest available data. During 2016/17, the Council's actuaries advised that the net pensions liability has increased by £12.6m as a result of estimates and assumptions being updated.

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Property, Plant, Equipment and Investment Properties	The Authority has Property, Plant & Equipment and Investment Properties valued at £197.5m as at 31st March 2017. These are subject to professional valuation at least every five years according to local market conditions and are depreciated in accordance with estimated useful lives in years when valuation does not take place. The value attached to these properties are subject to variation due to market conditions and/or the level of consumption over time in support of service delivery.	Asset Sales at less than the Net Book Value or reductions in rentals upon Investment Properties will lead to a reduction in the Net Assets and Total Reserves of the Authority as shown on the Balance Sheet. An increase in consumption in support of service delivery will put strain on the council's resources resulting from an increased demand for Capital Expenditure to replenish the enhanced impairment or depreciation.

5 Material Items of Income and Expense

All material items are shown within the Comprehensive Income & Expenditure Account.

6 Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statement and notes have been adjusted in all material respects to reflect the impact of this information.

Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&P, Fitch and Moody's) took action on the UK Sovereign credit rating. The Council's has been reviewed and updated and continues to be monitored in light of changing circumstances. The Treasury Strategy means the Council's surplus and net assets are well protected against currency fluctuations in the short to medium term. There is likely to be an impact on our investment property valuations if confidence in the wider UK property market falls; and the valuation of the Council's defined benefit pension obligations may also be affected. It is too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for a number of years while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 7 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how funding available to the authority (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16			
	Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
	£'000	£'000	£'000
Leader	2,494	123	2,617
Economic Development and Regeneration	(3,530)	4,571	1,041
Community	4,519	7,644	12,163
Housing Services - General Fund	2,305	316	2,621
Environment	6,417	(299)	6,118
Planning & Sustainability	3,044	2,378	5,422
HR, ICT and Customer Services	122	(10)	112
Finance	1,609	(478)	1,131
Non Distributed Costs	0	736	736
Net cost of services	16,980	14,981	31,961
Other income and expenditure	(16,253)	(36,404)	(52,657)
Surplus or deficit	(727)	(21,423)	(20,696)
Opening General Fund Balance at 31st March 2015	(8,810)		
Less Deficit / (Surplus) on General Fund Balance	(727)		
Closing General Fund Balance at 31st March 2016	(9,537)		

2016/17			
	Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
	£'000	£'000	£'000
Leader	2,311	615	2,926
Economic Development and Regeneration	(3,903)	4,409	506
Community	3,923	237	4,160
Housing Services - General Fund	2,302	523	2,824
Environment	6,443	(1,169)	5,275
Planning & Sustainability	3,324	(140)	3,184
HR, ICT and Customer Services	88	(88)	0
Finance	1,603	921	2,524
Non Distributed Costs	0	(319)	(319)
Net cost of services	16,091	4,988	21,080
Other income and expenditure	(16,292)	(13,375)	(29,667)
Surplus or deficit	(201)	(8,387)	(8,587)
Opening General Fund Balance at 31st March 2016	(9,537)		
Less Deficit / (Surplus) on General Fund Balance	(201)		
Closing General Fund Balance at 31st March 2017	(9,738)		

NOTES TO THE CORE FINANCIAL STATEMENTS

7a Note to the EFA - adjustments between funding and accounting basis

2015/16	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
	£'000	£'000	£'000	£'000
Leader	0	146	(23)	123
Economics Development and Regeneration	955	262	3,354	4,571
Community	7,320	189	135	7,644
Housing Services - General Fund	0	316	0	316
Environment	0	648	(947)	(299)
Planning & Sustainability	2,437	40	(99)	2,378
HR, ICT and Customer Services	0	0	(10)	(10)
Finance	0	0	(478)	(478)
Non Distributed Costs	0	736	0	736
Net Cost of Services	10,711	2,338	1,933	14,981
Other income and expenditure from the Funding Analysis				(36,404)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit				(21,423)

2016/17	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts				
	£'000	£'000	£'000	£'000
Leader	367	230	17	615
Economics Development and Regeneration	0	0	4,409	4,409
Community	94	156	(13)	237
Housing Services - General Fund	211	142	170	523
Environment	87	144	(1,400)	(1,169)
Planning & Sustainability	1,594	363	(2,096)	(140)
HR, ICT and Customer Services	(30)	0	(58)	(88)
Finance	87	156	679	921
Non Distributed Costs	(196)	(10)	(113)	(319)
Net Cost of Services	2,212	1,180	1,595	4,988
Other income and expenditure from the Funding Analysis				(13,375)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit				(8,387)

NOTES TO THE CORE FINANCIAL STATEMENTS

8 Other Operating Expenditure

Other operating Expenditure reported includes all levies payable and gains/losses generated from in year disposals of non-current assets.

31 Mar 16		31 Mar 17
£'000		£'000
2,404	Payment of Precepts to Parishes	2,508
(4,596)	Gains/losses on the disposal of non current assets	(1,895)
(2,192)	Total	614

9 Financing and Investment Income and Expenditure

31 Mar 16		31 Mar 17
£'000		£'000
218	Interest Payable and Similar Charges	181
6,314	Pension adjustment - Interest Cost	6,570
(4,319)	Pension Adjustment - Expected return on assets	(4,638)
(629)	Interest Recievable and Similar Income	(559)
(27,743)	Income and expenditure in relation to investment properties and changes in their fair value	(10,737)
(26,160)	Total	(9,183)

10 Taxation and Non-specific Grant Income and Expenditure

This note consolidates non-specific grants and contributions receivable not identified to a particular service area. Capital grants and contributions are credited to nonspecific grant income even if service specific. The note also shows the Council's proportion of council tax and business rates used to fund in year service activities.

31 Mar 16		31 Mar 17
£'000		£'000
(11,218)	Demanded from Collection Fund	(11,786)
(2,475)	Revenue Support Grant	(1,490)
(2,468)	National Non-Domestic Rates	(3,218)
(4,698)	Government Grants (not applicable to Specific Services)	(3,984)
(527)	Non-specific Grant S106	(620)
(2,919)	Community Infrastructure Levy	0
(24,305)	Total	(21,098)

NOTES TO THE CORE FINANCIAL STATEMENTS

11 Adjustments between accounting basis & funding basis under regulations 2015/16

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Items impacting Unusable Capital Reserves					
Reversal of Charges for depreciation and revaluation losses of Long Term Assets	9,279	0	0	9,279	(9,279)
Reversal of Amortisation of intangible Long Term Assets	103	0	0	103	(103)
Reversal of Revenue expenditure funded from Capital under Statute	3,321	0	0	3,321	(3,321)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	0	0	2,048	2,048	(2,048)
Reversal of Capital grants & contributions received yet to be applied to capital financing	(3,970)	0	0	(3,970)	3,970
Reversal of Movement in Market Value of Investment Properties	(24,205)	0	0	(24,205)	24,205
Statutory Provision for the Repayment of Debt	(1,050)	0	0	(1,050)	1,050
Deferred sale proceeds credited as part of gain/loss on disposal	(1,457)	0		(1,457)	1,457
Items impacting Usable Capital Receipts Reserve					
Net gain/(loss) written off on sale or disposal of Long Term Assets	(3,138)	6,991	0	3,853	(3,853)
Financing of Capital Expenditure	0	(27,685)	0	(27,685)	27,685
Items impacting Pension Reserve					
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,333)	0	0	(1,333)	1,333
Reversal of Net charges made for pensions-current Service cost	3,713	0	0	3,713	(3,713)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,995	0	0	1,995	(1,995)
Items impacting Other Reserves					
Write out of Booker Depot Finance Lease	57	0	0	57	(57)
Reversal of Accrued Employee benefits	5,780	0	0	5,780	(5,780)
TOTAL Adjustments between accounting basis & funding basis under regulations 2015/16	(10,905)	(20,694)	2,048	(29,551)	29,551

NOTES TO THE CORE FINANCIAL STATEMENTS

11 Adjustments between accounting basis & funding basis under regulations 2016/17

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000
Items impacting Unusable Capital Reserves					
Reversal of Charges for depreciation and revaluation losses of Long Term Assets	2,104	0	0	2,104	(2,104)
Reversal of Revenue expenditure funded from Capital under Statute	2,426	0	0	2,426	(2,426)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(2,377)	0	2,377	0	0
Application of Capital Grants and Contribution to finance Capital Expenditure	(1,253)	0	(959)	(2,213)	2,213
Reversal of Movement in Market Value of Investment Properties	(6,290)	0	0	(6,290)	6,290
Statutory Provision for the Repayment of Debt	(1,326)	0	0	(1,326)	1,326
Items impacting Usable Capital Receipts Reserve					
Net gain/(loss) written off on sale or disposal of Long Term Assets	(1,982)	6,241	0	4,260	(4,260)
Cost of disposal	87	0	0	87	(87)
Financing of Capital Expenditure	0	(4,899)	0	(4,899)	4,899
Transfer from Deferred Capital Receipts	0	1,676	0	1,676	(1,676)
Items impacting Pension Reserve					
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,256)	0	0	(1,256)	1,256
Reversal of Net charges made for pensions-current Service cost	2,505	0	0	2,505	(2,505)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,932	0	0	1,932	(1,932)
Items impacting Other Reserves					
Write out of Glitner	(72)	0	0	(72)	72
Council's share of Movement in Collection Fund Surplus/(Deficit)	(804)	0	0	(804)	804
TOTAL Adjustments between accounting basis & funding basis under regulations 2016/17	(6,306)	3,019	1,418	(1,869)	1,869

NOTES TO THE CORE FINANCIAL STATEMENTS

12a Movement of Property, Plant and Equipment 2015-16

	Land & Buildings	Vehicle, Plant & Equip	Comm-unity Assets	Surplus Assets	Assets Under Constr-uction	Infra-structure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2015	38,793	17,158	1,364	1,210	31,000	0	89,525
Additions	18,466	155	0	0	288	3,615	22,524
Revaluation increases / (decreases) recognised in the Revaluation Reserve	737	0	0	0	0	0	737
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(7,073)	0	0	0	0	0	(7,073)
Disposals	0	0	0	0	(3,853)	0	(3,853)
Accumulated Depreciation written out upon disposal	(103)	0	0	0	0	0	(103)
Other Transfers	12,906	0	0	(850)	(22,893)	2,875	(7,962)
At 31 March 2016	63,726	17,313	1,364	360	4,542	6,490	93,795
Accumulated Depreciation							
At 1 April 2015	(554)	(9,848)	0	0	0	0	(10,402)
Depreciation Charge	(614)	(1,591)	0	0	0	0	(2,205)
Depreciation on Disposal	103	0	0	0	0	0	103
At 31 March 2016	(1,065)	(11,439)	0	0	0	0	(12,504)
Balance Sheet Value at 31 March 2016	62,661	5,874	1,364	360	4,542	6,490	81,291
Balance Sheet Value at 1 April 2015	38,239	7,310	1,364	1,210	31,000	0	79,123

12b Movement of Property, Plant and Equipment 2016-17

	Land & Buildings	Vehicle, Plant & Equip	Comm-unity Assets	Surplus Assets	Assets Under Constr-uction	Infra-structure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2016	63,726	17,313	1,364	360	4,542	6,490	93,795
Additions	178	785	0	0	44	0	1,007
Revaluation increases / (decreases) recognised in the Revaluation Reserve	42	0	0	(170)	0	0	(128)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(48)	0	0	(90)	0	0	(138)
Disposals	(524)	0	0	0	(2,523)	0	(3,047)
Other Transfers	(359)	364	0	0	0	0	5
At 31 March 2017	63,015	18,462	1,364	100	2,063	6,490	91,494
Accumulated Depreciation							
At 1 April 2016	(1,065)	(11,439)	0	0	0	0	(12,504)
Depreciation Charge	(628)	(1,126)	0	0	0	(216)	(1,970)
Depreciation Transfer	109	0	0	0	0	0	109
Depreciation on Disposal	6	0	0	0	0	0	6
At 31 March 2017	(1,578)	(12,565)	0	0	0	(216)	(14,359)
Balance Sheet Value at 31 March 2017	61,437	5,897	1,364	100	2,063	6,274	77,135
Balance Sheet Value at 1 April 2016	62,661	5,874	1,364	360	4,542	6,490	81,291

NOTES TO THE CORE FINANCIAL STATEMENTS

12c Revaluations

Valuation Techniques used to Determine Fair Values for Investment Properties - Significant Observable Inputs

The fair value for the office, commercial and retail units 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 as Level 2 in the fair value hierarchy.

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.

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 Non Current Assets

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment to be measured at fair value are revalued at least every five years. Valuations are in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis of valuing individual classes of assets owned by the Council is detailed in the Statement of Accounting Policies. The Council's Operational Assets are valued externally by Wilkes and Eve as part of the rolling programme. Investment properties are valued internally. These are part of the valuation cycle but reviewed annually for impairment. If the valuer assesses a material change as part of the impairment review the asset is revalued in year to ensure investment properties are at fair value at the balance sheet date.

	Land & £'000	Vehicle, £'000	Comm- £'000	Surplus £'000	Assets £'000	Infra- £'000	Total £'000
Carried at historical cost at 31st March 2017	0	5,897	0	0	2,063	6,274	14,234
Valued at current value as							
31st March 2017	470	0	0	0	0	0	470
31st March 2016	4,538	0	0	0	0	0	4,538
31st March 2015	1,514	0	0	0	0	0	1,514
31st March 2014	54,870	0	479	0	0	0	55,349
31st March 2013	0	0	0	0	0	0	0
31st March 2012	45	0	885	100	0	0	1,030
Total	61,437	5,897	1,364	100	2,063	6,274	77,135

NOTES TO THE CORE FINANCIAL STATEMENTS

12d Information About Depreciation Methodologies

Depreciation and amortisation is charged over the useful life of an asset on a straight line basis, on all assets except non-operational land and buildings and community assets.

Buildings	40 years average
Intangible Assets	3 years average
Plant and Computer Equipment	3-5 years average

Community Assets have not been depreciated as they consist largely of freehold land; nor have any Heritage Assets which consist of works of art and other museum collections.

13 Investment Properties And Surplus Assets

13a Information on Assets Held

Investment Property is land or a building, or part of a building, or both, held solely to earn rentals or for capital appreciation or both. These are not held for use in the production of goods or services for administrative purposes or sale in the ordinary course of operations.

13b Movement of Investment Properties

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

31 Mar 16 £'000		31 Mar 17 £'000
	Cost or valuation	
69,189	At 1 April year start	104,949
3,594	Additions - acquisitions	9,440
	- subsequent expenditure	1,129
24,205	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	6,290
(1)	Derecognition - Disposals	(1,300)
7,962	Other Transfers	0
104,949	Balance at 31 March	120,508

13c Accounted for in Comprehensive Income and Expenditure Statement

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.

31 Mar 16 £'000		31 Mar 17 £'000
(4,857)	Rental and Other income from Investment Properties	(5,666)
(24,205)	Change in Fair Value of Investment Properties	(6,290)
1,043	Operating expenses arising from Investment property	1,219
(28,019)	(Surplus) / Deficit upon Investment properties	(10,737)

NOTES TO THE CORE FINANCIAL STATEMENTS

13d Revaluations of Investment Property

Investment Property is revalued in accordance with a five year rolling programme by the Council's internal valuer. Where there is any evidence of a change in value in year due to particular circumstances or a particular event, the valuer will value these properties as part of an annual impairment review.

13e Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31st March 2017 are as follows:

Fair value as at 31 Mar 16 £'000	Recurring fair value measurements using:	Quoted prices in active markets for identical £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 Mar 17 £'000
1,184	Residential Props (Market value)	0	1,184	0	1,184
4,530	Office Units	4,530	0	0	4,530
99,235	Commercial Units	0	114,794	0	114,794
104,949		4,530	115,978	0	120,508

NOTES TO THE CORE FINANCIAL STATEMENTS

14 Capital Expenditure, Financing And Commitments

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.

31 Mar 16 £'000		31 Mar 17 £'000
9,239	Opening Capital Finance Requirement	8,188
	Capital Investment	
22,524	Property, Plant and Equipment	1,007
3,594	Investment Properties	10,569
167	Intangible Assets	15
3,321	Revenue Expenditure Funded from Capital Under Statute	2,426
29,606		14,017
	Sources of Finance	
(27,685)	Capital receipts	(4,899)
(1,922)	Government grants and other contributions	(2,213)
(961)	Minimum Revenue Provision (Waste contract)	(1,326)
(89)	Minimum Revenue Provision (Internal borrowing)	0
0	Sums set aside	(6,903)
(30,657)		(15,341)
(1,051)	Total in year movement in Capital Financing Requirement	(1,324)
8,188	Closing Capital Finance Requirement	6,864
	The net movement in the year is represented by:	
(1,051)	Increase/(Decrease) in underlying need to borrow	(1,324)
(1,051)	Total in year movement in Capital Financing Requirement	(1,324)

14a Capital Commitments as at 31st March 2017

The Capital Commitments as at 31st March 2017 by Service are shown in the table below:

Service	31 Mar 17 £'000
	£'000
Community	92
Economic Development	357
External Bodies	358
Housing	100
HR & ICT	484
Leader	338
Planning & Sustainability	1,239

NOTES TO THE CORE FINANCIAL STATEMENTS

15 Financial Instruments - Balances

The Balance Sheet includes the following financial instruments:-

15a Investments (Long Term)

31 Mar 16		Movement in Year	31 Mar 17
£'000		£'000	£'000
4,000	Loans and receiveables	2,000	6,000

15b Debtors - Long Term

Long-term debtors are debtors which fall due after a period of at least one year and are analysed as follows:

31 Mar 16		Movement in Year	31 Mar 17
£'000		£'000	£'000
12,088	Red Kite Community Housing (RKCH)*	0	12,088
112	Deferred Sale Receipts	(112)	0
1,349	Rent to Mortgage	(3)	1,346
12	Other Long Term debtors	20	32
13,561	Total	(95)	13,466

Note:

* The long term debtor balance relating to RKCH is in connection with the VAT shelter cash flow mechanism, which forms part of the housing stock transfer agreement. This is due to be repaid by the end of 2021.

15c Investments (Short Term)

31 Mar 16		Movement in Year	31 Mar 17
£'000		£'000	£'000
44,385	Loans and receiveables	(3,062)	41,323

Included within Temporary Investments is interest accrued on investments that have been excluded from the short term investments financial instruments calculation.

NOTES TO THE CORE FINANCIAL STATEMENTS

15d Debtors - Short Term

These are amounts that are owed to the Council from other organisations. Short-term debtors are due to be paid within the 2016/17 financial year.

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
8,061	General Debtors Gross	(4,996)	3,065
(561)	Provision for Impairment *	382	(179)
7,500	Total Financial Instruments definition	(4,614)	2,886
	Government Items and Bad Debt Provisions:		
	Business Rates:		
1,364	Gross Arrears of Tax	(562)	802
(877)	Provision for Impairment - Tax	165	(712)
28	Provision for Impairment - Costs	0	28
(28)	Gross Arrears of Costs	0	(28)
3,969	Major Preceptors share	0	3,969
	Council Tax:		
756	Gross Arrears of Costs	92	848
(756)	Provision for Impairment - Costs	(92)	(848)
683	Gross Arrears of Tax	(47)	636
(508)	Provision for Impairment - Tax	12	(496)
	Housing Benefits:		
5,243	Gross	114	5,357
(4,406)	Provision for Impairment	(247)	(4,653)
3,326	Government Departments Other	(3,326)	0
16,294	Total	(8,505)	7,789

Notes

* Impairment has been separated from the gross arrears to enable the financial instrument element of debt to be identifiable within the note.

NOTES TO THE CORE FINANCIAL STATEMENTS

15e Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(155)	Bank Current Account	929	774
18,815	Short Term Deposits	8,489	27,304
18,660	Total	9,418	28,078

Note:

The Council held cash balances on behalf of Griffiths, Lincolnshire & Thomas Trust and Rutland Trust totalling £158k as at 31/3/2017 which is deducted from the current bank account figure in the above table (£157k in 2015/16).

15f Borrowing (Short Term)

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(792)	Embedded Finance Lease (waste contract)	(6)	(798)

15g Creditors - Short Term

An analysis of creditors falling due within one year is shown below:

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(6,561)	s106 Developer Contributions (see Note 27)	(656)	(7,217)
(2,420)	Receipts in Advance	(852)	(3,272)
(6,137)	General creditors and accruals	2,732	(3,406)
(15,118)	Total Financial Instruments Definition	1,224	(13,895)
	Government Items		
(6,190)	Central Government Bodies *	(574)	(6,764)
(4,630)	Other Local Authorities **	(1,080)	(5,710)
(331)	Council Tax	(40)	(371)
(26,269)	Total	(471)	(26,740)

Notes:

* Central Government Bodies creditors have reduced in respect of the preceptors share of the NNDR appeals provision.

** £2.6m increase in Other Local Authorities creditors relates to major preceptors movement on the Collection Fund.

NOTES TO THE CORE FINANCIAL STATEMENTS

16 Provisions

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(1,004)	Insurance Provision	240	(764)
(2,807)	NDR Appeals Provision (WDC's share)	311	(2,496)
(3,811)	Total	551	(3,260)

17 Other Payables

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(3,206)	Finance Lease for Embedded Leases (Waste Contract) *	818	(2,388)
(575)	Community Infrastructure Levy parish councils payments	(266)	(841)
(3,781)	Total	552	(3,229)

Note:

* The Council operates a joint waste contract with Chiltern District Council. The Council does not own the waste vehicles or equipment but does receive the risks and rewards associated with them. It therefore has to recognise the assets associated with running the contract. The finance lease liability represents the element within the Council's contractor payments of vehicles and equipment. This is drawn down over the lifetime of the contract.

18 Pension Liability

31 Mar 16 £'000		Movement in Year £'000	31 Mar 17 £'000
(204,651)	Present Value of Liabilities	(28,933)	(233,584)
150,334	Fair Value of assets in scheme	16,332	166,666
(54,317)	Total	(12,601)	(66,918)

Note:

Full Details of the Pension Fund are presented on Note 30 of the Financial Statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

19 Usable Reserves

19a Movement In Reserves

Details of the movements relating to individual usable reserves are shown below:

Balance at 31 Mar 16 £'000		Movement in Year £'000	Balance at 31 Mar 17 £'000
9,537	General Fund	201	9,738
41,705	Earmarked Reserves	(4,817)	36,888
15,310	Usable Capital Receipts	3,019	18,329
3,592	Capital Grants Unapplied	1,418	5,010
70,144	Balance at 31 March	(179)	69,965

19b General Fund

The General Fund is the resource available to meet future running costs. The unallocated accumulated balances on the General Fund are set out below:

Balance at 31 Mar 16 £'000		Balance at 31 Mar 17 £'000
8,810	Balance at 1 April	9,537
20,696	Surplus / (Deficit) on Provision of services	8,587
(10,905)	Adjustments between accounting & funding basis under regulation	(6,306)
(9,064)	Transfers (to)/from Earmarked Reserves	(2,081)
727	Fund Surplus / (Deficit) for the year	201
9,537	Balance at 31 March	9,738

The Fund outturn for the year is a surplus of £201k. The main reasons for the differences are detailed in the Narrative Report to the financial statements.

19c Earmarked Reserves

	Balance at 1 April 2016 £'000	Additions in year 2016/17 £'000	Used in year 2016/17 £'000	Balance at 1 April 2017 £'000
Revenue Development Reserve (RDR)	19,498	12,060	(7,969)	23,589
Repairs & Renewals Fund	11,196	324	(7,295)	4,225
Transformation	833	0	(173)	660
Insurance Funds	2,546	50	(510)	2,086
Planning Delivery, LAGBI & Local Development	990	84	(236)	838
DWP Appropriation	1,595	0	(294)	1,301
Special Expenses	801	133	0	934
Business Rates Adjustment Reserve	2,775	0	(1,109)	1,666
Business Rates Equalisation Fund	763	0	0	763
Other	708	302	(184)	826
TOTAL EARMARKED RESERVES	41,705	12,953	(17,770)	36,888

NOTES TO THE CORE FINANCIAL STATEMENTS

19d Usable Capital Receipts Reserve

The Usable Capital Receipts Reserve holds capital receipts from the sale of assets which have been received and have not yet been used to finance capital expenditure. The balance on the Reserve is held to fund future years' expenditure in the approved Capital Budget.

Balance at 31 Mar 16 £'000		Balance at 31 Mar 17 £'000
36,004	Balance at 1 April	15,310
6,991	Proceeds from sale of non-current assets	7,699
(27,685)	Use of Capital Receipts Reserve to finance new capital expenditure	(4,899)
0	Capital Receipt from Deferred Capital Receipts Reserve	219
15,310	Balance at 31 March	18,329

19e Capital Grants Unapplied

Where capital grants, that have no conditions attached to them, have been received but no expenditure has yet been made against them, the amount is held in the Capital Grants Unapplied Reserve. This reserve is currently made up of Community Infrastructure Levy receipts which are due to be spent on future infrastructure throughout the District.

Balance at 31 Mar 16 £'000		Balance at 31 Mar 17 £'000
1,544	Balance at 1 April	3,592
2,048	Capital Grants from Community Infrastructure Levy	1,418
3,592	Balance at 31 March	5,010

20 Unusable Reserves

20a Movement in Reserves

Details of the movements relating to individual unusable reserves are shown below:

Balance at 31 Mar 16 £'000		Net Movement in year £'000	Balance at 31 Mar 17 £'000
164,552	Capital Adjustment Account	14,015	178,567
14,558	Revaluation Reserve	(1,472)	13,086
3,023	Deferred Capital Receipts Reserve	(1,676)	1,347
(54,318)	Pensions Reserve	(12,600)	(66,918)
(2,332)	Collection Fund Adjustment Account	804	(1,528)
(105)	Financial Instruments Adjustment Account	105	0
(248)	Accumulated Absences Reserve	0	(248)
125,131	Total Unuseable Reserves	(824)	124,306

NOTES TO THE CORE FINANCIAL STATEMENTS

20b Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of long term assets and for financing the acquisition, construction or enhancements of those assets under statutory provisions. The Account is charged with the cost of consumption of property, plant and equipment and enhanced by the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement of these assets.

Balance at 31 Mar 16 £'000		Balance at 31 Mar 17 £'000
126,074	Balance at 1 April	164,552
(2,034)	Depreciation on Property, Plant & Equipment	(1,784)
(103)	Amortisation of Intangible Assets	(40)
(7,073)	Revaluation Gains/losses on Property, Plant & Equipment	(92)
0	Revaluation decrease	673
(3,321)	Revenue Expenditure Funded from Capital under Statute	(2,425)
(3,853)	Amounts of non-current assets written off on disposal as part of the loss on disposal on the Comprehensive Income & expenditure Account	(3,948)
(16,384)	Net written out amount of the cost of non-current assets consumed in the year	(7,616)
	Resources set aside to finance capital expenditure	
27,684	Sums set aside	6,903
0	Capital Receipts	4,899
1,922	Grants & Contributions Applied	2,213
1,050	Minimum Statutory Provision	1,326
30,657	Total Financing Items	15,341
24,205	Movements in Market Value of Investment Properties	6,290
164,552	Balance at 31 March	178,567

20c 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.
- 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.

31 Mar 16 £'000		31 Mar 17 £'000
13,993	Balance at 1 April	14,558
737	Upward revaluation of assets	175
0	Revaluation decrease	(716)
0	Downward revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on Provision of Services	(348)
14,730	Surplus/Deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	13,669
(172)	Difference between fair value depreciation and historical cost depreciation	(184)
0	Accumulated Gains on assets sold or scrapped	(399)
14,558	Balance at 31 March	13,086

NOTES TO THE CORE FINANCIAL STATEMENTS

20d Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31 Mar 16 £'000		31 Mar 17 £'000
1,622	Balance at 1 April	3,023
1,457	Deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,457)
0	Transfer to the Capital Receipts Reserve upon receipt of cash for items disposed in prior years	(219)
(56)	Change in Long Term Finance Leases	0
3,023	Balance at 31 March	1,347

20e Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment 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 service, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall upon the resources the Authority has set aside in relation to the accrued benefit entitlement of past and current employees. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 Mar 16 £'000		31 Mar 17 £'000
(60,365)	Balance at 1 April	(54,317)
12,220	Actuarial Gain or (Loss) on Pension Assets and Liabilities	(26,879)
1,333	Employer contributions plus benefits paid direct to beneficiaries	1,256
(1,797)	Return on assets excluding amounts included within net interest	17,459
(5,708)	Reversal of IAS19 entries charges to the CIES - transferred to the Pensions Reserve	(4,437)
(54,317)	Balance at 31 March	(66,918)

Full Details of the Pension Scheme are presented on Note 30 of the Financial Statements.

20f Collection Fund Adjustment Account

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

31 Mar 16 £'000		31 Mar 17 £'000
3,448	Balance at 1 April	(2,332)
(5,753)	In-year Non-Domestic Rates surplus / (deficit) movement	794
(27)	In-year Council Tax surplus movement	10
(2,332)	Balance at 31 March	(1,528)

NOTES TO THE CORE FINANCIAL STATEMENTS

21 Cash Flow

21a Cash Flows from Operating Activities

2015/16 Financial Activity in Year £'000		2016/17 Financial Activity in Year £'000
(20,696)	Deficit / (Surplus) on the Provision of Services	(8,587)
	Adjust net surplus or deficit on the provision of services for non cash movements:	
(2,309)	Depreciation & Amortisation	(2,010)
(7,073)	Impairment	(93)
(4,375)	Pension Liability	(3,181)
24,204	Movement in Investment Property Values	6,290
(804)	(Increase) / Decrease in Impairment Provision for bad debts	220
6,748	Increase / (Decrease) in Creditors (excluding Collection Fund Agencies)	1,730
5,520	(Increase) / Decrease in Debtors (excluding Impairment Provision & Collection Fund Agencies)	(8,725)
2	(Increase) / Decrease in Inventories	(45)
417	Increase / (Decrease) in Provisions	551
(113)	(Increase) / Decrease in Long Term Debtors	(94)
22,217	Sub-Total Adjustments for Non-cash Movements	(5,357)
	Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:	
4,596	Adjust for profit upon sale of assets (offset to proceeds shown in investment section below)	1,894
6,117	Total Cash Flows from Operating Activities	(12,050)

21b Cash Flows from Investing Activities

2015/16 Financial Activity in Year £'000		2016/17 Financial Activity in Year £'000
26,285	Purchase/(Sale) of Property, Plant & equipment, Heritage & Intangible Assets	11,591
(8,450)	Proceeds from the Sale of Property, Plant & equipment, Heritage & Intangible Assets	(6,241)
(500)	Purchase/(Sale) of Long Term Investment	2,000
(28,332)	Purchase / (Sale) of Temporary Investments	(3,062)
(10,997)	Total Cash Flows from Investing Activities	4,287

21c Cash Flows from Financing Activities

2015/16 Financial Activity in Year £'000		2016/17 Financial Activity in Year £'000
3,969	(Increase) / Decrease in Debtors (Collection Fund Agencies)	0
5,333	(Increase) / Decrease in Creditors (Collection Fund Agencies)	(1,654)
9,302	Total Cash Flows from Financing Activities	(1,654)

NOTES TO THE CORE FINANCIAL STATEMENTS

22 Members Allowances

The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and to the maximum amounts payable in respect of certain allowances. Members Allowances are intended to compensate for time spent on all duties in connection with their role as elected members including special responsibilities undertaken and/or attendance at Council and other meetings as necessary in assisting the Council to discharge its functions. Expenses directly incurred by a member in the conduct of duties may be claimed, within certain limits, where a receipt is provided. These payments are made only for approved duties. The level of Member Allowances is recommended by an independent remuneration panel. The total of Members' Allowances paid in the year was £559,240 (£435,457 in 2015/16). The increase in total expenditure is due to increase in Members Allowance approved by the Council in July 2016.

23 Officers Remuneration

A requirement of the Accounts and Audit Regulations 2015 is to disclose the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting with £50,000. Senior Officers as shown in Note 24 are excluded from this note. Amounts include all payments, pension costs, taxable allowances and the monetary value of other employee benefits. The relevant details are as follows:

2015/16 No. of Employees	Remuneration Band	2016/17 No. of Employees
15	£50,000 - £54,999	13
8	£55,000 - £59,999	6
10	£60,000 - £64,999	11
11	£65,000 - £69,999	8
0	£70,000 - £74,999	3
44		41

24 Senior Employees

The following tables disclose individual remuneration details for Senior Employees such as Heads of Service, Directors and the Chief Executive

	Salary (Inc fees & allowance) £	Expenses Allowance £	Benefit in Kind £	Total Remuneration Exc Pension Contribution £	Pension Contribut'n £	Total Remuneration £
2015/16						
Chief Executive (Karen Satterford)	140,487	200	604	141,291	20,669	161,960
Chief Executive - Returning Officer fee	8,686	0	0	8,686	0	8,686
Corporate Director 1	48,958	38	302	49,298	6,798	56,096
Corporate Director 2	58,844	28	310	59,182	7,841	67,023
Major Projects & Estates Executive	85,036	0	604	85,640	11,818	97,458
Head of HR, ICT and Customer Svs	85,036	194	604	85,834	11,818	97,652
Head of Community Services	86,671	373	604	87,648	11,818	99,466
Head of Financial and Commercial	86,671	45	604	87,320	11,818	99,138
Head of Planning & Sustainability	80,857	35	604	81,496	11,242	92,738
Head of Democratic, Legal & Policy	85,036	3	601	85,640	11,818	97,458
Head of Environmental Services	85,036	149	604	85,789	11,818	97,607
District Solicitor (Monitoring Officer)	62,276	102	604	62,982	8,677	71,659
	913,594	1,167	6,045	920,806	126,135	1,046,941
2016/17						
Chief Executive (Karen Satterford)	141,891	568	688	143,147	19,676	162,823
Chief Executive - Returning Officer fee	7,687	0	0	7,687	0	7,687
Corporate Director	102,870	192	688	103,750	14,291	118,041
Major Projects & Estates Executive	87,269	154	688	88,111	11,947	100,058
Head of HR, ICT and Customer Svs	85,887	0	688	86,575	11,947	98,522
Head of Community Services	85,887	119	0	86,006	11,852	97,858
Head of Financial and Commercial	87,539	52	0	87,591	11,852	99,443
Head of Planning & Sustainability	82,886	0	688	83,574	11,533	95,107
Head of Democratic, Legal & Policy	64,490	0	0	64,490	8,900	73,390
Head of Environmental Services	85,887	108	688	86,683	11,947	98,630
District Solicitor (Monitoring Officer)	67,228	79	688	67,995	9,372	77,367
	899,521	1,271	4,816	905,608	123,317	1,028,926

NOTES TO THE CORE FINANCIAL STATEMENTS

25 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 statutory inspections.

2015/16 £'000		2016/17 £'000
62	Fees payable to the audit commission with regard to external audit services	62
17	Fees payable for the certification of grant claims and returns for the year.	29
79	Total	91

26 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2015/16 £'000		2016/17 £'000
	Credited to Taxation and Non Specific Grant Income	
(1,344)	Government Grants (Not Attributable to Specific Services)	(742)
(2,468)	National Non-Domestic Rates	(3,140)
(2,569)	RSG and Freeze Grant	(1,490)
(3,260)	New Homes Bonus	(3,665)
(527)	Developer Capital Contribution	(620)
(10,168)	Total Credited to Taxation and Non Specific Grant Income	(9,657)
	Credited to Services	
(47,748)	Housing Benefits	(45,495)
(628)	Housing Benefit Admin Grant	(565)
(404)	Council Tax Support Admin and NDR cost of collection	(399)
(524)	Improvement Grants (Disabled Facilities Grant)	(850)
0	EU Referendum	(218)
(156)	Elections	(172)
(7)	Miscellaneous Grants	(7)
0	Transition Grant	(84)
(49,467)	Total Credited to Services	(47,790)
(59,635)	Total	(57,447)

27 Contributions Received in Advance or owed to Third Parties

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver or where the Council is holding funds for third parties. The balances at the year end are as follows:

2015/16 £'000		2016/17 £'000
(1,714)	Open Space Developer Contribution Unapplied	(1,520)
(506)	Community Developer Contribution Unapplied	(506)
(305)	Environmental Developer Contribution Unapplied	(303)
(43)	Indoor Leisure Developer Contribution Unapplied	(44)
(32)	CCTV Developer Contribution Unapplied	(32)
(2,039)	On behalf of Affordable Housing Schemes	(3,096)
(4,639)	Total yet to be applied at Balance Sheet date	(5,501)
(1,420)	On behalf of Buckinghamshire County Council Transport Schemes	(1,028)
(6,059)	Total s106 Developer Contributions Unapplied	(6,529)
(502)	On behalf of other schemes and parties	(688)
(6,561)	Total held on behalf of third parties	(7,217)

28 Related Parties Transactions

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

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Related parties to this authority would include:

- central government;
- local authorities and other bodies precepting or levying demands on the council tax;
- its councillors;
- its chief officers; and
- its pension fund.

Members of the immediate family, or the same household of an individual identified as a related party, are also presumed to be related parties.

All significant transactions with the Government, precepting authorities and the Buckinghamshire County Council pension fund have been disclosed elsewhere in this Statement of Accounts. In addition the council made other payments to Buckinghamshire County Council totalling £3.7m in 2016/17 (£3.0m in 2015/16) and undertook work to the value of £1.0m in 2016/17 (£19k in 2015/16) on behalf of Buckinghamshire County Council. The significant increase in work carried out on behalf of Buckinghamshire County Council is due to the Improvement Grant being paid from the County Council instead of Central Government (£0.9m)

The Council made payments to Chiltern District Council of £5.4m in 2016/17 (£6.7m in 2015/16), comprising mostly the joint waste contract of £5.3m. The Council received income from Chiltern District Council to the value of £1.8m in 2016/17 (£0.8m in 2015/16), £1.7m related to the joint waste contract.

The Council made payments to Aylesbury District Council of £0.1m in 2016/17 (£0.1m in 2015/16) and undertook work to the value of £77k in 2016/17 (£55k in 2015/16).

No material transactions took place in respect of councillors and chief officers except for the following:

The Council awards grants to various voluntary and community organisations throughout the district. The award of such grants are all independently approved by the relevant Cabinet Member. 7 District Council members declared interests in voluntary organisations receiving funding from the Council of £0.2m in 2016/17 (£0.2m in 2015/16).

A Senior Officer is currently a Director and minority shareholder in Crendon Properties Limited and Wycombe Flats Limited. Crendon Properties hold three 125 year ground leases with Wycombe District Council. The Council received payments of £17k from Crendon Properties Limited and made payments of £8k to Wycombe Flats Limited.

NOTES TO THE CORE FINANCIAL STATEMENTS

29 Leases

29a Authority as Lessee

i) Operating Leases

The Council has a number of operating leases as follows:

2015/16 £'000	Annual Operating Lease Costs	2016/17 £'000
95	Land & Buildings	187
32	Vehicles, Plant and Office Equipment	32
127	Total	219

The future minimum payments due under non-cancellable leases in future years are:

2015/16 Total £'000		Future Years	
		Vehicles, Plant & Equip- ment £'000	Total £'000
88	Not later than one year	26	26
264	Later than one year and not later than five years	34	34
352	Total Liability	60	60

ii) Finance Leases

As at 31st March 2017, the Council had £3,186k of finance leases relating to the joint waste contract.

29b Authority as Lessor

i) Operating Leases

Operating lease rentals received during the year totalled £5,951k (£4,857k in 2015/16). These relate to the Council's property portfolio.

NOTES TO THE CORE FINANCIAL STATEMENTS

30 Defined Benefit Pension Scheme

30a 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 the Local Government Pension Scheme, administered locally by Buckinghamshire County Council. The Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

30b Transactions relating to Post Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of post 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 Reserves Statement during the year:

2015/16 £'000		2016/17 £'000
	Comprehensive Income and Expenditure Statement	
	<i>Cost of Services:</i>	
2,977	● Current Service Cost	2,515
637	● Settlements and Curtailments	(114)
	<i>Financing and Investment Income and Expenditure</i>	
99	● Administration Expense	104
0	● Net Interest on the defined liability (asset)	1,932
3,713	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	4,437
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Account:	
	<i>Remeasurement of the net defined benefit liability comprising:</i>	
1,797	● Return on fund assets	(17,459)
(12,220)	● Actuarial gains / (losses) arising on changes in financial assumptions	36,761
0	● Actuarial gains / (losses) arising on changes in demographic assumptions	(3,249)
0	● Experience gains / (losses) on defined benefit obligation	(7,906)
0	● Other (if applicable)	1,273
(10,423)	Total Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Account	9,420
	Movement in Reserves Statement	
(3,713)	● reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4,437)
1,333	● employer's contributions payable to the scheme	1,256
(2,380)	Actual amount charged against the General Fund Balance for pensions in the year:	(3,181)

NOTES TO THE CORE FINANCIAL STATEMENTS

30c Assets and Liabilities, Gains and Losses

31 Mar 16 £'000		31 Mar 17 £'000
(185,303)	Present value of liabilities in the Local Government Pension Scheme	(214,236)
130,986	Fair value of assets in the Local Government Pension Scheme	147,318
(54,317)	Surplus / (deficit) in the scheme	(66,918)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The net liability of £66.9m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payment fall due), as assessed by the scheme actuaries.

The employer contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2018 is £1.4m.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for 2016/17 is a loss of (£9.4m).

Assets and Liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

31 Mar 16 £'000		31 Mar 17 £'000
(191,370)	Opening balance at 1 April	(185,303)
(2,977)	Current service costs	(2,515)
(6,314)	Interest cost	(6,570)
12,220	Change in financial assumptions	(36,761)
0	Change in demographic assumptions	3,249
0	Experience (loss)/gain on defined benefit obligation	7,906
(699)	Contributions by scheme participants	(707)
6,340	Benefits paid	6,207
(2,383)	Liabilities (assumed) / extinguished on settlements	258
(120)	Curtailments	0
(185,303)	Closing Balance at 31 March	(214,236)

Reconciliation of fair value of the scheme assets:

31 Mar 16 £'000		31 Mar 17 £'000
131,005	Opening balance at 1 April	130,986
1,333	Employer Contributions	1,256
4,319	Interest on Assets	4,638
699	Contributions by scheme participants	707
(1,797)	The return on Plan Assets, exc the amount included in the net interest expense	17,459
0	Other Actuarial gains/(losses)	(1,273)
(6,340)	Benefits paid	(6,207)
1,866	Settlement Prices received / (paid)	(144)
(99)	Administration Expenses	(104)
130,986	Closing Balance at 31 March	147,318

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 experiences in the respective markets.

The actual return on scheme assets in the year was a gain of £17.5m (2015/16 loss of £1.8m).

NOTES TO THE CORE FINANCIAL STATEMENTS

The Scheme assets consist of the following categories, by proportion of the total assets held:

31 Mar 16 %		31 Mar 17 %
54	Equity Instruments	57
24	Bonds	24
	<i>By sector:</i>	
12	Corporate	12
12	Government	12
22	Property & Alternative	19
	<i>By type:</i>	
9	Property	8
2	Cash	2
3	Alternative Assets	1
4	Hedge	4
4	Absolute Portfolio	4
100		100

30d 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 Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2016 but rolled forward to 31 March 2017.

30e Principal Assumptions

The principal assumptions used by the actuary were:

2015/16		2016/17	Sensitivity to Change	
			+1% or 1 year	-1% or 1 year
			Movement in Overall Liability	
			£million	£million
	Liability Assumptions (rate of increase)			
3.2%	Rate of inflation	3.5%	-3.3	3.3
2.3%	Rate of Pension Increase Rate	2.6%		
4.1%	Rate of increase in salaries *	4.1%	-0.4	0.4
3.6%	Rate for discounting scheme liabilities	2.7%	-3.6	3.7
10%	Take-up of option to convert annual pension	0.0%		
	Liability Assumptions (mortality)			
	Longevity at 65 for current pensioners		-8.3	8.0
23.8	● Men	23.9		
26.2	● Women	26.0		
	Longevity at 65 for future pensioners			
26.1	● Men	26.1		
28.5	● Women	28.3		

* Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, there has been allowed a short term overlay from 31st March 2016 to 31st March 2020 for salaries to rise in line with CPI.

NOTES TO THE CORE FINANCIAL STATEMENTS

31 Nature And Extent Of Risk

31a Disclosure Of Nature And Extent Of Risk Arising From Financial Instruments

Financial Instruments - Balances

	Long-Term		Current	
	31-Mar-17 £'000	31-Mar-16 £'000	31-Mar-17 £'000	31-Mar-16 £'000
Investments				
More than one year	6,000	4,000		
Less than one year			41,323	44,385
Debtors	13,466	13,561	3,065	8,909
Cash and Cash Equivalent			28,078	18,660
Creditors	(841)	(575)	(13,895)	(15,118)

	31-Mar-17 £'000	31-Mar-16 £'000
Income, Expense, Gains and Losses from Financial Instruments		
Investment Interest/gains from treasury activity	(559)	(731)

Fair Value

Financial liabilities and financial assets represented by borrowing, creditors, investments and debtors are carried on the Balance Sheet at amortised cost. The Council considers that the market value of these instruments is not materially different from their carrying value (amortised cost) given their duration and nature of the transactions. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumption:

- where an investment that has a maturity of under one year, or has a variable rate of interest, is a creditor or a trade debtor then the fair value is taken to be the repayment outstanding or the invoiced amount.

In effect this means that the only financial instrument that is subject to fair value adjustment is the long term investment in UK Government fixed interest securities (gilts) where the capital value can fluctuate based on interest rate yield and money market activity.

Key Risks

The Council's activities expose it to a variety of financial risks.

The key risks are

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the Council might be requiring to renew a financial instrument at disadvantageous interest rates or terms;
- **Market risk** the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

NOTES TO THE CORE FINANCIAL STATEMENTS

31b Overall procedures for managing risk

The Council has adopted CIPFA code of Practice on Treasury Management and complies with the Prudential Code for Capital Finance in Local Authorities. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments. Full details of the Council's Treasury Management Strategy can be found on the Council website.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Department for Communities and Local Government (DCLG) Investment Guidance for local authorities. In compliance with the guidance, the Council invests its funds prudently and has regard to the security and liquidity of its investments before seeking the highest rate of return.

31c Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers described below as Trade and Other Debtors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are only made with banks and financial institutions when they meet the minimum requirements of the investment criteria set out in the Treasury Management Strategy. This is based on Credit ratings from the Fitch, Moody's, and Standard and Poor credit rating agencies. The Strategy also imposes a maximum amount and time to be invested with a financial institution located within each credit rating category. Information relating to the counterparties is constantly monitored and action taken should any institution fail to meet the minimum criteria.

The following analysis summarises the investment's credit quality and maturity analysis at 31 March 2017;

	Instant Access Accounts	0-3 Months	3-6 Months	6-12 Months	Over 12 Months	Total
	£'000	£'000	£'000	£'000	£'000	£'000
AAA/AA+ related counterparties	22,000	0	0	0	0	22,000
AA/AA- rated counterparties	0	2,000	5,000	8,000	9,980	24,980
A+/A rated counterparties	0	4,000	1,000	13,000	1,000	19,000
A- rated counterparties	0	4,000	0	4,000	0	8,000
BBB+ & unrated counterparties	458	0	0	0	0	458
TOTAL	22,458	10,000	6,000	25,000	10,980	74,438
<i>Historical experience of default</i>	<i>0.017%</i>	<i>0.017%</i>	<i>0.017%</i>	<i>0.017%</i>	<i>0.063%</i>	

The Council does not generally allow credit for customers. Trade debtors of £2,886k are accounted for inclusive of Provision of doubtful debt where there is a risk of non payment.

31d Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLb). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council ensures that it has ready access to borrowings from the money markets to cover any day to day cash flow need. It currently has no long term borrowing. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

NOTES TO THE CORE FINANCIAL STATEMENTS

31e Market Risk

The Council's cash investments are exposed to interest rate movements. For instance, a rise in variable and fixed interest rates would have the effect of increasing the income credited to the Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

With the base rate currently at 0.25%, the risk of exposure from downward move is minimised. A positive movement of 1% in rates received on average investment balances of £81m would generate additional investment income of £808k.

32 Trust Funds

Two Trust Funds not consolidated into the Balance Sheet are administered by the Council. These Trusts held the following balances at the Balance Sheet date:
Griffiths Trust £115k and Rutland Hospital Trust £42k.

33 Special Expenses

Such expenses are incurred within the unparished area of High Wycombe and are levied only on the taxpayers of that area. The Gross Income and Expenditure of these have been included within the Comprehensive

31-Mar-16 £'000		31-Mar-17 £'000
114	Recreation Grounds	103
85	Cemetery	102
69	Other Services	88
268	TOTAL EXPENDITURE	293
	Financed by:	
(14)	Capital Resources	(12)
(419)	Collection Fund and Council Tax Support Funding	(414)
(433)	TOTAL INCOME	(426)
(636)	Balance at Year Start	(801)
(165)	(Surplus)/Deficit for the Year	(133)
(801)	Balance at Year End	(934)

36 Contingent Liabilities

VAT Shelter Arrangement

As part of the transfer agreement the Council provided a VAT guarantee to Red Kite Community Housing (RKCH) to pay up to a maximum sum of £22m should RKCH be unable to fully recover VAT on the qualifying works included within valuation due to an event outside their control. It is the Council's current opinion that the VAT shelter will not fail.

Warranties

The Council has agreed to a number of warranties under the Transfer Agreement, these are common place in such negotiations.

The key warranties that continue to apply for the Council in respect of contingent liabilities are (a) asbestos indemnity and (b) environmental pollution.

Asbestos Indemnity

For cases that relate to pre-transfer of the housing stock to RKCH in December 2011, the Council indemnified RKCH for all costs, claims and lawsuits which arise from any person being exposed to asbestos unless there is negligence on the part of RKCH. This warranty runs for the first thirty years after the sale date.

The indemnity also covers the cost of removal, treatment or encapsulation of asbestos within properties to be paid by the Council provided that RKCH have firstly spent the £1.1m (inclusive of fees) within the original valuation. The Council understands that this sum is likely to be exceeded but has not yet had access to information to yet establish the extent of any claim.

Environmental Pollution

Other than that which is disclosed as part of the transfer agreement and amongst other things, the Council has warranted that: it has complied in full with all environmental legislation; that it has obtained and complied with all environmental approvals necessary for the ownership and use of the property; that there is no environmental claim which is current, pending or threatened; that no dangerous substance is present at, in or under any property; that no part of the property has been or is in such a condition that it could be designated as contaminated. The Council is not aware of any claims under this warranty. The Council has separately taken out Environmental Insurance covering the first 15 years of this period.

37 Contingent Assets

During 2015/16 the Council agreed to sell land to an international wholesale store within the District. This has not been recognised as an asset held for sale within the accounts as the sale is subject to planning permission and the land is not otherwise being actively sold on the open market. However if successful planning permission is obtained the sale will proceed in 2017/18 and sale proceeds will be recognised in the 2017/18 financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

34 Trading Operations

The Council has two types of internal functions with significant income budgets. These relate to rental incomes from Investment Properties and Business Units. Neither are formal trading services in the sense that they have no effective independent scope to vary the turnover level of their activity.

35 Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out below:

Exit Packages Cost Band (including special payments)	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	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £'000	2016/17 £'000
£0-£20,000	2	0	1	1	3	1	37	12
£20,000-£40,000	1	0	0	0	1	0	30	0
£40,000-£60,000	0	0	1	0	1	0	41	0
TOTAL Cost of Redundancies made in year							108	12
Reversal of amounts provided for in previous financial years regarding redundancies paid in current financial year							(108)	0
Other Amounts provided for in Comprehensive Income & Expenditure Account regarding agreed redundancies at Balance Sheet date yet to be paid in cash at that date							0	0
TOTAL Amounts provided for in Comprehensive Income & Expenditure Account for Redundancies							0	12

COLLECTION FUND

This account reflects the statutory requirement for the Council, as the billing authority, to maintain a separate Collection Fund. It shows transactions in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to the Government and other local authorities.

2015/16 £'000		Note	2016/17		
			Council Tax £'000	Business Rates £'000	TOTAL £'000
	INCOME				
(101,000)	Council Tax Payers	CF2	(106,066)	0	(106,066)
(70,321)	Business Rate Payers	CF3	0	(72,071)	(72,071)
(171,321)	Total Income		(106,066)	(72,071)	(178,137)
	EXPENDITURE				
	Precepts and Demands				
36,005	Central Government		0	36,974	36,974
79,810	Buckinghamshire County Council		77,005	6,655	83,660
10,759	Thames Valley Police Authority		11,082	0	11,082
4,568	Bucks & Milton Keynes Fire Authority		3,962	739	4,701
39,782	Wycombe District Council		11,520	29,579	41,099
	Charges to Collection Fund				
291	Write offs of uncollectable amounts		509	852	1,361
543	Increase / (decrease) in bad debt provision		(106)	(411)	(517)
221	Increase / (decrease) in provision for appeals		0	(774)	(774)
243	Cost of Collection		0	241	241
172,222	Total Expenditure		103,972	73,855	177,827
901	(Increase) / Decrease in Collection Fund Balance		(2,094)	1,784	(310)
(10,641)	Fund Balance - (Surplus) / Deficit at 1 April		(3,953)	7,939	3,986
13,726	Contribution to/(from) previous year estimated surplus/(deficit)		2,000	(4,768)	(2,768)
3,986	Fund Balance - (Surplus) / Deficit at 31 March		(4,047)	4,955	908

NOTES TO THE COLLECTION FUND

CF1 The Fund

These accounts represent the transactions of the Collection Fund. The Fund is required under statute to record the amount collectable from residents in their role as Council Taxpayers and Businesses liable to pay the Non-Domestic Rate. The proceeds of Council Tax & NDR are shared between the Council and its partner organisations as detailed in Note CF3 below.

Wycombe District Council's own entitlement to this income is shown on the Comprehensive Income & Expenditure Account

CF2 Council Tax Payers & Precepting Authorities (Fund Outturn for the Year)

The charge for council tax is based on the total number of dwellings in each of eight bands at 1 April 1991 valuations. This is adjusted for dwellings where discounts or exemptions apply and is converted into an "equivalent number of Band D dwellings" where bands below Band D will pay proportionately less than dwellings in higher bands. A further adjustment is made for losses on collection and contributions in lieu of tax in respect of certain government properties. The table below sets out the calculation of the Council Tax Base for 2016/17.

Equivalent Number of Band D Dwellings 2015/16	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings 2016/17
-	A (Disabled Relief)	-	0.56	-
738.68	A	1,109.00	0.67	743.03
4,993.28	B	6,525.20	0.78	5,089.66
14,093.11	C	15,937.45	0.89	14,184.33
10,589.71	D	10,842.82	1.00	10,842.82
12,181.58	E	10,035.05	1.22	12,242.76
11,795.65	F	8,205.75	1.44	11,816.28
10,780.70	G	6,509.65	1.67	10,871.12
1,879.60	H	961.10	2.00	1,922.20
67,052.31		60,126.02		67,712.20
(1,325.51)	Less: Allowance for losses on collection			(1,339.32)
65,726.80	Council Tax Base for the Year (number of weighted properties Band D) (X)			66,372.88
1,504.93	Average Council Tax at Band D level (Y)			1,560.41
98,914	Council Tax budgeted for the year (£'000) (X multiplied by Y)			103,569

CF3 Business Rate Payers

In line with the Local Government Act 2003, from 1 April 2005, all business premises are subject to a tax known as Non-Domestic Rates (NDR). The tax is calculated using local rateable values which are then multiplied by a uniform rate.

The Council is responsible for collecting the total amount of NDR payable, less certain reliefs and other deductions, and paying a percentage over to Central Government and Major Preceptors. The Council retains 40% of NDR receipts which are recorded in the Comprehensive Income & Expenditure Statement.

The relevant rateable value and multiplier data is shown below:

2015/16		2016/17
£171,327,199	Total Non-domestic Rateable Value at 31 March	£171,280,975
49.3p	National Non-domestic Rate Multiplier - Full	49.7p

NOTES TO THE COLLECTION FUND

CF4 Preceptor Debtor / Creditor Balances

The Council has to reflect balances held in respect of its own share of Council Tax and Non-Domestic Rates debt. The remaining balances are reflected within the Balance Sheet as debtors or creditors with major preceptors and the Government depending on whether the cash paid over to them is more or less than their attributable share of Council Tax or NDR due for the year, net of any provision for bad debts.

	31 March 2016			31 March 2017		
	Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
Wycombe District Council	(445)	3,177	2,732	(448)	1,983	1,535
Central Government	0	3,969	3,969	0	2,478	2,478
Bucks County Council	(2,921)	714	(2,207)	(3,006)	445	(2,561)
Thames Valley Police Authority	(429)	0	(429)	(437)	0	(437)
Bucks & Milton Keynes Fire	(158)	79	(79)	(156)	49	(107)
Collection Fund (Surplus)/Deficit	(3,953)	7,939	3,986	(4,047)	4,955	908

GROUP COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2015/16					2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		NOTE	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
4,461	(1,844)	2,617	Leader		5,138	(2,212)	2,926
1,633	(592)	1,041	Economics Development and Regeneration		1,688	(1,182)	506
13,271	(1,108)	12,163	Community		5,255	(1,095)	4,160
3,809	(1,188)	2,621	Housing Services - General Fund		4,153	(1,329)	2,824
10,154	(4,035)	6,118	Environment		9,454	(4,179)	5,275
8,211	(2,789)	5,422	Planning & Sustainability		8,239	(5,055)	3,184
112	0	112	HR, ICT and Customer Services		0	0	0
50,666	(49,535)	1,131	Finance		49,957	(47,433)	2,524
736	0	736	Non Distributed Costs		(148)	(171)	(319)
93,053	(61,092)	31,961	Cost of Services	7	83,737	(62,657)	21,080
		(2,192)	Other Operating Expenditure	8			614
		(26,160)	Financing & Investment Income & Expenditure	9			(9,183)
		(24,305)	Taxation & Non-Specific Grant Income	10			(21,098)
		<u>(20,696)</u>	(Surplus) / Deficit on Provision of Services				<u>(8,587)</u>
		(737)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	20c			173
		(10,423)	Remeasurement of the net defined benefit liability (assets)	30b			9,420
		<u>(11,160)</u>	Other Comprehensive Income and Expenditure				<u>9,593</u>
		(31,856)	Total Comprehensive Income and Expenditure				1,006

GROUP BALANCE SHEET AS AT 31 MARCH 2017

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

31 March 2016		Note	31 March 2017	
£'000			£'000	£'000
	NON-CURRENT ASSETS			
86,061	Property, Plant and Equipment		81,710	
780	Heritage Assets		780	
105,879	Investment Properties		121,437	
277	Intangible Assets		138	
4,000	Investments		6,000	
13,561	Long Term Debtors		13,466	
210,558	TOTAL LONG TERM ASSETS			223,531
	CURRENT ASSETS			
44,385	Investments (Short Term)		41,323	
16,294	Short Term Debtors		7,789	
18,660	Cash and Cash Equivalents		28,078	
46	Inventories		0	
79,385	TOTAL CURRENT ASSETS			77,189
289,943	TOTAL ASSETS			300,720
(792)	Finance Leases		(798)	
(26,269)	Short Term Creditors & Receipts in		(26,741)	
(3,811)	Provisions		(3,260)	
(30,872)	TOTAL CURRENT LIABILITIES			(30,798)
259,071	TOTAL ASSETS LESS CURRENT			269,922
	NON-CURRENT LIABILITIES			
(3,781)	Other Payables		(3,229)	
(54,317)	Liability related to Defined Benefit Pension		(66,918)	
(58,098)				(70,147)
200,973				199,775
	FINANCED BY:			
	USABLE RESERVES			
9,537	General Fund Balance		9,738	
41,705	Earmarked Reserves		36,888	
15,310	Capital Receipts Reserve		18,329	
3,592	Capital Grants Unapplied		5,010	
70,144	TOTAL USABLE RESERVES			69,965
	UNUSABLE RESERVES			
164,551	Capital Adjustment Account		178,567	
14,558	Revaluation Reserve		13,086	
3,023	Deferred Capital Receipts		1,347	
(54,317)	Pensions Reserve		(66,918)	
(105)	Financial Instrument Adjustment Account		0	
(2,332)	Collection Fund Adjustment Account		(1,528)	
(248)	Accumulated Absences Reserve		(248)	
5,699	Higginson Park Trust Fund		5,504	
130,829	TOTAL UNUSABLE RESERVES			129,811
200,973	TOTAL RESERVES			199,775

NOTES TO THE GROUP FINANCIAL STATEMENTS

G1 Group Comprehensive Income and Expenditure Account

The analysis of income and expenditure in the Group Comprehensive Income and Expenditure Account shows the same net position for cost of services as in the Core statements. However, the expenditure and the income figures in the Accounts include a net subsidy to the Higginson Park Trust whereas the group accounts include the expenditure and income of the Trust separately:-

2015/16 £'000		2016/17 £'000
269	Trust Expenditure	253
(238)	Trust Income	(246)
31	Amount paid as Grant to Trust by Wycombe DC	7

NOTES TO THE GROUP FINANCIAL STATEMENTS

G2

a) Movement of Property, Plant and Equipment 2015/16

	Land & Buildings £'000	Vehicles Plant & Equip £'000	Comm- unity Assets £'000	Surplus Assets £'000	Assets Under Constr- uction £'000	Infra- structure Assets £'000	Total Assets £'000
Cost or valuation							
At 1 April 2015	48,976	17,274	1,364	1,210	31,000	0	99,824
Additions	18,466	155	0	0	288	3,615	22,524
Revaluation increases / (decreases) recognised in the Revaluation Reserve	737	0	0	0	0	0	737
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(7,073)	0	0	0	0	0	(7,073)
Disposals	0	0	0	0	(3,853)	0	(3,853)
Other Transfers	12,906	0	0	(850)	(22,893)	2,875	(7,962)
At 31 March 2016	74,012	17,429	1,364	360	4,542	6,490	104,197
Accumulated Depreciation & Impairment							
At 1 April 2015	(6,328)	(9,458)	0	0	0	0	(15,786)
Depreciation Charge	(752)	(1,598)	0	0	0	0	(2,350)
At 31 March 2016	(7,080)	(11,056)	0	0	0	0	(18,136)
Balance Sheet Value at 31 March 2016	66,932	6,373	1,364	360	4,542	6,490	86,061
Balance Sheet Value at 1 April 2015	42,648	7,816	1,364	1,210	31,000	0	84,038

NOTES TO THE GROUP FINANCIAL STATEMENTS

G2

b) Movement of Property, Plant and Equipment 2016/17

	Land & Buildings £'000	Vehicles Plant & Equip £'000	Comm-unity Assets £'000	Surplus Assets £'000	Assets Under Constr-uction £'000	Infra-structure Assets £'000	Total Assets £'000
Cost or valuation							
At 1 April 2016	74,012	17,429	1,364	360	4,542	6,490	104,197
Additions	178	785	0	0	44	0	1,007
Revaluation increases / (decreases) recognised in the Revaluation Reserve	42	0	0	(170)	0	0	(128)
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(48)	0	0	(90)	0	0	(138)
Disposals	(524)	0	0	0	(2,523)	0	(3,047)
Other Transfers	(5,515)	689	0	0	0	0	(4,826)
At 31 March 2017	68,145	18,903	1,364	100	2,063	6,490	97,065
Accumulated Depreciation & Impairment							
At 1 April 2016	(7,080)	(11,056)	0	0	0	0	(18,136)
Depreciation Charge	(768)	(1,148)	0	0	0	(216)	(2,132)
Depreciation Transfer	5,697	(790)	0	0	0	0	4,907
Depreciation upon disposal	6	0	0	0	0	0	6
At 31 March 2017	(2,145)	(12,994)	0	0	0	(216)	(15,355)
Balance Sheet Value at 31 March 2017	66,000	5,909	1,364	100	2,063	6,274	81,710
Balance Sheet Value at 1 April 2016	66,932	6,373	1,364	360	4,542	6,490	86,061

G3 Investment Properties And Surplus Assets

a) Information on Assets Held

Investment Property is land or a building, or part of a building, or both, held solely to earn rentals or for capital appreciation or both. These are not held for use in the production of goods or services for administrative purposes or sale in the ordinary course of operations.

NOTES TO THE GROUP FINANCIAL STATEMENTS

G3

b) Movement of Investment Properties

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

31 Mar 16 £'000		31 Mar 17 £'000
	Cost or valuation	
70,118	At 1 April year start	105,879
3,594	Additions	9,440
24,205	Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	6,290
0	Derecognition - Disposals	(1,300)
7,962	Other Transfers	0
105,879	At 31 March year end	120,307
105,879	Balance Sheet Value at year end	121,437
70,118	Balance Sheet Value at year start	105,879

G4 Higginson Park Trust - Reserve Fund

31 Mar 16 £'000		31 Mar 17 £'000
4,770	Represented by: Property, Plant & Equipment	4,575
929	Investment Properties	929
5,699	At 31 March year end	5,504

G5 Group Movement in Reserves Statement

There are no Movement in Reserve Statement items arising from Trust activities.

The Trusts depreciation is accounted for on a commercial basis and is separately shown in the Trust's Financial Statements as Restricted Funds. The Trust's depreciation is not reimbursed by the Council.

G6 Group Cash Flow Statement

There are no Cash Flow Statement items arising from Trust activities.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council 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 Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer 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 Chief Financial Officer 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 Chief Financial Officer has also:

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

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2017 and its income and expenditure for the year then ended.

Signed _____

Stuart Mc Gregor
Chief Financial Officer

Date 21st Sept 2017

Certificate of Approval - Chair of Audit Committee

The Statement of Accounts was approved by the Wycombe District Council's Audit Committee.

Signed _____

Cllr Appleyard
Chairman of the Audit Committee

Date 21st Sept 2017

INTRODUCTION

Both the Leader and the Chief Executive recognise the importance of having a system of rules, policies and procedures in place to ensure that information is available to help, shape and direct the way in which services are managed and delivered.

Each year, the Council is required to produce an Annual Governance Statement (AGS) which explains how its corporate governance arrangements have been working in practice.

The AGS in respect of 2016/17 was presented to the Audit Committee at its meeting in June 2017, along with a new Local Code of Governance for 2017, for their review and comment prior to submission of the AGS to the Leader and Chief Executive for formal sign off alongside the Annual Accounts.

Scope of responsibility

This statement covers the period 1 April 2016 to 31 March 2017

Wycombe District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Wycombe 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.

This statement explains how Wycombe District Council meets the requirements of the Accounts and Audit Regulations, which are made under the Local Audit and Accountability Act 2016, in that it must have in place a sound system of internal control that:

- (a) facilitates the effective exercise of the Council's 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.

In discharging this overall responsibility, Wycombe District Council is responsible for putting in place proper arrangements for the governance of its affairs.

The purpose of the governance framework

Our governance framework comprises the systems and processes, and cultural values, by which the Authority is directed, 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, cost-effective services.

Our system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate risks 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 on-going process designed to identify and prioritise the risks to the achievement of Wycombe District Council 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.

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

The governance framework

In 2016/7, new guidance was issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (Solace) "Delivering Good Governance in Local Government Framework 2016 Edition" (referred to as Delivering Good Governance) and this formed the basis of the Councils Local Code of Governance as well as this AGS. The guidance is split into seven core principles which are detailed below:

- A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B Ensuring openness and comprehensive stakeholder engagement.
- C Defining outcomes in terms of sustainable economic, social and environmental aspects.
- D Determining the interventions necessary to optimise the achievement of the intended outcomes
- E Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F Managing risks and performance through robust internal control and strong public financial management.
- G Implementing good practice in transparency, reporting, and audit to deliver effective accountability

Commitments

It is important that Wycombe District Councils approach to effective governance is understood by all. The following 7 goals demonstrate Wycombe District Councils' approach to good governance.

- ❖ Clearly set out Wycombe's objectives and what it is trying to achieve.
- ❖ Measure and publicise how effective Wycombe's services are and take action to improve where performance is below target.
- ❖ Making best use of public money by taking prudent and risk based financial decisions and measuring the value for money it achieves.
- ❖ Clear Constitution that sets out who can take which decisions.
- ❖ Members and Officers behaving in ways that reflect Wycombe's values and high standards of conduct.
- ❖ Record and publish the decisions that Wycombe takes and the reasons for them and where possible makes the most important decisions in public.
- ❖ Have in place a scrutiny function that holds the Executive to account.

Review of effectiveness

Wycombe 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Each year all Heads of Service and their Management Teams are required to complete and sign-off with their line manager the Annual Assurance Statement. This return identifies whether the service area has full, partial or non-compliance, based on evidence, with improvement tasks identified as appropriate. The statement for the period 1 April 2016 to 31 March 2017 covered the following areas, against which the level of compliance is recorded.

1. Service objectives - full compliance.
2. People - partial compliance.
3. Use of resources –partial compliance
4. Health and safety – full compliance
5. Information governance and records management – partial compliance.
6. Business risk and business continuity –partial compliance
7. Transparency and accountability – full compliance.
8. Partnership working – full compliance
9. Project management – partial compliance
10. Contracts – full compliance.

KEY THEMES ARISING FROM THE 2016/17 AAS PROCESS

Of the five areas where partial compliance was recorded, these are briefly explained below:

People

Partial compliance in that job descriptions (JD) need to be reviewed.

Use of Resources

Partial compliance in regards to the Services being able to demonstrate performance levels across the range of services provided.

Partial compliance in that further work is required to inform contractors /suppliers of the controls and procedures that are to be followed in the event of a fraud being perpetrated against the Council.

Information Governance and Records Management

Partial compliance in that further work was required in relation to the management of paper and electronic records which would enable both the ease of location and disposal of records at the appropriate time.

Business Continuity

Partial compliance in that further work was required in ensuring that services had made adequate arrangements to ensure continued service delivery and that the arrangements have been communicated to all relevant staff.

Project Management

Partial compliance in that Lessons Learnt reports are not produced and shared corporately for projects completed within a Service, during the year.

INTRODUCTION OF A NEW LOCAL CODE OF CORPORATE GOVERNANCE

It is important to acknowledge that many of the key governance mechanisms referred to in the Local Code are relatively static in terms of currency and do not tend to alter over time.

However it is the review of their effectiveness in practice rather than a review of their existence that demonstrates the efficacy of the Council's AGS for 2016/7.

ANNUAL GOVERNANCE STATEMENT 2016/17

Detailed below are the results of the review of the Councils Local Code of Governance.

No	Area for Improvement	Owner
1	Consider introducing an Annual report outlining the work of the Standards Committee, detailing: training provided number of referrals and outcomes, any outside assurance as regards operational processes.	District Solicitor
2	Reminder to be issued to All Members of the need to ensure that all disclosures are made.	District Solicitor
3	Consideration is given to compiling an annual report that details, where as a Council, it has learnt from the outcome(s) of a complaint.	Head of Democratic Legal and Policy
4	Review to be undertaken as regards the: currency of the Whistleblowing policy, approval process: Member and Officer awareness.	Head of HR, ICT & Shared Support Services
5	Further work to be undertaken in 2017/18 in the Democratic, Legal & Policy Team consisting of a review covering both the Constitution and the wider decision making & governance arrangements.	Head of Democratic Legal and Policy
6	Review to be undertaken of current corporate Plan objectives to refresh and update.	Head of Democratic Legal and Policy
7	Review to be undertaken to assess the purpose and applicability of the quarterly financial and performance process.	Head of Finance and Commercial (£151)
8	Review to be undertaken to refresh and update the current Communications policy.	Head of Democratic Legal and Policy
9	Review to be undertaken to refresh and update the current Engagement strategy and toolkit	Head of Democratic Legal and Policy

The publication of our Local Code and the Annual Governance Statement meets the requirement of the Accounts and Audit (England) Regulations 2016, and the AGS accompanies the Annual Financial Accounts report which is available on the Council's website.

OVERALL ASSESSMENT

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and will ensure that the Identified Areas for Improvement are implemented so as continually improve our processes and procedures.

Leader of the Council

Chief Executive
On behalf of Wycombe District Council

Date

Date

GLOSSARY OF TERMS AND ABBREVIATIONS

ACCOUNTING PERIOD

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Comprehensive Income and Expenditure Account or Balance Sheet it is to be presented. Accounting Policies do not include estimation techniques.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

(i) events have not coincided with the actuarial assumptions made for the last valuation

(experience gains and losses); or

(ii) the actuarial assumptions have changed.

AMORTISATION

The reduction of the value of an intangible asset by spreading its cost over a period of years.

BILLING AUTHORITY

A local authority responsible for collecting Council Tax and National Non-Domestic Rates.

BUDGET

The Council's aims and policies set out in financial terms against which performance is monitored. Both revenue and capital budgets are prepared.

CAPITAL ADJUSTMENT ACCOUNT

A reserve that reflects financing of capital from revenue and capital receipts together with the adjustment of the minimum revenue provision.

CAPITAL CHARGES

Charges to service revenue accounts to reflect the cost of Property, Plant & Equipment used in the provision of services.

CAPITAL EXPENDITURE

Spending which produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery, and intangible assets such as computer software. Any expenditure which does not fall within the definition must be charged to a revenue account.

CAPITAL RECEIPTS

The proceeds from the sale of Long Term Assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on Long Term Assets or to finance new capital expenditure, within rules set down by government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector

GLOSSARY OF TERMS AND ABBREVIATIONS

COLLECTION FUND

A separate fund recording the expenditure and income relating to Council Tax and National Non-Domestic Rates.

COLLECTION FUND ADJUSTMENT ACCOUNT

A reserve account that reconciles differences between statutory requirements as a Billing Authority and proper accounting practice.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

CONTINGENCY

A situation, which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

CONTINGENT ASSETS / LIABILITIES

Potential gains and losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a debtor or provision in the accounts.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CURRENT SERVICE COST (PENSIONS)

The increase in present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current prior periods.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time, obsolescence or other changes.

EARMARKED RESERVES

These are funds set aside for a specific purpose, or a particular service, or type of expenditure.

EXPECTED RATE OF RETURN ON PENSION ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased

GLOSSARY OF TERMS AND ABBREVIATIONS

GENERAL FUND

The Income and Expenditure of the Council as defined by Statute as distinct from definition by IFRS Financial Reporting Standards.

HERITAGE ASSETS

Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Authority's history and local area.

IFRS

International Financial Reporting Standards.

IMPAIRMENT

This is a reduction in the value of Property or Plant as shown in the balance sheet to reflect its true value.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of, or improvement to, highways.

INVESTMENTS

Deposits for less than one year with approved institutions.

INVESTMENT PROPERTIES

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential.

LONG TERM ASSETS - TANGIBLE

Tangible assets (i.e. land and buildings) that yield benefits to the Council and the services it provides for a period of more than one year.

LONG TERM ASSETS - INTANGIBLE

Assets which are of benefit to the organisation, but have no physical presence such as software licences.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

NATIONAL NON DOMESTIC RATES (NNDR)

Under the arrangements for uniform business rates, which came into effect on 1 April 1990, the Council collects Non-Domestic Rates for its area based on local rateable values, multiplied by nationally set rates. The total amount, less certain reliefs and deductions, is paid to a central pool managed by the Government, which in turn, pays back to Authorities their share of the pool based on a standard amount per head of the local adult population.

NET BOOK VALUE (NBV)

The amount at which Property, Plant & Equipment is included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

GLOSSARY OF TERMS AND ABBREVIATIONS

NON-OPERATIONAL ASSETS

Long Term Assets held by an organisation but not directly occupied, used or consumed in the delivery of services. An example of a non operational asset is an investment property or an asset being held pending its sale.

OPERATIONAL ASSETS

Long Term Assets held by the Council and used or consumed in the delivery of its services.

OPERATING LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company.

PENSION FUND

An employees' pension fund maintained by an authority, or a group of authorities, in order primarily to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

POOLING OF HOUSING CAPITAL RECEIPTS

Pooling is the term given to the requirement to pay to the Government a proportion of certain types of capital receipt. From 1st April 2004 Right To Buy receipts are subject to a payment into a government pool at the rate of 75%. Costs associated with improvement to the property expended over the past three years are deductible from the cash receipt before the pooling percentage is applied.

PRECEPT

The amount by which a Precepting Authority (e.g. a County Council) requires from a Billing Authority (e.g. District Councils) to meet its expenditure requirements.

PROFIT ON THE SALE OF LONG TERM ASSETS

This is a recent accounting requirement for Local Government, and requires the book value of the asset sold to be compared to the net proceeds to calculate the profit or loss on the transaction.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and
- (ii) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

PROPERTY PLANT & EQUIPMENT

Tangible assets that benefit the local authority and the services it provides for a period of more than one year.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but cannot be measured accurately.

GLOSSARY OF TERMS AND ABBREVIATIONS

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

REVENUE EXPENDITURE FINANCED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure that may be classified under legislation as capital but does not result in the creation of a non current (fixed) asset on the Balance Sheet. This expenditure is generally charged to the relevant service revenue account in the year incurred with a corresponding credit to the Statement of Movements in Reserves to ensure there is no cost to the General Fund.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government Grant provided by the Department for Communities and Local Government (DCLG), which is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year.

SCHEME LIABILITIES (PENSIONS)

The liabilities of a defined scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

CIPFA's Service Reporting Code of Practice sets out the financial reporting guidelines for local councils. It supplements the principles and practice set out in the Code of Practice on Local Authority Accounting (known as the Code), by establishing practice for consistent reporting.