



Wycombe District Council

Unaudited Statement of Accounts

2019/20



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Introduction

The Statement of Accounts

Welcome to Wycombe District Council's Statement of Accounts for the financial year 2019/2020. We hope this narrative report and the notes that follow give you a clear picture of how the cash you paid became the service you received. The Statement of Accounts is required by law and covers various statutory requirements and other relevant information.

The supporting notes are aimed at providing a more detailed explanation of the often complicated local government financial arrangements.

The Statement of Accounts set out the Council's income and expenditure for the year 2019/20 and true and fair view of its financial position at 31st March 2020. 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 2019/20, which in turn is underpinned by International Financial Reporting Standards.

Further information about the accounts is available, including alternative languages/ font size. Please write to Buckinghamshire Council, Queen Victoria Road, High Wycombe HP11 1BB

Narrative Report

This narrative report provides an explanation of the statements incorporated within the Council's Statement of Accounts, together with guidance on how to interpret them.

This is followed by summary details of events which had a significant impact on the Accounts. This section also provides 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.

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

1. Main Statements

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 focused on local priorities and needs.

The Movement in Reserves Statement

This is a summary of changes to the Council's reserves over the course of the year. Reserves are divided into "Usable", which can be invested in capital projects or service improvement, and "Unusable", which must be set aside for specific purposes.

The Balance Sheet

This is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the 31 March 2020.

The Cash Flow Statement

This shows the reason for changes in the Council's cash balances during the year and whether the 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 Notes to these financial statements provide more detail about the Council's accounting policies and individual transactions.

The Collection Fund This statement shows the income and expenditure transactions of the Council in respect of the collection and distribution of Council Tax and Non-Domestic (Business) Rates.

2. The District

Our part of South Buckinghamshire, Wycombe District Council covers 125 square miles from outside Aylesbury in the north to the Thames at Marlow in the south. Henley is just outside the district to the west, and Beaconsfield to the east. 71% of the district is in an Area of Outstanding Natural Beauty (AONB), and 48% lies in the Metropolitan Green Belt, all round London. The district is in a prime location, with excellent access to the M25/M40/M4 corridor, good rail links to London and Birmingham and close to Heathrow.

The 2011 census showed a population of 172,000: 81% white and 19% BME/Other. 25% of the population was under the age of 20; 22% over 65. The working age population was 57%.

3. Corporate Priorities

We have set ourselves four priorities to 2020:



A great place to be – our place priority

This priority focuses on the environment, our towns and our rural areas, our buildings and our landscape.

We want people who live and work in the area to have an environment that meets their needs, but also for visitors to enjoy all that the Wycombe district has to offer.



Strong communities – our people priority

This priority focuses on the people who have made their homes within our district and who depend upon our services and those of our partners to provide them with education, care, leisure, homes, transport and employment.

We want our children to have the best start in life; to promote the independence of our residents, and to help keep our vulnerable safe.



Growth and prosperity – our prosperity priority

This priority focuses on the economic prosperity of the district, the number, nature and size of our businesses, the skills of our residents and the infrastructure connectivity and support which help our businesses to thrive and grow.



Efficient and effective – our progress priority

This priority focuses on how we will improve the service we provide to our customers. To serve our customers well we believe we need to have an efficient and effective organisation with well-motivated staff and a strong governance framework.

4. Our People and Partnerships

We employ 292 people, 177 female, 115 male. Most staff live in the district, so engage directly with council's services and priorities. 22% of staff are BEM, which corresponds precisely with the diversity in the resident population overall.

Key resident services are delivered through strategic partnerships with neighbouring authorities, parishes and public and private sector organisations.

Service	Partnership
Waste collection, recycling and street cleaning	Joint contract arrangement with Chiltern & South Bucks Councils.
Resident health and well-being	Partnership contracts for Leisure Centre management and maintenance of Parks and Open spaces.
Economic development	Strong relationship with Local Enterprise Partnership (LEP) and Business Improvement Districts (BIDs).
Resident safety	Joint working on CCTV services with Thames Valley Police and neighbouring authorities.
Community grants	Wycombe provides grants to local voluntary organisations whose aims align with the council's corporate priorities (listed above). Includes grants paid by High Wycombe Town Committee. For example, grants are paid to Citizens Advice Bureau, Shopmobility, local performing arts organisations, and youth mentoring projects.

5. Governance

The political composition of the council, by number of elected councillors - known as Members - is:

- Conservatives 48
- Labour 6
- East Wycombe Independents 4
- Independent 1
- Liberal Democrats 1

The Council operates a 'Leader and Cabinet' model of governance. The Cabinet for Wycombe District Council has ten Members, including a Leader and a Deputy Leader. Each Member has a specific area of service responsibility (known as a "portfolio") and is accountable for that service's everyday decision-

making process. Their role is to draw up the annual budget and draft policies and strategies. All councillors meet together as the Full Council: the Council decides overall priorities and policies and sets the Council Tax. The Senior Management Board makes operational level decisions.

The Council's Annual Governance Statement is supported by a Local Code of Governance (referred to as the Code) which provides further explanation as to the Council's governance arrangements in place during 2019/20.

The Council's governance arrangements comply with the CIPFA/SoLACE Framework as summarised below.



The Council's Audit Committee supports the governance and compliance work streams of management and the auditors in relation to the annual financial statements.

6. Performance During 2019/20

The Council had a net approved revenue budget of £22m in the financial year to 31 March 2020.

Against a background of reducing government funding for local authorities, Wycombe has maintained its low council tax record through prudent financial management. The 2019/20 Band D Council tax was held at £136.99, 19th lowest from 192 district councils in England*.

*<https://www.gov.uk/government/statistics/council-tax-levels-set-by-local-authorities-in-england-2019-to-2020>

The table below shows net expenditure / income across services, and how it is funded.

Description	Budget £000'	Actual £000'	Carry Forwards £000'	Outturn incl c/fwd £000'	Variance incl c/fwd £000'
Community	2,588	2,129	99	2,228	-360
Environment	4,469	5,537	68	5,605	1,136
Economic Development & Regeneration	-4,161	-4,381	148	-4,233	-72
Planning & Sustainability	1,191	1,191	0	1,191	0
Digital Development & Customer Services	5,449	5,349	112	5,461	12
Housing	2,200	1,956	100	2,056	-144
Strategy & Communications	4,507	3,515	652	4,167	-340
Young People	78	70	0	70	-8
Finance	6,190	6,648	40	6,688	498
Net Cost of Service	22,511	22,014	1,219	23,233	722
Technical items					
Interest Receipt	-928	-1,164	0	-1,164	-236
Capital Financing Charges	-2,353	-2,332	0	-2,332	21
Net Movement to/(from) Reserve	-2,929	-2,902	-1,219	-4,121	-1,192
Revenue contribution to capital outlay	660	660	0	660	0
Total Corporate Items	-5,550	-5,738	-1,219	-6,957	-1,407
Budget Requirement	16,961	16,276	0	16,276	-685
Funded by					
Collection Fund surplus	-139	-139		-139	0
Business Rates	-5,820	-5,109		-5,109	711
New Homes Bonus	-1,535	-1,562		-1,562	-27
Net Expenditure before Council Tax	9,467	9,466	0	9,466	-1

The main reasons for service overspend is resulting from Waste Collection service due to increase in property growth and increased unitary costs above the amounts budgeted in Feb 2019 but within the total amount approved by the Shadow Executive.

Financial Context of the Council

Wycombe District Council manages cashflows and assets in excess of £320m by:

- Collecting over £74m of Business Rates. The Council only keep a small proportion of this.
- Collecting over £124m Council Tax each year for the Council and on behalf of the precepting authorities.
- Managing a £280m portfolio of land, buildings and other assets.
- Spending approximately £44m each year on Council services.
- Accounting for £23m per annum of fees, charges, rents and grant funding which are used to help deliver services.
- Proactively investing a cash Portfolio of £75m.
- The Council did not undertake any borrowing during the year and is debt free.

Capital Investment

In 2019/20 the Council invested £17.0m compared with £15.5m in 2018/19. This included the acquisition of, and initial design work on, the Brunel Shed (£0.9m) which will be renovated and brought back to life over the year; and Spade Oak Lake (£1.1m) where development options are being considered.

In terms of improving our sporting facilities, the Risborough Springs Swim and Fitness Extension was completed, (£1.1m), and refurbishment of the Court Garden Leisure Complex in Marlow (£1.8m) is substantially complete.

Other projects include completion of 'DesBox' (£0.6m), a suite of repurposed shipping containers into workshops and offices for small craft and design businesses, along with associated public realm works in the Baker Street area of High Wycombe. Design and preparation work for new Temporary Accommodation scheme continued (£1.3m), with contracts signed for the off-site manufacture of the modular units and purchase of land. The High Wycombe Town Masterplan (£1.7m), and the alternative link road development was also completed - all projects contribute to the regeneration of High Wycombe Town Centre.

In addition, the construction of the Wycombe Air Park (WAP) access road (£1.1m) was substantially completed, necessary to enable development of the entire WAP site; and Adaptation funding (£0.8m) was provided for eligible applicants to enable them to remain in their own homes.

The 2019/20 capital programme relates to around 60 schemes, including expansion of the Penn Road Cemetery, preparatory work on development sites such as the Princes Risborough Relief Road and Abbey Barn Lane, Cressex Island and Bellfield, town centre regeneration projects such as the Ottakers building, and a number of smaller, CIL-funded schemes, including contributions towards the cost of adaptations to GP surgeries and Holmer Green school expansion.

The Capital Expenditure has been funded from various sources, the major elements being reserves of £10.8m and Government Grants and Contributions of £6.2m.

7. Risk Management

A risk management strategy is in place to identify and evaluate risk. The Risk Management Strategy is presented to the Council's Audit Committee. There are clearly defined steps to support better decision making through the identification, evaluation and management of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and update.

The Council has in a place a Strategic Risk Register, which is overseen by the Senior Management Board and reported to the Council's Audit Committee. The Council's Audit Committee has responsibility for monitoring risk management performance and reviews reports every quarter.

8. Outlook

Local Government Reorganisation

On 1 November 2018 the Secretary of State for Housing Communities and Local Government announced a single unitary authority for Buckinghamshire replacing the existing 5 councils. The Buckinghamshire Council came into existence from 1 April 2020. The new council has replaced the local councils – Aylesbury Vale District Council, Buckinghamshire County Council, Chiltern District Council, South Bucks District Council and Wycombe District Council.

The new Buckinghamshire Council offers opportunities for Buckinghamshire to make positive changes for residents and communities across the county. There will be opportunities for the new Council to become more efficient and deliver improved services through programmes of combining and transforming services. These changes will save money for taxpayers, helping to create a simpler, stronger and better value county-wide council.

The implementation of Buckinghamshire Council has been overseen by the Shadow Authority which was formed in May 2019 under the Structural Change Regulations. The key role of Shadow Authority was to oversee the creation of the new Buckinghamshire Council and ensure a safe, legal transition for the existing councils. This involved a range of responsibilities, including setting a budget for the new council. This temporary authority was in place until after the elections to the new Council, which will now be in May 2021 due to the COVID-19 situation.

This means that 2019/20 was the final year for Wycombe District Council and therefore the final time that a specific Statement of Accounts will be produced.

Coronavirus 19 (COVID-19)

Since December 2019, the spread of COVID-19 has taken its toll on not just human life but businesses and financial markets around the globe, the extent of which is currently unknown. In March the World Health Organisation (WHO) announced COVID-19 outbreak to be a global pandemic.

Many countries and organisations are being forced to cease or limit operations for long or indefinite periods of time to contain the spread of the virus. This includes travel bans, quarantines, social distancing, and closures of non-essential services which has triggered significant disruptions to organisations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have and continue to respond with monetary and fiscal interventions to stabilise economic conditions. The UK was put into lockdown on 23 March by central government in an unprecedented step to attempt to limit the spread of coronavirus.

Impact on financial year 2019/20

For the financial year 2019/20, this has had marginal impact on Council's expenditure from additional costs in response to the pandemic and loss of income for the last few days of the financial year. In addition to this, the negative economic outlook and cash flow difficulties experienced by customers as a result of COVID-19 has been factored into the forecasts of future conditions, which has resulted in increases in impairment provisions on outstanding debts at this stage. These impacts have been reflected in the outturn position summarised in section 6 of the Narrative report.

Impact on future years

The disruption caused by this pandemic on the economy, businesses and individuals is currently unknown. Although, **Wycombe District Council** has ceased to exist all the functions have been transferred to the new Buckinghamshire Council. The majority of the impact will be in financial year 2020/21 which are unknown and yet to be quantified. Some of the main areas of risks are summarised below:-

1. Income - on revenue such as business rates, Council Tax, fees & charges, loan repayments, rent yields from investment properties and investment returns.
2. Expenditure - additional costs in response to the pandemic, growth in demand, increases in price from suppliers, as well as less tangible items such as delays to proposed savings plans as a result of staff being diverted to responding to immediate needs.
3. Working Capital – Impact on cash flow due to reduction in income and increase in expenditure.
4. Assets Valuations – The main impact on the Council is going to be the fair value of investment properties due to renegotiations of existing leases or increase in voids as businesses are not able to survive in the current and forthcoming economic conditions.
5. Liabilities Valuations (IAS 19) - The fall in financial markets and recession in the horizon is going to have an impact on the assumptions used in estimating the post-employment benefit liabilities.

The Ministry of Housing Communities and Local Government (MHCLG) has announced additional funding of £3.2 billion to support local government to meet additional costs arising from the pandemic. The Buckinghamshire Council allocation of this additional funding is £25.6m.

In this fast changing environment, the situation is still evolving rapidly. The Corporate Management Team and Cabinet Members receive regular reports on the likely impact on both lost income, additional expenditure and delays to savings plans.

Statement of Responsibilities

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 Council, that officer is the Service Director - Corporate Finance.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Service Director - Corporate Finance Responsibilities

The Service Director - Corporate Finance is responsible for the preparation of the Council'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 Service Director - Corporate Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the Local Authority Code

The Service Director - Corporate Finance 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 2020 and its income and expenditure for the year then ended.

Signed:

Service Director Corporate Finance

Date:

Richard Ambrose

Certificate of Approval – Chair of Audit Committee

Signed:

Chair of Audit Committee

Date:

Comprehensive Income and Expenditure Account

2018/19					2019/20		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		NOTE	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
4,135	(430)	3,705	Strategy and Communication		5,348	(1,578)	3,770
1,222	(103)	1,119	Economic Development and Regeneration		2,050	(245)	1,805
5,304	(2,398)	2,906	Community		665	(2,431)	(1,766)
3,543	(2,734)	809	Housing Services - General Fund		4,836	(2,704)	2,132
9,290	(4,665)	4,625	Environment		12,104	(4,889)	7,215
6,669	(3,119)	3,550	Planning		7,846	(3,074)	4,772
5,797	(32)	5,765	Digital Development and Customer Services		7,051	(93)	6,958
64	0	64	Young People		70	0	70
46,891	(44,257)	2,634	Finance and Resources		45,144	(38,496)	6,648
1,187	(336)	851	Non Distributed Costs		588	0	588
84,102	(58,074)	26,028	Cost of Services	6	85,702	(53,510)	32,192
		1,059	Other Operating Expenditure	7			1,086
		(11,401)	Financing & Investment Income & Expenditure	8			(6,111)
		(25,132)	Taxation & Non-Specific Grant Income	9			(27,758)
		(9,446)	(Surplus) on Provision of Services				(591)
		(11,795)	(Surplus) on Revaluation of Property, Plant and Equipment assets				(21,991)
		(5,610)	Actuarial (Gains) on Pension Assets / Liabilities	27b			(20,876)
		(17,405)	Other Comprehensive Income and Expenditure				(42,867)
		(26,851)	Total Comprehensive Income and Expenditure				(43,458)

Statement of Movements in Reserves

	General Fund Balance	Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Movement in Reserves 2018/19</u>							
Balance as at 31 March 2018	9,848	40,244	16,845	7,449	74,386	151,482	225,868
Movement in reserves during 2018/19							
Surplus on Provision of Services	9,446	0	0	0	9,446	17,405	26,851
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(5,114)	0	2,944	4,583	2,413	(2,413)	0
Transfers to/from Earmarked Reserves	(4,330)	(7,741)	0	0	(12,071)	12,071	0
Increase in 2018/19	2	(7,741)	2,944	4,583	(212)	27,063	26,851
Balance at 31 March 2019 carried forward	9,850	32,503	19,789	12,032	74,174	178,545	252,719
<u>Movement in Reserves 2019/20</u>							
Balance as at 31 March 2019	9,850	32,503	19,789	12,032	74,174	178,545	252,719
Movement in reserves during 2019/20							
Surplus on Provision of Services	591	0	0	0	591	42,867	43,458
Adjustments from income & expenditure charged under the accounting basis to the funding basis	(2,845)	0	4,288	179	1,622	(1,622)	0
Transfers to/from Reserves	1,255	(12,309)	170	44	(10,840)	10,840	0
Increase/(decrease) in 2019/20	(999)	(12,309)	4,458	223	(8,627)	52,085	43,458
Balance at 31 March 2020 carried forward	8,851	20,194	24,247	12,255	65,547	230,630	296,177

Balance Sheet as at 31 March 2020

31 March 2019 £'000		Note	31 March 2020	
			£'000	£'000
	NON-CURRENT ASSETS			
98,514	Property, Plant and Equipment	11a	126,674	
785	Heritage Assets		785	
138,290	Investment Properties	12b	144,485	
18	Intangible Assets		0	
5,000	Investments		0	
7,823	Long Term Debtors	14a	4,655	
250,430	TOTAL LONG TERM ASSETS			276,599
	CURRENT ASSETS			
432	Assets Held for Sale		432	
7,000	Investment Properties Held for Sale		3,921	
7,283	Available for Sale Investments		13,646	
55,552	Investments (Short Term)	14b	49,976	
14,723	Short Term Debtors	14c	14,019	
4,260	Cash and Cash Equivalents	14d	5,776	
89,250	TOTAL CURRENT ASSETS			87,770
339,680	TOTAL ASSETS			364,369
(766)	Finance Leases	14e	(123)	
(16,850)	Short Term Creditors & Receipts in Advance	14f	(15,350)	
(5,570)	Provisions	15	(4,962)	
(23,186)	TOTAL CURRENT LIABILITIES			(20,435)
316,494	TOTAL ASSETS LESS CURRENT LIABILITIES			343,934
	NON-CURRENT LIABILITIES			
(1,983)	Other Payables	16	(2,336)	
0	Provisions		(316)	
(61,792)	Liability related to Defined Benefit Pension Scheme	27c	(45,105)	
(63,775)				(47,757)
252,719				296,177

Balance Sheet as at 31 March 2020

31 March 2019 £'000		Note	31 March 2020 £'000	
			£'000	£'000
	FINANCED BY:			
	USABLE RESERVES			
9,850	General Fund Balance	17b	8,851	
32,503	Earmarked Reserves	17c	20,194	
19,789	Capital Receipts Reserve	17d	24,247	
12,032	Capital Grants Unapplied	17e	12,255	
74,174	TOTAL USABLE RESERVES			65,547
	UNUSABLE RESERVES			
204,871	Capital Adjustment Account	18b	215,902	
35,238	Revaluation Reserve	18c	56,417	
3,375	Deferred Capital Receipts	18d	4,126	
(61,792)	Pensions Reserve	18e	(45,105)	
(2,675)	Collection Fund Adjustment Account	18f	832	
(217)	Financial Instrument Adjustment Account	18g	(1,354)	
(255)	Accumulated Absences Reserve	18h	(188)	
178,545	TOTAL UNUSABLE RESERVES			230,630
252,719	TOTAL RESERVES			296,177

Signed

Service Director – Corporate Finance

Date:

Signed

Chair of Audit Committee

Date:

Cash Flow Statement for the Year Ended 31 March 2020

2018/19 Financial Activity in Year £'000		Note	2019/20 Financial Activity in Year £'000
(9,446)	Net (Surplus) on the Provision of Services		(591)
1,172	Adjustment to net (Surplus) on the provision of services for non cash movements	19a	(1,520)
90	Adjustment for items included in the net Deficit on the provision of services that are investing and financing activities	19a	1,670
(8,184)	Net Cash Used from Operating Activities	19a	(441)
16,884	Net Cash Used from Investing Activities	19b	(371)
6,351	Net Cash Used from Financing Activities	19c	(704)
15,051	Movement in Cash and Cash Equivalents		(1,516)
(19,311)	Cash and cash equivalents at the beginning of the reporting period		(4,260)
(4,260)	Cash and cash equivalents at the end of the reporting period		(5,776)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

A General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council 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 2019/20 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.

On 1st April 2020 all the functions and services along with its assets and liabilities of Wycombe District Council transferred to the New Council, under Local Government re-organisation. As the functions of the Council are continuing in Buckinghamshire Council it is appropriate for the accounts to be prepared on a going concern basis.

The Accounts have been prepared in accordance with the fundamental concepts: Going Concern; Primacy of Legislative Requirements and Accruals of Income and Expenditure.

B Accruals of Income and Expenditure

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 Council transfers significant risks and rewards of ownership to the purchase and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

Revenue from the provision of services is recognised when the Council 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 Council.

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 instruments, 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 a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service revenue account in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed each financial year.

D Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by charging 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 maintained purely for accounting purposes for non-current assets, financial instruments, collection fund, retirement and employee benefits and do not represent usable resources for the Council. Their use is governed by statutory and/or CIPFA guidance and are explained in the relevant policies.

E 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 benefits such 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. 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.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council 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 Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs of a restructuring which include the payment of termination benefits.

Post-Employment Benefits

The Local Government Pension Scheme

Employees of the Council are members of the Local Government Pension Scheme administered by Buckinghamshire County Council and 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 – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections or projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the Actuary (based on the market yields on high quality corporate bonds).

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 pension's liability is analysed into the following components:

- 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.
- Net Interest Cost – the expected change in the present value of net liabilities that arises from the passage of time, charged to the Financial and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Return on Assets – excluding amounts included in net interest on the net defined benefit liability, charged to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- 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 assumption, debited/credited to the Pensions Reserve.
- Contributions paid to 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 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 Council 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.

F Value Added Tax (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.

G Overheads

The cost of overheads and support services are managed separately, therefore these service segments are reported separately in accordance with the Council's arrangements for accountability and financial performance.

H Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences), are only recognised on the Balance Sheet when they are purchased or where internally developed and the Council can demonstrate that the asset will generate future economic benefits or deliver service benefits.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by Council meets this criterion, and they are therefore carried at amortised cost. Intangible assets are amortised over their useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted to the relevant service line 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 net loss on disposal of non-current assets 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.

I Property, Plant and Equipment (PPE)

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 PPE.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it increases the value of the asset and that it yields benefits to the council and the services it provides for more than one financial year.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bring 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, plan, 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.

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 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.

Where decreases in value 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 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.

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, any impairment loss is recognised for the shortfall.

When impairment losses are identified, they are accounted for in the same way as revaluation decreases.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold and certain Community Assets), and assets that are not yet available for use (i.e. assets under construction). Newly acquired or completed assets are depreciated in the year following acquisition or completion.

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

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 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. Accounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

J Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make a Minimum Revenue Provision (MRP) from revenue towards the reduction in its overall borrowing requirement.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two methods.

K 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. 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.

L Lease Classification

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 Council 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 Council 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
- 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 Council at the end of the lease period).

The Council 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 transferred to the Capital Adjustment Account in the Movement in Reserves Statement so that there is no charge against Council Tax.

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.

The Council as Lessor

Finance Leases

Where the Council 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 is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement 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).
- Finance income credited to the Comprehensive Income and Expenditure Statement.

The gain (Disposal Value less the lease debtor) is not permitted by statute to have an impact on the General Fund Balance. The gain is treated as a capital receipt. Where a premium has been received this is posted to the Capital Receipts Reserve. Where the amount due in relation of the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Statement to Deferred Capital Receipts Reserve. 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 and the deferred capital receipts are transferred to the Capital Receipt Reserve.

Operating Leases

Where the Council 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 on a straight-line basis to the Comprehensive Income and Expenditure Statement.

Implementation of IFRS 16

The 2020/21 CIPFA Code of Practice is expected to fully adopt IFRS 16 Leases. Where the Council is a Lessee, the separate categories of Operating and Finance Leases and will require that a right-of-use asset be recognised for all leases with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. The impact where the Council is a Lessor is not expected to result in substantial changes.

M Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at the 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 rates 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 three types as summarised below:

Gains/losses on the pooled investments are reversed through the Movement in Reserves Statement from the General Fund Balance to Fair Value gains and losses so there is no impact on the Council Tax.

Category	Balance Sheet treatment	CIES treatment
Amortised Cost	Amortised cost	Movements in amortised cost debited/credited to the surplus or deficit on the provision of services
Fair Value through profit & loss (FVTPL)	Fair Value	All gains and losses posted to surplus or deficit on the provision of services
Fair Value through other comprehensive income (FVOCI)	Fair Value	Movements in amortised cost debited/credited to the surplus or deficit on the provision of services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure

N Government Grants and Contributions

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

The Council will comply with the conditions attached to the payments; and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that must be met by the recipient as specified, or the grant must be repaid.

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

Where revenue grants that have been credited to the Comprehensive Income and Expenditure Statement are intended to meet specific service expenditure that has not yet been incurred, an equivalent amount is transferred from the General Fund Balance to an Earmarked Reserve in the Statement of Movement in Reserves. A transfer back is made in future years to match expenditure as it is incurred.

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

O Community Infrastructure Levy (CIL)

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

P Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 1 month from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Q 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, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Where a change in accounting policies 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.

R 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 valued internally according to market conditions at the end of the year.

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. 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.

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

S Heritage Assets

Heritage assets consist solely of the Council's museum collection consisting of fine art and furniture. The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. when 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 Council's general policies on impairment.

The museum holds a small number of valuable paintings including in particular one by Joachim Wtewael of Lazarus Rising from his sick bed and one by John Hamilton Mortimer of St Thomas preaching to the Ancient Britons. The museum collection of chairs and other furniture comprises over 300 items and is the most comprehensive collection of Thames valley chairs in the UK. Notable among items is the so called Pitt Chair bought for £25,000 from a private dealer with grant in 2007. The Dutch Casket, a stumpwork casket is one of less than 100 in the UK and represents one of the museum's most significant treasures. It is held in reserve collections because of its vulnerability to light damage in the present museum displays.

T Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. Two types of events can be identified:

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

U Materiality and Exceptional Item of Income and Expense

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.

V 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.

W 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.

X Accounting for Council Tax and Non-Domestic Rates (NDR)

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 NDR.

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

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

The Balance Sheet recognises debtors for unpaid Council Tax and NDR, 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 NDR income received.

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2020 for 2019/20). Disclosure requirements are expected to be included in a subsequent edition of the Code.

Changes in the 2019/20 Code of Practice that will be introduced in future versions of the accounts include:

- IFRS 16 Leases
- Amendments to IAS28 Investments in associates and Joint Ventures : Long-term interests in Associates and Joint Ventures
- Annual improvement to IFRS standards 2015-2017 cycle
- Amendments to IAS 19 Employee Benefits : Plan Amendment, Curtailment or Settlement

3. Critical Judgements in applying Accounting Policies

In applying the accounting policies, the council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is the level of uncertainty about future levels of funding for local government and the impact on Council finances due to COVID-19. The Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures, which are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made, taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumption and estimates. The items in the Council's Balance Sheet at 31 March 2020, 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	The Council must meet its relevant share of backdated business rate appeals. A provision has been made within the accounts, utilising Valuation Office data and the analysis of successful appeals to date as at the end of the reporting period.	If the refunds payable are higher than the provision, the difference will reduce the balance on the Collection Fund and reduce the Council's share of business rates income in future years.
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 assumption to be applied.	The assumptions used are reviewed yearly in respect of the calculation of the net liability and triennially in respect of the Council's contributions rate. Changes in assumptions may increase the net liability and future pension costs.
Property, Plant, Equipment and Investment Property	Assets are depreciated over useful lives that are dependent on assumptions about the levels of repairs and maintenance that will be incurred in relation to individual assets. Assets are subject to a 5 year rolling valuation and assumptions are made by the specialist valuer regarding market indicators and other data available to assess an asset's value	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls A fall in value of the Council's asset would impact on the net worth of the Council, however would not impact on the Council's usable balances.
Provisions	Provisions are estimated on the basis of current knowledge of the amount that will eventually be paid. It is possible that the amounts eventually paid may be more than expected.	If future liabilities exceed the amounts set aside, the additional amounts would have to be met from the Council's general fund.
Debts	Provisions have been made for debt owed to the Council for which payment is doubtful. In the current economic climate, it is not certain that the amount provided for will be adequate.	Provisions may not be adequate where there is a deterioration in collection rates caused by default i.e. debtors not being able to pay the amounts they owe the Council. These additional costs of default would have to be met from the Council's general fund.

5. Events after the Balance Sheet Date

Local Government Reorganisation: On 1st April 2020 all the functions and services along with its assets and liabilities of **Wycombe District Council** transferred to the New Council, under Local Government reorganisation. As the functions of the Council are continuing in Buckinghamshire Council it is appropriate for the accounts to be prepared on a going concern basis.

COVID 19 : As the UK was put into lockdown on 23rd March 2020, just days before the financial year end, the impact on 2019/20 accounts has been marginal in respect of loss of income and additional costs. These losses and costs are already reflected in the 2019/20 accounts.

The majority of the impact will be in financial year 2020/21 which are yet to be quantified and unknown. The duration and severity of these consequences, effectiveness of government and central bank responses, remains unclear at this time. Therefore it is not possible to reliably estimate the impact on the financial position and performance of the Council for future periods. The Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position for the year ended 31 March 2020 has not been adjusted to reflect their impact.

As a Local Government body, the Council provides statutory and vital services to its residences which will continue for the foreseeable future. The MHCLG have already announced additional funding to meet the costs arising from COVID19 and has made commitment to support the Local Government through this process. In addition to this Corporate Management Team and Cabinet Members are lobbying Central Government, in order to ensure the continued financial sustainability of Buckinghamshire Council. The Buckinghamshire Council cannot be dissolved without statutory prescription and therefore the functions of the **Wycombe District Council** will continue in the new Council. Hence, it is appropriate for the accounts to be prepared on a going concern basis.

NOTES TO COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how funding available to the authority 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 analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

	Net expenditure chargeable to GF Balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
	£'000	£'000	£'000
2019/20			
Strategy and Communication	3,515	255	3,770
Economic Development and Regeneration	(4,381)	6,186	1,805
Community	2,129	(3,895)	(1,766)
Housing Services - General Fund	1,956	176	2,132
Environment	5,537	1,678	7,215
Planning	1,191	3,581	4,772
Digital Development and Customer Services	5,349	1,609	6,958
Young People	70	0	70
Finance and Resources	6,647	1	6,648
Non Distributed Costs	0	588	588
Net cost of services	22,013	10,179	32,192
Other income and expenditure	(22,014)	(10,769)	(32,783)
Surplus	(1)	(590)	(591)
Opening General Fund Balance at 31st Mar 2018	(9,850)		
(Surplus) on General Fund Balance	999		
Closing General Fund Balance at 31st Mar 2019	(8,851)		
2018/19			
Strategy and Communication	3,008	697	3,705
Economic Development and Regeneration	(4,538)	5,657	1,119
Community	2,343	563	2,906
Housing Services - General Fund	1,387	(578)	809
Environment	5,331	(706)	4,625
Planning	1,425	2,125	3,550
Digital Development and Customer Services	5,454	311	5,765
Young People	64	0	64
Finance and Resources	1,485	1,149	2,634
Non Distributed Costs	0	851	851
Net cost of services	15,959	10,069	26,028
Other income and expenditure	(15,961)	(19,513)	(35,474)
Surplus	(2)	(9,444)	(9,446)
Opening General Fund Balance at 31st Mar 2017	(9,848)		
(Surplus) on General Fund Balance	(2)		
Closing General Fund Balance at 31st Mar 2018	(9,850)		

6a Note to the EFA – Adjustments between funding and accounting basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Adjustments	Total Adjustments
2019/20	£'000	£'000	£'000	£'000
Strategy and Communication	0	246	9	255
Economic Development and Regeneration	200	8	5,978	6,186
Community	(4,288)	129	264	(3,895)
Housing Services - General Fund	(38)	214	0	176
Environment	1,311	215	152	1,678
Planning	2,854	538	189	3,581
Digital Development & Customer Services	1,246	373	(10)	1,609
Finance and Resources	0	413	(412)	1
Non Distributed Costs	0	588	0	588
Net Cost of Services	1,285	2,724	6,170	10,179
Other income and expenditure from the Funding Analysis				(10,769)
Difference between General Fund surplus and CIES Surplus				(590)
2018/19	£'000	£'000	£'000	£'000
Strategy and Communication	404	293	0	697
Economic Development and Regeneration	54	113	5,490	5,657
Community	117	228	218	563
Housing Services - General Fund	(821)	243	0	(578)
Environment	(847)	141	0	(706)
Planning	1,597	528	0	2,125
Digital Development & Customer Services	0	311	0	311
Finance and Resources	0	273	876	1,149
Non Distributed Costs	0	851	0	851
Net Cost of Services	504	2,981	6,584	10,069
Other income and expenditure from the Funding Analysis				(19,513)
Difference between General Fund surplus and CIES Surplus				(9,444)

7. Other Operating Expenditure

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

31 Mar 19 £'000		31 Mar 20 £'000
2,751	Payment of Precepts to Parishes	2,755
(1,692)	Gains on the disposal of non-current assets	(1,669)
1,059	Total	1,086

8. Financing and Investment Income and Expenditure

31 Mar 19 £'000		31 Mar 20 £'000
86	Interest Payable and Similar Charges	53
5,376	Pension adjustment - Interest Cost	5,090
(3,802)	Pension Adjustment - Expected return on assets	(3,624)
(905)	Interest Receivable and Similar Income	(1,173)
(223)	Fair Value Adjustment in Financial Instruments	1,136
(11,933)	Income and expenditure in relation to investment properties and changes in their fair value	(7,593)
(11,401)	Total	(6,111)

9. 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 non-specific 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 19 £'000		31 Mar 20 £'000
(12,662)	Council Tax	(12,641)
1,937	Collection Fund Adjustment Account	(3,507)
(1,560)	New Homes Bonus	(1,562)
(117)	Revenue Support Grant	0
(2,493)	Non-Domestic Rates	(2,496)
(3,649)	Government Grants (not applicable to Specific Services)	(2,612)
(1,437)	Capital Grants and Contributions	(1,645)
(5,151)	Community Infrastructure Levy	(3,295)
(25,132)	Total	(27,758)

NOTES TO STATEMENT OF MOVEMENT IN RESERVES

10a. Adjustments between accounting basis and funding basis under Regulations 2019/20

	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 Depreciation & Amortisation	3,412	0	0	3,412	(3,412)
Reversal of Impairment of Assets	(5,503)	0	0	(5,503)	5,503
Reversal of Revenue expenditure funded from Capital under Statute	8,133	0	0	8,133	(8,133)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(6,349)	0	3,799	(2,550)	2,550
Application of Capital Grants and Contribution to finance Capital Expenditure	0	0	(3,620)	(3,620)	3,620
Reversal of Movement in Market Value of Investment Properties	(1,665)	0	0	(1,665)	1,665
Statutory Provision for the Repayment of Debt	(953)	0	0	(953)	953
Items impacting Usable Capital Receipts Reserve					
Net gain on sale or disposal of Long Term Assets	(1,670)	3,183	0	1,513	(1,513)
Cash payment for Deferred Capital Receipt	0	1,105	0	1,105	(1,105)
Items impacting Pension Reserve					
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,650)	0	0	(1,650)	1,650
Reversal of Net charges made for pensions- current Service cost	4,373	0	0	4,373	(4,373)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,466	0	0	1,466	(1,466)
Items impacting Other Reserves					
Council's share of Movement in Collection Fund Deficit	(3,508)	0	0	(3,508)	3,508
Accumulated Absence	(67)	0	0	(67)	67
Reversal of unrealised losses on Available for Sale Investment	1,136	0	0	1,136	(1,136)
TOTAL Adjustments between accounting basis & funding basis under regulations 2019/20	(2,845)	4,288	179	1,622	(1,622)

10b. Adjustments between accounting basis and funding basis under Regulations 2018/19

	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 Depreciation & Amortisation	2,442	0	0	2,442	(2,442)
Reversal of Impairment of Assets	104	0	0	104	(104)
Reversal of Revenue expenditure funded from Capital under Statute	2,978	0	0	2,978	(2,978)
Capital Grants Unapplied reversed to Grants Unapplied Reserve	(8,050)	0	5,921	(2,129)	2,129
Application of Capital Grants and Contribution to finance Capital Expenditure	0	0	(1,338)	(1,338)	1,338
Reversal of Movement in Market Value of Investment Properties	(6,503)	0	0	(6,503)	6,503
Statutory Provision for the Repayment of Debt	(991)	0	0	(991)	991
Items impacting Usable Capital Receipts Reserve					
Net gain on sale or disposal of Long Term Assets	(1,692)	2,894	0	1,202	(1,202)
Cash payment for Deferred Capital Receipt	0	50	0	50	(50)
Items impacting Pension Reserve					
Employer's contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	(1,611)	0	0	(1,611)	1,611
Reversal of Net charges made for pensions- current Service cost	4,914	0	0	4,914	(4,914)
Reversal of Net charges (pensions - Past Service cost & financing items)	1,574	0	0	1,574	(1,574)
Items impacting Other Reserves					
Council's share of Movement in Collection Fund Deficit	1,937	0	0	1,937	(1,937)
Accumulated Absence	7	0	0	7	(7)
Reversal of unrealised losses on Available for Sale Investment	(223)	0	0	(223)	223
TOTAL Adjustments between accounting basis & funding basis under regulations 2018/19	(5,114)	2,944	4,583	2,413	(2,413)

NOTES TO BALANCE SHEET

11a Movement of Property, Plant and Equipment 2019-20

	Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Assets Under Construction	Infrastructure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2019	85,988	19,750	1,646	100	1,581	6,734	115,799
Reversal of accumulated depreciation on revaluation	(932)	0	0	0	0	0	(932)
Additions	1,459	109	0	0	2,491	0	4,059
Revaluation increases / (decreases) recognised in the Revaluation Reserve	21,677	0	315	0	0	0	21,992
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	5,679	0	0	0	0	0	5,679
Disposal	(175)	0	0	0	0	0	(175)
Other Transfers	0	(438)	0	0	438	0	0
At 31 March 2020	113,696	19,421	1,961	100	4,510	6,734	146,422
Accumulated Depreciation							
At 1 April 2019	(1,219)	(15,418)	0	0	0	(648)	(17,285)
Reversal of accumulated depreciation on revaluation	932	0	0	0	0	0	932
Depreciation Charge	(1,867)	(1,300)	(5)	0	0	(226)	(3,398)
Depreciation on Disposal	3	0	0	0	0	0	3
At 31 March 2020	(2,151)	(16,718)	(5)	0	0	(874)	(19,748)
Balance Sheet Value at 31 March 2020	111,545	2,703	1,956	100	4,510	5,860	126,674
Balance Sheet Value at 1 April 2019	84,769	4,332	1,646	100	1,581	6,086	98,514

11b Movement of Property, Plant and Equipment 2018-19

	Land & Buildings	Vehicle, Plant & Equip	Community Assets	Surplus Assets	Assets Under Construction	Infrastructure Assets	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2018	74,832	19,518	1,205	100	1,712	6,490	103,857
Reversal of accumulated depreciation on revaluation	(1,205)	0	0	0	0	0	(1,205)
Additions	103	582	363	0	847	244	2,139
Revaluation increases / (decreases) recognised in the Revaluation Reserve	11,716	0	78	0	0	0	11,794
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the provisions of services	(63)	0	0	0	0	0	(63)
Disposal	(220)	0	0	0	0	0	(220)
Other Transfers	825	(350)	0	0	(978)	0	(503)
At 31 March 2019	85,988	19,750	1,646	100	1,581	6,734	111,545
Accumulated Depreciation							
At 1 April 2018	(1,675)	(13,988)	0	0	0	(432)	(16,095)
Reversal of accumulated depreciation on revaluation	1,205	0	0	0	0	0	1,205
Depreciation Charge	(692)	(1,502)	0	0	0	(216)	(2,410)
Depreciation Transfer	(57)	72	0	0	0	0	15
At 31 March 2019	(1,219)	(15,418)	0	0	0	(648)	(17,285)
Balance Sheet Value at 31 March 2019	84,769	4,332	1,646	100	1,581	6,086	98,514
Balance Sheet Value at 1 April 2018	73,157	5,530	1,205	100	1,712	6,058	87,762

11c Revaluations

Valuation Process for Non-Current Assets

The Council has a rolling programme that ensures all Property, Plant and Equipment is measured at current value and is revalued at least every five years. The Council's Operational Assets are valued externally by Wilkes Head and Eve and the Investment Properties are valued by the internal valuer except for Eden Centre and Tesco which are valued by Colliers International. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The significant assumptions applied in estimating the current values are:

- Market Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- Existing Use Value – as above but including an assumption that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.
- Depreciated Replacement Cost – has been used to arrive at Existing Use Value where specialised property is valued. It is the least cost of purchasing the remaining service potential of the asset at the date of valuation.

The Council revalued £87m of Land and Buildings in 2019/20 which is approximately 78% of the Council overall Gross Book value of the assets held in Land and Buildings.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" in March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date, Wilks Head and Eve, consider that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that all are faced with an unprecedented set of circumstances on which to base a judgement.

Therefore the valuations are reported on the basis of 'material valuation uncertainty' as per the Valuation Technical and Performance Standards (VPS 3) and the Material Valuation Uncertainty Standard (VPGA 10) of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommended that the valuations of assets are kept under frequent review.

Further details at <https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/valuation-coronavirus>.

	Land & Buildings £'000	Vehicle, Plant & Equip £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Infrastructure Assets £'000	Total Assets £'000
Valued at current value as at:							
Historical cost	1,509	2,703	465	100	4,510	5,860	15,147
31 st March 2020	87,266	0	421	0	0	0	87,687
31 st March 2019	22,173	0	447	0	0	0	22,620
31 st March 2018	597	0	623	0	0	0	1,220
31 st March 2017	0	0	0	0	0	0	0
31 st March 2016	0	0	0	0	0	0	0
Total	111,545	2,703	1,956	100	4,510	5,860	126,674

11d 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.

12 Investment Properties and Surplus Assets

12a Revaluation of Investment Properties

Investment properties are valued internally. These are valued annually with full valuation for one fifth of the portfolio and desktop review for the remaining portfolio supplemented by full valuation where appropriate to ensure they are stated at fair value at the balance sheet date.

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 Gains or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

12b Movement of Investment Properties

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

31 Mar 19 £'000		31 Mar 20 £'000
	Cost or valuation	
130,504	At 1 April year start	138,290
2,994	Additions - acquisitions	1,921
7,386	Additions - subsequent expenditure	2,729
6,503	Revaluation increases recognised in the Surplus / Deficit on the provisions of services	1,665
(2,600)	Derecognition - Disposals	(120)
(6,497)	Transfers	0
138,290	Balance at 31 March	144,485

12c 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 19 £'000		31 Mar 20 £'000
(6,293)	Rental and Other income from Investment Properties	(6,934)
(6,503)	Change in Fair Value of Investment Properties	(1,665)
863	Operating expenses arising from Investment property	1,006
(11,933)	Surplus on Investment properties	(7,593)

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

12d Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy, as at 31st March 2020, are as follows:

Fair value as at 31 Mar 19 £'000	Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 Mar 20 £'000
1,166	Residential Properties	0	1,166	0	1,166
4,196	Car Parks	4,160	0	0	4,160
132,928	Commercial Units	0	139,159	0	139,159
138,290	TOTAL	4,160	140,325	0	144,485

13 Capital Expenditure, Financing & 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 19 £'000		31 Mar 20 £'000
5,879	Opening Capital Finance Requirement	4,889
	Capital Investment	
2,180	Property, Plant and Equipment	4,059
10,380	Investment Properties	4,650
0	Assets Held for Sale	172
2,978	Revenue Expenditure Funded from Capital Under Statute	8,133
15,538		17,014
	Sources of Finance	
(3,467)	Government grants and other contributions	(6,169)
(990)	Minimum Revenue Provision	(952)
(12,071)	Sums set aside	(10,845)
(16,528)		(17,966)
(990)	Total in year movement in Capital Financing Requirement	(952)
4,889	Closing Capital Finance Requirement	3,937
	The net movement in the year is represented by:	
(990)	(Decrease) in underlying need to borrow	(952)
(990)	Total in year movement in Capital Financing Requirement	(952)

13a Capital Commitments as at 31st March 2020

The Capital Commitments as at 31st March 2020 by Service are shown in the table below:

31-Mar-19 £'000	Service Area	31-Mar-20 £'000
132	Community	403
2,078	Economic Development & Regeneration	1,467
0	Environment	38
309	Housing	174
394	Digital Development & Customer Services	243
2,561	Planning	1,275
5,474	Total	3,600

14 Financial Instruments – Balances

14a Debtors – Long-term

31 Mar 19 £'000		Movement in Year £'000	31 Mar 20 £'000
6,044	Red Kite Community Housing (RKCH)*	(3,022)	3,022
1,296	Rent to Mortgage	(148)	1,148
475	Finance Lease - Needham Place	(2)	473
8	Other Long Term debtors	4	12
7,823	Total	(3,168)	4,655

Note: *The RKCH balance relates to the VAT shelter cash flow mechanism, part of the housing stock transfer agreement, which is due to be repaid by the end of 2021.

14b Investments - Short Term

31 Mar 19 £'000		Movement in Year £'000	31 Mar 20 £'000
55,552	Loans and receivables	(5,577)	49,976

14c Debtors – Short-term

31 Mar 19		Movement	31 Mar 20
£'000		in Year	£'000
		£'000	
9,136	Other Entities and Individuals	854	9,990
(312)	Provision for Impairment	(115)	(427)
8,824	Total Financial Instruments definition	739	9,563
	Business Rates:		
1,142	Gross Arrears of Tax	950	2,092
(823)	Provision for Impairment - Tax	(134)	(957)
	Council Tax:		
911	Gross Arrears of Costs	77	988
(870)	Provision for Impairment - Costs	0	(870)
839	Gross Arrears of Tax	(162)	677
(573)	Provision for Impairment - Tax	(143)	(716)
	Housing Benefits:		
5,571	Gross Arrears of Overpayments	(219)	5,352
(4,243)	Provision for Impairment	(19)	(4,262)
2,743	Central Government Bodies	(1,041)	1,702
1,202	Other Local Authorities	(752)	450
14,723	Total	(704)	14,019

14d Cash and Cash Equivalents

31 Mar 19		Movement	31 Mar 20
£'000		in Year	£'000
		£'000	
(364)	Bank Current Account**	(4,447)	(4,811)
4,624	Short Term Deposits	5,963	10,587
4,260	Total	1,516	5,776

* The Council held cash balances on behalf of various trusts which is deducted from the current bank account figure as summarised in the table below.

31 Mar 19		31 Mar 20
£'000		£'000
(115)	Griffiths, Lincolnshire & Thomas Trust	(116)
(41)	Rutland Trust	(41)
(172)	Higginson Park Trust	(434)
(328)	Total	(591)

14e Borrowing - Short Term

31 Mar 19		Movement in Year	31 Mar 20
£'000		£'000	£'000
(766)	Embedded Finance Lease (waste contract)	643	(123)

14f Creditors – Short-term

31 Mar 19		Movement in Year	31 Mar 20
£'000		£'000	£'000
(5,685)	s106 Developer Contributions	548	(5,137)
(1,296)	Receipts in Advance	(114)	(1,410)
(3,966)	Other Entities and Individuals	2,123	(1,843)
(10,947)	Total Financial Instruments Definition	2,557	(8,390)
	Government Items		
(419)	Central Government Bodies	(402)	(821)
(3,873)	Other Local Authorities	(1,090)	(4,963)
(1,611)	Council Tax & NDR	435	(1,176)
(16,850)	Total	1,500	(15,350)

15 Provisions

31 Mar 19		Movement in Year	31 Mar 20
£'000		£'000	£'000
(416)	Insurance Provision	(43)	(459)
(3,004)	NDR Appeals Provision (WDC's share)	1,652	(1,352)
(40)	Legal	(23)	(63)
0	Employee - Short Term	(315)	(315)
(2,110)	Asbestos Provision	(663)	(2,773)
(5,570)	Total	609	(4,962)

16 Other Payables

31 Mar 19		Movement in Year	31 Mar 20
£'000		£'000	£'000
(861)	Embedded Finance Lease (waste contract)	123	(738)
(1,122)	Community Infrastructure Levy (parishes)	(476)	(1,598)
(1,983)	Total	(353)	(2,336)

17. Usable Reserves

17a Movement in Reserves

31 Mar 19 £'000		Note	Movement in Year £'000	31 Mar 20 £'000
9,850	General Fund	17b	(999)	8,851
32,503	Earmarked Reserves	17c	(12,309)	20,194
19,789	Usable Capital Receipts	17d	4,458	24,247
12,032	Capital Grants Unapplied	17e	223	12,255
74,174	Balance at 31 March		(8,627)	65,547

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

17b General Fund

31 Mar 19 £'000		31 Mar 20 £'000
9,848	Balance at 1 April	9,850
9,446	Surplus on Provision of services	591
(5,114)	Adjs between accounting & funding basis under regulation	(2,845)
7,741	Transfers (to) Earmarked & Capital Reserves	12,095
(12,071)	Transfer to Unusable Reserves	(10,840)
2	Fund Surplus for the year	(999)
9,850	Balance at 31 March	8,851

17c Earmarked Usable Reserves

Earmarked Reserve Description	Balance at 1 April 2019 £'000	Additions in year 2019/20 £'000	Used in year 2019/20 £'000	Balance at 31 March 2020 £'000
Revenue Development Reserve (RDR)	13,283	1,122	(11,845)	2,560
Repairs & Renewals Fund	4,108	156	(907)	3,357
Transformation	660	0	(100)	560
Insurance Funds	1,349	0	(250)	1,099
Planning Delivery, LAGBI & Local Dev	684	18	(200)	502
DWP Appropriation	1,301	0	0	1,301
Special Expenses	1,096	0	(107)	989
Business Rates Adjustment Reserve	4,856	163	(1,000)	4,019
Business Rates Equalisation Fund	763	0	(763)	0
Capital Feasibility	1,371	1,127	(1,194)	1,304
Other	3,032	3,615	(2,144)	4,503
TOTAL EARMARKED RESERVES	32,503	6,201	(18,510)	20,194

17d 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' capital expenditure.

31 Mar 19 £'000		31 Mar 20 £'000
16,845	Balance at 1 April	19,789
2,894	Proceeds from sale of non-current assets	3,353
50	Capital Receipt from Deferred Capital Receipts Reserve	1,105
19,789	Balance at 31 March	24,247

17e Capital Contributions and Grants Unapplied

Where Capital Grants, that have no condition 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.

31 Mar 19 £'000		31 Mar 20 £'000
7,449	Balance at 1 April	12,032
3,813	Capital Grants from Community Infrastructure Levy	(211)
770	Disabled Facility Grants	434
12,032	Balance at 31 March	12,255

18 Unusable Reserves

18a Movement in Reserves

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

31 Mar 19 £'000		Note	31 Mar 20 £'000
204,871	Capital Adjustment Account	18b	215,902
35,238	Revaluation Reserve	18c	56,417
3,375	Deferred Capital Receipts Reserve	18d	4,126
(61,792)	Pensions Reserve	18e	(45,105)
(2,675)	Collection Fund Adjustment Account	18f	832
(217)	Financial Instruments Adjustment Account	18g	(1,354)
(255)	Accumulated Absences Reserve	18h	(188)
178,545	Total Unusable Reserves		230,630

18b 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.

31 Mar 19 £'000		31 Mar 20 £'000
189,681	Balance at 1 April	204,872
(2,409)	Depreciation on Property, Plant & Equipment	(3,394)
(33)	Amortisation of Intangible Assets	(18)
(160)	Asset Impairment	(2,994)
56	Upward Revaluation to CIES	8,674
(2,978)	Revenue Expenditure Funded from Capital under Statute	(8,133)
(2,805)	Non-current assets written off on disposal	(3,370)
0	Decommission of Assets	(177)
488	Revaluation Reserve on Decommission & Transfer of assets	812
(7,841)	Net written out amount of the cost of non-current assets consumed in the year	(8,600)
12,071	Resources set aside to finance capital expenditure	10,844
3,467	Revenue Reserves	6,169
991	Grants & Contributions Applied	952
16,529	Total Financing Items	17,965
6,503	Movements in Market Value of Investment Properties	1,665
204,872	Balance at 31 March	215,902

18c 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 accumulate 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 19 £'000		31 Mar 20 £'000
23,932	Balance at 1 April	35,238
13,712	Upward revaluation of assets	24,378
(1,917)	Revaluation decrease	(2,387)
35,727	Surplus/(Deficit) on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	57,229
(283)	Difference between fair value depreciation and historical cost depreciation	(721)
(206)	Decomission, Transfer and Disposal of assets	(91)
35,238	Balance at 31 March	56,417

18d 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 financial 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 19 £'000		31 Mar 20 £'000
1,821	Balance at 1 April	3,375
(50)	Transfer to the Capital Receipts Reserve upon receipt of cash for items disposed in prior years	(1,105)
1,604	Deferred Capital Receipts	1,856
3,375	Balance at 31 March	4,126

18e 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 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 19 £'000		31 Mar 20 £'000
(62,525)	Balance at 1 April	(61,792)
3,191	Actuarial Gain on Pension Assets and Liabilities	23,463
1,611	Employer contributions plus benefits paid direct to beneficiaries	1,650
2,419	Return on assets excluding amounts included within net interest	(2,587)
(6,488)	Reversal of IAS19 entries charges to the CIES - transferred to the Pensions Reserve	(5,839)
(61,792)	Balance at 31 March	(45,105)

18f 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 19 £'000		31 Mar 20 £'000
(739)	Balance at 1 April	(2,675)
739	Reversal of balance brought forward	2,675
(2,841)	In-year Non-Domestic Rates (deficit) movement	807
166	In-year Council Tax surplus movement	25
(2,675)	Balance at 31 March	832

18g Financial Instrument Adjustment Account

31 Mar 19 £'000		31 Mar 20 £'000
(439)	Balance brought forward at 1 April	(217)
222	Net change in Fair Value	(1,137)
(217)	Balance carried forward at 31 March	(1,354)

18h Accumulated Absence

31 Mar 19 £'000		31 Mar 20 £'000
(248)	Balance brought forward at 1 April	(255)
(7)	Net change in accrual occurring in current year	67
(255)	Balance carried forward at 31 March	(188)

NOTES TO CASH FLOW STATEMENT

19 Cash Flow

19a Cash Flows from Operating Activities

2018/19 Financial Activity in Year £'000		2019/20 Financial Activity in Year £'000
(9,446)	(Surplus) on the Provision of Services	(591)
	Adjust net surplus on the provision of services for non cash movements:	
(2,443)	Depreciation & Amortisation	(3,412)
(104)	Impairment	5,503
(4,877)	Pension Liability	(4,189)
6,503	Movement in Investment Property Values	1,665
278	(Increase) / Decrease in Impairment Provision for bad debts	(411)
3,290	Increase / (Decrease) in Creditors (excluding Collection Fund Agencies)	3,282
2,176	(Increase) / Decrease in Debtors (excluding Impairment Provision & Collection Fund Agencies)	(1,082)
(552)	(Increase) / Decrease in Provisions	292
(3,137)	(Increase) / Decrease in Long Term Debtors	(3,168)
38	Other Non-Cash Movements	0
1,172	Sub-Total Adjustments for Non-cash Movements	(1,520)
	Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:	
90	Adjust for profit upon sale of assets (offset to proceeds shown in investment section below)	1,670
(8,184)	Total Cash Flows from Operating Activities	(441)

19b Cash Flows from Investing Activities

2018/19 Financial Activity in Year £'000		2019/20 Financial Activity in Year £'000
12,519	Purchase of Assets	8,881
(2,894)	Proceeds from the Sale of Assets	(5,038)
(8,000)	Purchase/(Sale) of Long Term Investment	(5,000)
15,259	Purchase / (Sale) of Temporary Investments	786
16,884	Total Cash Flows from Investing Activities	(371)

19c Cash Flows from Financing Activities

2018/19 Financial Activity in Year £'000		2019/20 Financial Activity in Year £'000
96	(Increase) / Decrease in Debtors (Collection Fund Agencies)	788
6,255	(Increase) / Decrease in Creditors (Collection Fund Agencies)	(1,492)
6,351	Total Cash Flows from Financing Activities	(704)

MEMORANDUM NOTES

20 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 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 2019/20 was £642,774 (£590,722 in 2018/19). The increase in total expenditure is due to an increase in Members Allowance approved by the Council in July 2016.

21 Officers' remuneration (including termination benefits)

21a Senior Employee Remuneration

The remuneration of senior employees, defined as those who are Heads of Service, Directors, the Chief Executive and those holding statutory posts, or those whose remuneration is £150,000 or more per year, was as set out above. In addition to the below payments, the Council have engaged an interim agency senior executive to cover the vacant role of Corporate director from 01/04/2019 to 31/07/2019 and Interim Chief Executive from 01/08/2019 to 31/03/2020. The total cost for the financial year is £225,653.

2019/20	Salary (Including fees & allowance)	Benefit in Kind	Total Remuneration Excluding Pension Contribution	Pension Contribution	Total Remuneration
Post	£	£	£	£	£
Chief Executive (Karen Satterford) (Left 31/07/19)*	174,141	223	174,364	6,764	181,128
Major Projects & Property Executive	90,251	668	90,919	14,274	105,193
Head of HR ICT & Shared Support Services	101,987	668	102,655	15,844	118,499
Head Of Community (Left 30/04/19)	8,213	56	8,269	1,190	9,459
Head of Financial Services	107,320	668	107,988	15,384	123,372
Head Of Planning & Sustainability	90,251	668	90,919	14,274	105,193
Head Of Democratic Legal & Policy	100,247	0	100,247	15,739	115,986
Head of Environmental Services	83,966	668	84,634	13,288	97,922
District Solicitor 1 (Monitoring Officer) (Left 12/07/2019)	19,579	189	19,768	3,103	22,871
District Solicitor 2 (Monitoring Officer) (In Post from 16/07/2019)	58,975	668	59,643	9,364	69,007
	834,930	4,476	839,406	109,224	948,630

*includes £132,780 compensation for Loss of Office

2018/19	Salary (Including fees & allowance)	Benefit in Kind	Total Remuneratio n Excluding Pension Contribution	Pension Contribution	Total Remuneration
Post	£	£	£	£	£
Chief Executive (Karen Satterford)	116,941	682	117,623	18,467	136,090
Corporate Director (left 31/12/18)	78,170	511	78,681	12,077	90,758
Major Projects & Estates Executive	88,481	682	89,163	13,073	102,236
Head of HR, ICT and Customer Services	88,481	682	89,163	13,999	103,162
Head of Community Services	88,481	682	89,163	13,999	103,162
Head of Financial Services	93,328	682	94,010	13,999	108,009
Head of Planning & Sustainability	81,371	627	81,998	12,874	94,872
Head of Democratic, Legal & Policy	95,813	0	95,813	14,520	110,333
Head of Environmental Services (started 01/06/2019)	65,311	568	65,879	1,034	66,913
District Solicitor (Monitoring Officer)	72,433	682	73,115	11,479	84,594
	868,810	5,798	874,608	125,521	1,000,129

21b Officers Remuneration

A requirement of the Accounts and Audit Regulations 2015 is for the disclose of the number of employees in the accounting period whose remuneration fell in each bracket of a scale in multiples of £5,000, starting at £50,000. Senior Officers as shown in Note 21a are excluded from this note. Amounts exclude National Insurance payments but include all payments, pension costs, taxable allowances and the monetary value of other employee benefits.

2018/19 No. of Employees	Remuneration Band	2019/20 No. of Employees
9	£50,000 - £54,999	7
15	£55,000 - £59,999	16
11	£60,000 - £64,999	3
5	£65,000 - £69,999	9
11	£70,000 - £74,999	11
1	£75,000 - £79,999	3
0	£80,000 - £84,999	1
0	£85,000 - £89,999	0
1	£90,000 - £94,999	0
53		50

*one employee received termination benefits which pushed them into the £90,000-£94,999 band in 2018/19.

21c Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table 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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0-£20,000	0	1	2	0	2	1	18	16
£20,000-£40,000	1	2	1	0	2	2	54	60
£40,000-£60,000	0	0	0	0	0	0	0	0
£60,000 upwards	0	3	0	0	0	3	0	276
TOTAL Cost of Redundancies made in year							72	352
TOTAL Amounts provided for in Comprehensive Income & Expenditure Account for Compulsory Redundancies and other departures							72	352

22 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:

2018/19 £'000		2019/20 £'000
48	Fees payable to the audit commission with regard to external audit services	83
11	Fees payable for the certification of grant claims and returns	35
59	Total	118

23 Grant Income

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

2018/19 £'000		2019/20 £'000
	Credited to Taxation and Non Specific Grant Income	
(460)	Government Grants (Not Attributable to Specific Services)	(2,612)
0	National Non-Domestic Rates	0
(117)	Revenue Support Grant	0
(1,560)	New Homes Bonus	(1,562)
(6,128)	Developer Capital Contribution	(4,939)
(8,265)	Total Credited to Taxation and Non Specific Grant Income	(9,113)
	Credited to Services	
(42,775)	Housing Benefits	(36,740)
(614)	Housing Benefit Admin Grant	(539)
(366)	Council Tax Support Admin and NDR cost of collection	(365)
(1,330)	Improvement Grants (Disabled Facilities Grant)	(1,278)
(36)	Elections (Electoral Registration, General & EU Election)	(464)
(541)	Miscellaneous Grants	(289)
(674)	Flexible Homeless Support Grant	(687)
(46,336)	Total Credited to Services	(40,362)
(54,601)	Total Grant Income	(49,475)

24 Contributions received in advance or owed 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 summarised in table below.

2018/19 £'000		2019/20 £'000
(971)	Open Space Developer Contribution Unapplied	(833)
(486)	Community Developer Contribution Unapplied	(326)
(192)	Environmental Developer Contribution Unapplied	(181)
(53)	Indoor Leisure Developer Contribution Unapplied	(24)
(32)	CCTV Developer Contribution Unapplied	(32)
(3,184)	On behalf of Affordable Housing Schemes	(3,343)
(4,918)	Total yet to be applied at Balance Sheet date	(4,739)
(686)	On behalf of Buckinghamshire County Council Transport Schemes	(648)
(5,604)	Total s106 Developer Contributions Unapplied	(5,387)
(81)	On behalf of other schemes and parties	250
(5,685)	Total held on behalf of third parties	(5,137)

25 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 £8,600k in 2019/20 (£2,176k in 2018/19) and undertook work to the value of £2,472k in 2018/19 (1,391k in 2018/19) on behalf of Buckinghamshire County Council. This increase is predominantly due to a contribution to a fund for use related to the creation of Buckinghamshire Council and work on carried out on large projects.

The Council made payments to Chiltern District Council of £6,518k in 2019/20 (£5,312k in 2018/19), comprising mostly the joint waste contract of approximately £6,479k. The Council received income from Chiltern District Council to the value of £1,301k in 2019/20 (£1,221k in 2018/19), £1,189k related to the Joint Waste Contract. The council made payments to Aylesbury District Council of £49k in 2019/20 (£41k in 2018/19) and undertook work to the value of £37k in 2019/20 (£42k in 2018/19).

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. District Council members declared interests in voluntary organisations receiving funding from the Council of £271,430 in 2019/20 (£258,716 in 2018/19).

26 Leases

26a Authority as Lessee

I. Operating Leases

The Council has a number of operating leases as follows:

2018/19 £'000		2019/20 £'000
25	Vehicles, Plant and Office Equipment	23
25	Total Annual Operating Lease Costs	23

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

2018/19		2019/20
Total £'000		Vehicles, Plant & Equipment £'000
15	Not later than one year	12
22	Later than one year and not later than five years	10
37	Total Liability	22

II. Finance Leases

As at 31st March 2020, the Council had £861k of finance leases relating to the joint waste contract with Chiltern District Council. These are leases embedded within the service contract and have no net effect on the Council's debt levels.

2018/19 £'000		2019/20 £'000
	Minimum lease payments are made up as follows:-	
819	under 1 year	158
600	Later than one year and not later than five years	578
391	later than five years	255
(183)	Future Finance costs	(130)
1,627	Total Finance Lease Liability	861

26b Authority as Lessor

I. Operating Leases

Operating lease rentals received during the year totalled £6,938k (£6,293k in 2018/19). These relate to the Council's property portfolio.

II. Finance Leases

The Authority has leased out a property to Beacon Investments LLP. The gross investment is made up of the following amounts;

	31 March 20 £'000
Finance lease debtor (NPV of min lease payments)	
Current	19
Non current	444
Unearned finance income	378
Total Gross Investment in the Lease	841

	Gross Investment in Lease 31 March 20 £'000	Minimum Lease Payments 31 March 20 £'000
Not later than one year	37	19
later than one year and not later than five years	132	68
later than five years	672	376
Total	841	463

27 Defined Benefit Pension Scheme

27a 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 pension's 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.

27b Transactions Relating to Post-Employment Benefits

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:

31 Mar 19 £'000		31 Mar 20 £'000
	Comprehensive Income and Expenditure Statement	
	<i>Cost of Services:</i>	
3,727	Current Service Cost	3,785
1,059	Settlements and Curtailments	445
	<i>Financing and Investment Income and Expenditure</i>	
128	Administration Expense	143
1,574	Net Interest on the defined liability (asset)	1,466
6,488	Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	5,839
	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Account:	
	<i>Remeasurement of the net defined benefit liability comprising:</i>	
(2,419)	Return on fund assets	9,385
8,971	Actuarial (gains)/ losses arising on changes in financial assumptions	(18,005)
(12,162)	Actuarial gains arising on changes in demographic assumptions	(3,485)
0	Experience costs	1,973
0	Other actuarial gains on assets and obligations	(10,744)
(5,610)	Other Post Employment Benefit Charged to the CIES	(20,876)
	Movement in Reserve Statement	
(6,488)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for the post employment benefits in accordance with the Code	(5,839)
1,611	Employer's contributions payable to the scheme	1,650
(4,877)	Actual amount charged against the General Fund Balance	(4,189)

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.

27c Assets and Liabilities, Gains and Losses

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The net liability of £45.1m 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.

31 Mar 19 £'000		31 Mar 20 £'000
(214,930)	Present value of liabilities in the Local Government Pension Scheme	(195,273)
153,138	Fair value of assets in the Local Government Pension Scheme	150,168
(61,792)	Deficit in the scheme	(45,105)

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 2021 is £2.522m.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for 2019/20 is a gain of £20.9m.

Assets and Liabilities in relation to Post-employment Benefits

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

31 Mar 19 £'000		31 Mar 20 £'000
(213,689)	Opening balance at 1 April	(214,930)
(3,727)	Current service costs	(3,785)
(5,376)	Interest cost	(5,090)
(8,971)	Actuarial losses arising on changes in financial assumptions	18,005
12,162	Actuarial gains arising on changes in demographic assumptions	3,485
(750)	Contributions by scheme participants	(762)
6,480	Benefits paid	6,882
0	Experience costs	1,973
(1,059)	Liabilities (assumed) / extinguished on settlements	(1,051)
(214,930)	Closing Balance at 31 March	(195,273)

Reconciliation of fair value of the scheme assets:

31 Mar 19 £'000		31 Mar 20 £'000
151,164	Opening balance at 1 April	153,138
1,611	Employer Contributions	1,650
3,802	Interest on Assets	3,624
750	Contributions by scheme participants	762
2,419	The return on Plan Assets, excluding the amount included in the net interest expense	(9,385)
0	Other Actuarial gains/(losses)	6,798
(6,480)	Benefits paid	(6,882)
0	Settlement Prices received / (paid)	606
(128)	Administration Expenses	(143)
153,138	Closing Balance at 31 March	150,168

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 loss of £9.4m (2018/19 gain of £2.4m).

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

31 Mar 19 %		31 Mar 20 %
52	Equity Instruments	53
27	Bonds	27
	<i>By sector:</i>	
15	Corporate	18
12	Government	9
21	Property & Alternative	20
	<i>By type:</i>	
7	Property	7
3	Cash	2
1	Alternative Assets	1
5	Hedge Fund	5
5	Absolute Return Portfolio	5
100		100

27d 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. Liabilities are discounted to their value at current prices, using a discount rate of 2.35% based on the annualised Merrill Lynch AA rated corporate bond yield curve.

The Assets attributable to the Council are included in the balance sheet at their fair value at bid price.

27e Principal Assumptions

The principal assumptions used by the actuary were:

2018/19		2019/20	Sensitivity to Change		
			£000s	£000s	£000s
	Adjustments to:				
	Discount Rate		+0.1%	0.0%	-0.1%
	Present Value of Obligation		191,785	195,273	198,828
2.40%	Rate of inflation	2.35%	3,267	3,349	3,433
	Pension Increases		+0.1%	0.0%	-0.1%
	Present Value of Obligation		195,547	195,273	195,001
2.45%	Rate of Pension Increase	1.95%	3,351	3,349	3,347
	Increase in Salaries		+0.1%	0.0%	-0.1%
	Present Value of Obligation		198,565	195,273	192,040
3.95%	Rate of Salaries Increase	2.95%	3,431	3,349	3,269
	Life Expectancy Assumptions		+1 Year	None	-1 Year
	Present Value of Obligation		204,042	195,273	186,903
2.40%	Rate for discounting scheme liabilities	2.35%	3,460	3,349	3,241
	Liability Assumptions (mortality)				
	Longevity at 65 for current pensioners				
22.9	Men	21.8			
24.8	Women	25.1			
	Longevity at 65 for future pensioners				
24.6	Men	23.2			
26.6	Women	26.5			

* Salaries are assumed to increase at 1% p.a. above CPI in addition to a promotional scale.

28 Nature and Extent of Risk

28a Disclosure of Nature and Extent of Risk arising from Financial Instruments

Financial Instruments – Balances

	Long-Term		Current	
	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000
Investments				
More than one year	0	5,000	0	0
Less than one year	0	0	49,976	55,552
Debtors	4,655	7,823	9,563	8,824
Cash and Cash Equivalents	0	0	5,776	4,260
Creditors	0	0	(8,390)	(10,947)
Available for Sale Investments	0	0	13,646	7,283

	31-Mar-20 £'000	31-Mar-19 £'000
Income, Expense, Gains and Losses from Financial Instruments		
Investment Interest/gains from treasury activity	(36)	(1,128)

Fair Value

Financial liabilities and financial assets represented by, 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.

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.

The financial instrument that is subject to fair value is the available for sale investment in the Local Authorities' property fund is valued at the bid price on 31 March 2020.

Key Risks

The Council's activities are exposed 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.

28b Overall procedures for managing risk

The Council has adopted the 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.

28c Credit risk

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

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 table below summarises the investment's credit quality and maturity analysis at 31 March 2020:

	Instant Access Accts £'000	0-3 Mths £'000	3-6 Mths £'000	6-12 Mths £'000	Total £'000
AAA/AA+ related counterparties	7,500	0	0	0	7,500
AA- rated counterparties	0	7,000	8,000	7,500	22,500
A+/A rated counterparties	3,087	7,000	4,000	6,000	20,087
A- rated counterparties	0	10,000	0	0	10,000
TOTAL	10,587	24,000	12,000	13,500	60,087
<i>Historical experience of default</i>	<i>0.000%</i>	<i>0.009%</i>	<i>0.009%</i>	<i>0.009%</i>	

28d 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.

28e 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 for longer periods to secure better long term returns. A positive movement of 1% in rates received on average investment balances of £60m would generate additional investment income of £600k.

29 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 Income & Expenditure Account.

31-Mar-19 £'000		31-Mar-20 £'000
153	Recreation Grounds	144
165	Cemetery	215
50	Other Services	49
368	TOTAL EXPENDITURE	408
	Financed by:	
(12)	Capital Resources	(12)
(412)	Collection Fund and Council Tax Support Funding	(281)
(7)	Interest	(8)
(431)	TOTAL INCOME	(301)
(1,033)	Balance at Year Start	(1,096)
(63)	Surplus for the Year	107
(1,096)	Balance at Year End	(989)

30 Higginson Park Trust

The Charity provides a range of indoor and outdoor sports and recreational opportunities to the Marlow community with access for all to make use of the available facilities. The Charity is currently regulated by a Scheme of the Charity Commissioners of 19 January 1982 with Wycombe District Council being the sole Trustee.

31-Mar-19 Restated £'000		31-Mar-20 £'000
	<u>Statement of Financial Activity</u>	
(396)	Income	(219)
386	Expenditure	327
(10)	Total Net Deficit	108
	<u>Balance Sheet</u>	
5,389	Fixed Assets	5,247
255	Net Current Assets	289
5,644	Total Assets Less Current Liabilities	5,536
	<u>Charity Funds</u>	
5,389	Restricted Income Funds	5,247
255	Unrestricted Income Funds	289
5,644	Total Charity Funds	5,536

31 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 Council.

The joint committee manages the crematorium and associated facilities located at Amersham and Bierton (opened to the public in April 2019). 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. Wycombe District Council's share of the accumulated reserves is 1.1m (£1.1m 2018/19).

The new Buckinghamshire Council will decide how it wishes to utilise the revenue surplus transferring from the Joint Committee. It may wish to consider earmarking some of the surplus to cover the significant capital investment that will be required in the coming years, primarily the replacement of the existing cremating plant at the Amersham Crematorium which will be 25 years old and coming to the end of its expected life.

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. In the event of the Joint Committee ceasing to exist, any assets held would transfer to Buckinghamshire Council.

31-Mar-19 £'000	Local Authority	2019/20 Distribution of Reserves	2019/20 Surplus £'000	Spend on Bierton Crematorium £'000	31-Mar-20 £'000
849	Aylesbury Vale	244	100	(89)	616
696	Chiltern	197	296	(85)	710
1,103	Wycombe	309	480	(127)	1,147
2,648		750	876	(301)	2,473

32 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. This sum has already exceeded and have received cost claim from RKCH but have not yet had access to information to quantify the extent of 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.

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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 Business Rate. The proceeds of Council Tax & Business Rates 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 2019/20.

Equivalent Number of Band D Dwellings 2018/19	Valuation Band	Total Chargeable Dwellings	Conversion Fraction (Proportion)	Equivalent Number of Band D Dwellings 2019/20
-	A (Disabled Relief)	0	0.56	0
775.22	A	1157.04	0.67	765.01
5,201.07	B	6668.04	0.78	5,343.31
14,434.97	C	16219.07	0.89	14,724.52
11,641.44	D	11641.44	1.00	11,994.61
12,382.77	E	10149.81	1.22	12,498.53
11,901.37	F	8264.84	1.44	11,941.20
10,995.96	G	6584.41	1.67	11,041.04
1,976.20	H	988.1	2.00	1,991.20
69,309.00		61672.75		70,299.42
(1,225.50)	Less: Allowance for losses on collection			(1,194.67)
68,083.50	Council Tax Base for the Year (number of weighted properties Band D) (X)			69,104.75
1,718.16	Average Council Tax at Band D level (Y)			1,781.40
116,978	Council Tax budgeted for the year (£'000) (X multiplied by Y)			123,103

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:

2018/19		2019/20
£175,216,650	Total Non-domestic Rateable Value at 31 March	£175,8833,003
49.3p	National Non-domestic Rate Multiplier - Full	49.1p

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 2019			31 March 2020		
	Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
Wycombe District Council	(166)	2,841	2,675	(25)	(807)	(832)
Central Government	0	3,552	3,552	0	(19)	(19)
Bucks County Council	(1,185)	639	(546)	(241)	(952)	(1,193)
Thames Valley Police Authority	(170)	0	(170)	(37)	0	(37)
Bucks & Milton Keynes Fire	(58)	71	13	(12)	(18)	(30)
Collection Fund (Surplus)/Deficit	(1,579)	7,103	5,524	(315)	(1,796)	(2,111)

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ANNUAL GOVERNANCE STATEMENT 2019/2020

Introduction

Both the Leader and the Interim 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.

During the latter part of 2019/20 the world's landscape changed as a result of the Coronavirus pandemic. This has had an unprecedented impact both on the cultural and financial aspects of society as a whole, the implications it has for the future and the way in which the economy will be able to both deliver and consume goods and services will only be determined through the passage of time.

The AGS for 2019/20 was presented to the Chair and Vice Chair of the Audit Committee in the absence of a convened Audit Committee for their review and comment prior to submission of the AGS to the Leader and the Councils' Section 151 Officer for formal sign off. The AGS is included as part of the published Statement of Accounts process.

Scope of responsibility

This statement covers the period 1 April 2019 to 31 March 2020

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.

As a public body, Wycombe District Council is subject to an annual external audit of its statement of accounts and is required to publish its statement of accounts within a statutory deadline of 30th November 2020.

For 2018/19, the Council was notified by Ernst Young, the Councils External Auditor who deliver external audits to public sector bodies, that the Councils' statement of accounts for 2018/19 would not be audited by the statutory deadline of 31st July 2019. This was due to resourcing issues within Ernst Young.

As a consequence of this the Council published an unaudited statement of accounts for 2018/19 on 31st May 2019 on its website. The audited statement of accounts were presented for approval by the Audit Committee in October 2019.

As a result of the rescheduling of the 2018/19 audit, assurances were obtained from Ernst and Young that the statement of accounts for 2019/20 would not be similarly affected and that the statement of accounts would be presented in line with the statutory deadline of November 2020.

Impact of modernising local government

The Governments decision in November 2018, to abolish Wycombe District Council by 31st March 2020 and to create a new Unitary Council from 1st April 2020, has had a significant impact on the time and resources that are both required and available to implement previously agreed governance improvement areas. This is reflected in the commentary contained in the heading: Local Code of Corporate Governance and Review of Effectiveness, on page 4 of this report.

This has been an exceptional year in balancing and demonstrating a level of commitment to ensuring that there was not a decline in the key assurance processes in maintaining the Council's corporate governance arrangements whilst preparing for abolition of the District Council in March 2020.

The purpose of the governance framework

Our governance framework comprises the controls, 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 31st March 2020.

The governance framework

In 2016, 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 Council's approach to effective governance is understood by all. The following 7 goals demonstrate Wycombe District Councils' approach to good governance and more importantly that the principles have been adhered to during 2019/20.

- ❖ 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.

Local Code of Corporate Governance and 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.

The Council's Section 151 Officer and Monitoring Officer have provided assurances that there were no matters relating to the Council's financial or legal governance arrangements that required separate disclosure in this annual governance statement.

The overall opinion as regards that assurance can be given in relation to the core financial reviews that were undertaken in 2019/20 is that there was a sound system of internal control designed to meet the Council's objectives and that controls are generally being applied consistently.

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.

The publication of our Annual Governance Statement and Local Code the meets the requirement of the Accounts and Audit (England) Regulations 2016, and the AGS accompanies the Annual Statement of 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.



Leader of the Council

Section 151 Officer

Date:

On behalf of Wycombe District Council

Date: 13/05/2020

Glossary of Terms

Term	Definition
Accounting Period	The period of time covered by the accounts, normally a period of twelve months commencing on 1 April for local authority accounts. The end of the accounting period is the Balance Sheet date.
Accounting Policies	The rules and practices adopted by the Council that determine how the transactions and events are reflected in the accounts.
Accruals	Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 March.
Actuarial Gains and Losses	These arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have changed.
Amortisation	The reduction of the value of an intangible asset by spreading its cost over a period of years.
Annual Governance Statement	The Annual Governance Statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.
Appointed Auditors	The Council's appointed auditors are Ernst & Young (EY)
Appropriation	The transfer of resources between reserves
Asset	An item having value measurable in monetary terms. Assets can either be defined and fixed or current. A fixed asset has use and value for more than one year whereas a current asset (e.g. short-term debtors) can readily be converted into cash.
Balance Sheet	A financial statement summarising the financial position of the Council, in particular its assets, liabilities and other balances at the end of each accounting period.
Billing Authority	A local authority responsible for collecting Council Tax and Non-Domestic Rates (Business Rates).
Budget	A budget is a financial statement that expresses an organisation's service delivery plans and capital programme in monetary terms.
Business Rates (NDR)	Rates are payable on business premises based on their rateable value (last assessed in the 2010 Rating List by the Valuation Office Agency) and a national rate poundage multiplier.
Capital Adjustment Account	A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

Term	Definition
Capital Expenditure	Expenditure for the acquisition, construction, enhancement or replacement of fixed assets that will be used in providing services for more than one year.
Capital Financing	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants and capital contributions.
Capital Receipts	Income received from the sale of land, buildings and equipment. Proportions of capital receipts can be used to repay debt on Long Term Assets or to finance new capital expenditure, within rules set down by government, but cannot be used for revenue purposes.
Cashflow Statement	A statement that summarises the inflow and outflows of cash within the Council's accounts.
CIPFA	Chartered Institute Of Public Finance and Accountancy The professional institute for accountants working in the public services.
Collection Fund	A statutory fund maintained by the Council, which is used to record council tax and non-domestic rates collected by the Council, along with payments to central Government, precepting authorities and its own general fund.
Community Assets	This is the land and property that the Council intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples include open spaces.
Contingent Asset	Potential gains and losses for which a future event will establish whether an asset exists and for which it is inappropriate to set up a debtor in the accounts.
Contingent Liability	A contingent liability is either: <ul style="list-style-type: none"> (i) A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Council; or (ii) A present obligation arising from past events where it is not probable that there will be an associated cost or the amount of the obligation cannot be accurately measured.
Council Tax	Council tax is levied on households and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
COVID19	Also known as Coronavirus, is an infectious disease/virus caused by severe acute respiratory syndrome.
Creditor	This term applies to money the Council owes to others for work done or goods and services it has received during the financial year but not paid for at the end of the accounting period.
Current 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.

Term	Definition
Defined Benefit Scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Debtor	This term applies to money that others owe to the Council for work done or goods and services that have been provided to them by the Council during the financial year but have not been paid for by the end of the accounting period.
Depreciation	A measure of the cost or amount of benefit of a non-current asset that has been consumed during the period.
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.
Fair Value	The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.
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 lease.
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.
Houses in Multiple Occupation (HMO's)	WDC has a duty to licence Houses in Multiple Occupation. A rented property is considered a House in Multiple Occupation if: <ul style="list-style-type: none"> (i) at least three tenants live there, forming more than one 'household' (ii) the tenants share toilet, bathroom and/or kitchen facilities
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	Fixed assets that have no alternative use and are intended to be held in perpetuity. Examples of infrastructure assets are highways and footpaths.

Term	Definition
Investments	Short-term investments are those maturing within one year if the balance sheet date, any investments maturing more than one year after the balance sheet date are treated as long-term investments.
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 Debtors	Amounts due to the Council more than one year after the Balance Sheet date.
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.
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.
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.
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: <ul style="list-style-type: none"> (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.

Term	Definition
	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.
Related Parties	Two or more parties are related parties when at any time during the financial period: <ul style="list-style-type: none"> (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.