Aylesbury Vale District Council

Statement of Accounts for the Year Ended 31 March 2020

Contents

Welcome to Aylesbury Vale District Council's Annual Statement of Accounts for 2019/20.

This narrative report provides information about Aylesbury Vale District Council (the Council), including the key issues affecting the Council and its accounts. The accounts summarise the Council's transactions and its financial position for the year ended 31 March 2020.

The report provides an explanation of the financial statements. As the financial statements demonstrate, the financial standing of the Council continues to be robust.

The report highlights the excellent management of the Council's resources and sets this in the context of the financial challenges being faced by the Council. The finance service operates in an environment of continuous change which involves organisational redesign, partnership working and advances in technology. Preparation for the transfer of services into the new Buckinghamshire Council has dominated activity during this reporting year. This document provides:

- an introduction to the Council;
- key facts about Aylesbury and the Council;
- key information about the Council's management structure;
- 2019/20 revenue budget process and the medium term financial plan (MTFP);
- capital strategy and capital programme;
- treasury management ;
- revenue outturn 2019/20;
- capital outturn 2019/20;
- corporate and budgetary risks;
- summary overview;
- basis of preparation;
- receipt of further information; and
- acknowledgements.

The statement of accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Aylesbury Vale, Council members, partners, stakeholders and other interested parties are able to have:

- a full and understandable explanation of the overarching financial position of the Council and the outturn for 2019/20;
- confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- assurance that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

An introduction to Aylesbury Vale District Council

Aylesbury Vale is a local government district of northern Buckinghamshire. The district offices are based in Aylesbury. It is a large district (350 square miles) which is mainly rural in character and has a high quality environment. There are two main settlements in the district, Aylesbury and Buckingham, which provide the focal point for housing, employment, retail, and community services and facilities. The district was formed in April 1974 by the merger of the boroughs of Aylesbury and Buckingham, Aylesbury Rural District, Buckingham Rural District, Wing Rural District and part of Winslow Rural District, and is currently divided into 33 wards which are served by 59 elected councillors.

Aylesbury Vale District Council is responsible for providing specific public services and facilities throughout the district, including;

- environmental health;
- licensing;
- planning and building control;
- housing;
- leisure;
- business services;
- revenues and benefits;
- parking;
- household recycling and waste;
- commercial recycling and waste; and
- community safety.

There are also a number of internal services provided by the Council to ensure the efficient delivery of these public services such as;

- finance;
- information technology;
- legal;
- human resources; and
- payroll.

Our vision statement sets out what AVDC is working to achieve.

"To secure the economic, social and environmental wellbeing of the Vale"

To enable us to realise our vision, everyone at AVDC is working;

- to enable essential infrastructure for growth and sustainability of the area, be it physical or social;
- to ensure fair and speedy access to essential services and their referral to partners;
- to provide a healthy and dynamic institution for making effective decisions about the area, to which everyone can contribute;
- to stimulate, innovate and enable economic growth of the area, its regeneration and the attraction of inward investment;
- to provide or commission services and products that customers and businesses have agreed add value to their lives.

Key facts about Aylesbury and the Council

There are a number of key facts that should be taken into account when considering Aylesbury Vale and the Council:

- Population
  In 2016, the total population of Aylesbury Vale was 193,113, an annual increase of 2.3% and a 10.4% (18,233 residents) rise since 2011. This was the 5th highest rate of growth of any local authority in Great Britain at the 2011 census (source: MYPE, ONS 2017).
- Economy and employment
  Figures indicate that in 2018, unemployment levels across Aylesbury Vale were significantly lower than the level of Great Britain as a whole, with 2.6% of residents over the age of 16 classified as unemployed (source: NOMIS: official labour market statistics)
- Homes
  Aylesbury Vale continues to be an expensive area in which to buy or rent a home, with an average house price of £326,665 compared to a national average of £247,355 at 31 December 2019. As of 31 March 2020, there were 83,585 households in the Vale, an increase of approximately 14,000 since the 2011 census.

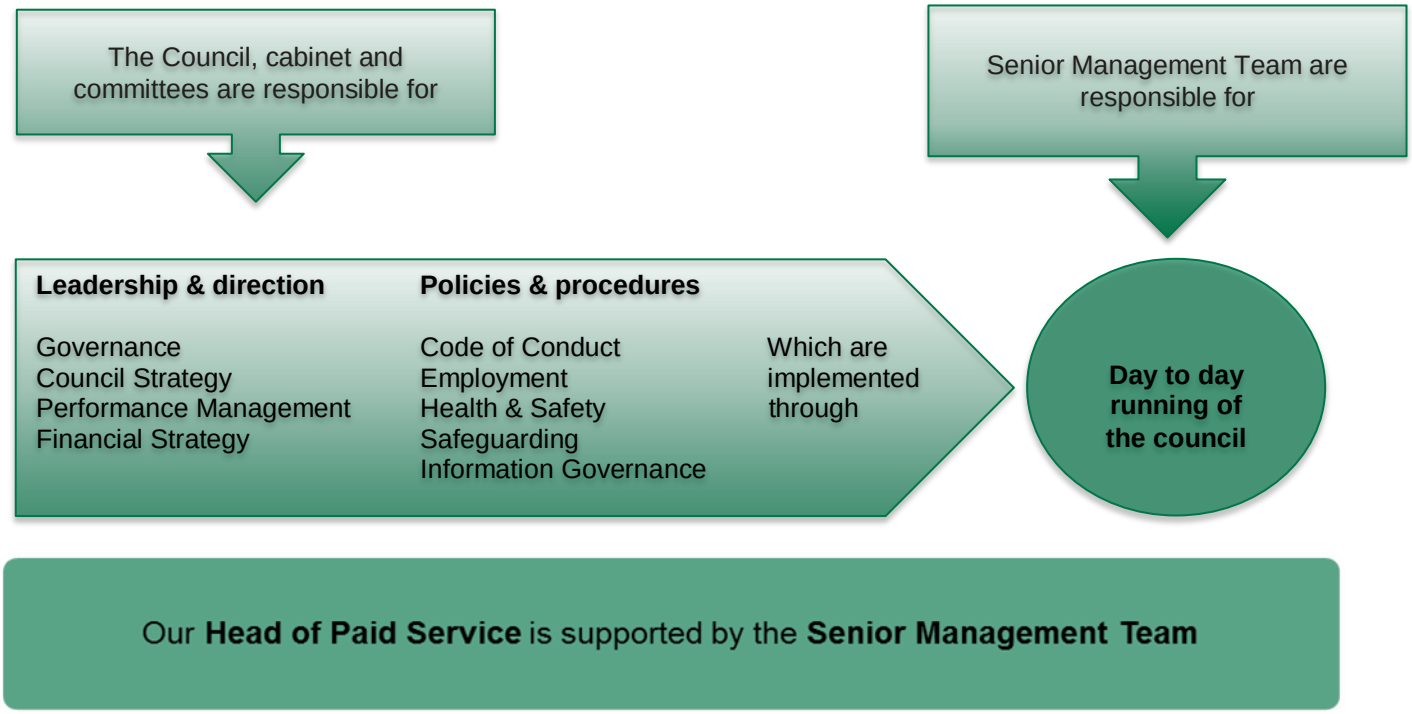
  The social housing sector in the Vale is made up of 12,649 affordable homes (11,469 rented properties and 1,180 shared ownership). Between April 2019 and March 2020 an additional 352 new affordable homes were built across the district (source: AVDC Housing and Homelessness Strategy 2019 – 2022).

.

- Sharing our expertise
  The SEED (Social Enterprise Entrepreneurial Development) team was established to help AVDC and other councils and public sector organisations develop and implement new ways of working to create value for themselves, their residents and their customers. The team are also part of the LGA Productivity Experts scheme and host visits from councils to share AVDC's experience and prepare consultancy proposals for how we can help them. The team has delivered commissions for 11 councils in 2019/20, despite no marketing pending the development of the unitary council. The team also acts as commercial advisers throughout the Council, supporting the development of business cases and entrepreneurial ideas and activities that will generate new income, savings or efficiencies.

Key information about the Council's management structure

Decisions about policy are made by the councillors elected by the residents of Aylesbury Vale. Councillors are advised by the senior management of the Council.



Other points of interest

AVDC provides a number of essential services for residents and businesses alike within a reduced central government budget. To help achieve the balance between cost efficiencies and service effectiveness, AVDC manages a number of projects. These include:

- Connected Knowledge
  In December 2016 we launched our Connected Knowledge - Technology Strategy 2017-2022, which sets out the vision and strategic aims we have for our future use of technology and data. Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling our organisation into the future. However, with the advent of a single unitary council in Buckinghamshire and the need to consolidate on to single platforms, any further investment in the project has been suspended and the cost incurred in 2019/20 largely relates to the completion of those projects which will definitely be of use to the new unitary council or the winding up or pausing of projects.

- Commercial venues
  AVDC manage a wide range of venues and contracts including the Gateway Conference Centre, five community centres and the Aylesbury Waterside Theatre. Management of these contracts is vital in ensuring the Council maximises income from these valuable assets.

- Aylesbury Vale Estates LLP (AVE)
  AVDC is a 50% shareholder in AVE, private sector asset managers who manage a number of industrial units, shops and offices in the Aylesbury Vale area.

- Aylesbury town centre
  In 2019/20, the regeneration of Aylesbury town centre has continued with the opening of The Exchange a mixed-use development in the heart of the town. This exciting new development includes a brand new public square, four restaurants, flexible commercial space and 47 apartments. A £4,500,000 investment has since been approved by the Council to improve Market Square and Kingsbury. Aylesbury now has Garden Town status and a draft masterplan for the town was published for public consultation in January 2020. The Aylesbury Town Centre Plan which had been driving improvements to the town centre, both large and small, has now been incorporated into the draft masterplan.

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. This change 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 the 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 Aylesbury Vale 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 the 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.

<u>Impact on financial year 2019/20</u>
For the financial year 2019/20, this has had marginal impact on the 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.

<u>Impact on future years</u>
The disruption caused by this pandemic on the economy, businesses and individuals is currently unknown. Although Aylesbury Vale 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 and has yet to be quantified.

Some of the main areas of risks are summarised below:

- income - on revenue such as business rates, council tax, fees & charges, loan repayments, rent yields from investment properties and investment returns.
- expenditure - additional costs in response to the pandemic, growth in demand, increases in prices 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.
- working capital – impact on cash flow due to reductions in income and increases in expenditure.
- 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.
- 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.

The 2019/20 revenue budget process and medium term financial plan

When preparing its medium term financial plan (MTFP), the Council makes provisional spending plans for future financial years ensuring these are balanced against the expected funding from government, council tax payers and business rates payers.

The MTFP is a 4 year incremental process that builds on the work and achievements of previous years, taking into account demographic, legislative and other pressures, mitigated by a series of savings proposals to ensure a balanced budget can be achieved in the coming year, and that there is financial sustainability for future years. Following recommendation by Cabinet, the Council approved the budget for 2019/20 and the MTFP at its meeting on 6 February 2019.

A decision was made by the Secretary of State in November 2018 to create a single unitary council for Buckinghamshire which came into existence on 1 April 2020. This fundamentally changes what will happen during the period of the proposed MTFP and removes the need for medium term planning for Aylesbury Vale as a single entity organisation, but the Council remains obligated to hand over its affairs to the new organisation in the best state it can. This means continuing to tackle known budgetary issues, generating new income streams and balancing its finances. There was no significant impact on finances of the Council for 2019/20 as a result of the decision.

In setting the MTFP and developing budget proposals for the future, the Council faced a number of uncertainties particularly in relation to levels of government grant, the financial impact from retained business rates, the levels of new homes bonus, Brexit and general economic conditions. The budget proposal and MTFP set for 2019/20 represented a best view of the known financial landscape then and for future years.

The key elements of the budget strategy were:

- ensuring that we are financially fit, including ensuring our commercial approaches of the past continue and we continue to grow and diversify our income streams;
- leading and the shaping of place, ensuring we adopt the Vale of Aylesbury Local Plan, and continue to cherish our towns, villages and areas whilst managing planned growth and regenerating our towns;
- focusing on our customers and our ongoing innovation in customer delivery and digitisation; and
- ensuring our partners and communities help us deliver our goals and we ensure they are included in our decision making.

The budget development process recognises the uncertainties, and provisions are made, as appropriate, in the proposals for those factors that can be predicted with some certainty, and proposes a strategy for dealing with those factors which reasonably cannot.

The main factors underlying the budget process were:

- Government grant
  Like all local authorities, Aylesbury Vale District Council faces cuts from central government. For the Council, reductions to grant funding have been the most significant factor underlying historic planning assumptions. The Council's strategy for balancing its budget was predicated on this continuing. In this respect, the strategy around commercialism and efficiency is considered to remain the right strategy to deal with the financial challenges facing the Council.

- New homes bonus (NHB)
  A major concern, in terms of potential changes to the 4 year settlement, was associated with NHB. The Council received £5.9 million of NHB in 2019/20. The new homes bonus is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas.

- Retained business rates
  The revaluation of all properties for business rates took effect from 1 April 2017. Revaluation was completed to maintain the accuracy in the rating system by reflecting changes in the property market since the last revaluation in 2010. The business rates revaluation clouded the position on the amount of gain the Council might expect to achieve from business rates growth in the Vale. The Council have adopted a prudent position and in 2019/20 did not plan for any gain in this budget proposal. The Council has to date held a business rates revaluation reserve, the purpose of which was to meet any significant year on year fluctuations caused by the volatility inherent in the business rates system. A decision was taken by Cabinet on 20th November 2018 to use the Business Rates revaluation reserve to support the transitional costs to a unitary organisation.

- Business rates pooling
  The Council has been in a business rates pooling arrangement with Buckinghamshire County Council, Buckinghamshire and Milton Keynes Fire and Rescue, Chiltern District Council and South Bucks District Council since 2016/17, thus allowing the councils to retain a greater share of the Business Rates collected. In 2019/20, all Buckinghamshire councils, bid to be part of the Government's 75% Business Rates Pooling Pilot. This offered the potential to retain an even greater share of business rates collected. The application was successful and Aylesbury Vale District Council has been the lead authority for this arrangement. As with pooling, the Council did not budget for any potential gains likely to be received from this arrangement, instead opting to wait until after the gains were quantified.

  AVDC have benefited from the 75% pilot retention scheme and pooling arrangements. During 2019/20 the pool generated pooling gains of £10.9m, of which £1.8m related to AVDC.

- Reserves and balances
  Earmarked reserves represent the prudent saving of sums against the recognition of future financial events which, if not prepared for, would be difficult to deal with at the point they occur. In short, earmarked reserves are an essential part of sound financial planning. The reserves are held for legitimate reasons and the balances are reasonable given a fair assessment of the budgetary pressures that they are held against. As part of the development process for 2019/20 the cabinet member for resources, governance and compliance undertook the annual review of the Council's reserves and provisions.

- Investments and net borrowing
  The Council has been using its cash balances over the past few years in lieu of long-term borrowing. This delivers an advantage over lending returns whilst base rates remain low. For 2019/20, income from investment interest has been included in the MTFP. The Council takes a proactive approach to managing cash balances, with the bulk of the income being derived from short term money market lending.

- Aylesbury Vale Estates LLP (AVE)
  An AVE business plan for 2019/20 has been developed and was presented to both Economy Scrutiny Committee and Cabinet for approval. Dividend payments are forecast within the developing central version of the AVE business plan. A prudent assessment of the dividend payable was included in the budget proposal. This has been set at £200,000.

- Commercial activities
  The Council's approach to balancing its finances over the medium term financial plan is contained within the Commercial AVDC programme. Whilst activities are underway to continue to explore and develop our commercial service offerings, this is recognised as a long term undertaking.

During 2019/20, the Council has continued to grow its council to council sales, through consultancy activity such as implementing the Vale Lottery concept, and workshops around behavioural assessments/culture change and digital transformation, as well as commission earned income through referencing digital technology such as the cloud telephony system..

Aylesbury Vale Broadband Ltd was set up in 2015, and the assets sold in December 2017. The sale receipt, net of residual costs, was returned to the NHB pot ring-fenced for the delivery of high speed broadband. As such, the sale had no direct impact on the revenue budget. The bank account was closed and the process for winding up the company was finalised before 31 March 2020.

In 2015, AVDC introduced Vale Lottery, which has enabled local good causes to access funding which previously would have been available through council grants. To date, over £322,000 has been raised and the Council is proud to be able to continue to support local schools, animal charities, disability groups and other good causes.

Following the success of the lottery, AVDC has also introduced Our Vale, a crowdfunding initiative to further help local good causes. Our Vale offers the chance for individuals and organisations to donate to projects which will help transform shared spaces, inspire visitors and enhance Aylesbury Vale. Since it began in 2018, Our Vale has successfully funded four projects and over £275,000 has been pledged.

- Implications for council tax strategy 2019/20
  For 2019/20, the budget proposal and council tax resolution included the assumed maximum £5 increase (for district councils, the maximum increase permissible was 1.99% or £5, whichever was the greater). A £5 increase at Band D represented a 3.35% increase, equivalent to just under 10 pence per week, and increased the band D council tax for Aylesbury Vale District Council to £154.06.

Capital strategy and capital programme 2019/20

The capital programme for 2019/20 onwards was presented to Council for consideration and approval on 6 February 2019. The Council maintains an integrated strategic capital programme which is divided into three sections:

- Major projects
  These are the largest and highest profile projects. For 2019/20 these included projects at the depot at Pembroke Road, the Silverstone heritage centre, Silverstone and Westcott enterprise zones and town centre regeneration.
- Housing schemes
  These are the housing enabling and housing grant based schemes. The main element of funding for 2019/20 within this category relates to the Council's housing enabling function.
- Other projects
  This relates to all the other schemes included within the capital programme. New projects include purchase of street cleaning vehicles associated with bringing the street cleaning and horticulture contracts in-house, purchase of food waste vehicles, upgrade of car-parking payment equipment and community centre renewal.

The revenue financing implications arising from the capital programme were factored into the budget for 2019/20 and beyond.

Treasury management

An annual treasury management strategy is agreed by Council and this informs the governance framework. The key messages are:

- Investments
  The primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- Borrowing
  Overall, this will remain fairly constant over the period covered by this report and the Council will remain under-borrowed against its borrowing requirement due to the higher cost of carrying debt.
- Governance
  Strategies are reviewed by the audit committee with continuous monitoring which includes mid-year and year end reporting.

Revenue outturn for 2019/20

The Council reported a break-even position for the financial year.

This is in line with assumptions in the budget plans for 2019/20 agreed by Council in February 2019.

The Council's 2019/20 revenue outturn position is shown in the table below.

General fund revenue	2019/20 Budget £000	2019/20 Actual £000
Expenditure	92,860	96,296
Income	(61,445)	(60,804)
Net cost of services	31,415	35,492
Cost of borrowing	975	723
Other income	(9,080)	(6,931)
Investment interest	(2,192)	(2,162)
Retained business rates	(3,897)	(9,901)
Income from grants	(5,906)	(5,906)
Net expenditure	11,315	11,315
Local taxpayers	(11,315)	(11,315)
Net balance	-	-

General fund balances	2019/20 Budget £000	2019/20 Actual £000
Balance 1 April	(1,927)	(2,353)
Net balance to fund	-	-
Balance 31 March	(1,927)	(2,353)

The view, as presented above, reflects the general fund revenue account and balances. This presents the organisational structure and view used for the management reporting of the accounts during the financial year. The main detail of the Council's finances is reported throughout the year in the quarterly financial digest.

The presentation of the information in the statement of accounts includes information on revenue fund balances and also earmarked reserves.

The year end financial position is largely being driven by exceptional staff costs and spend on agency costs in particular. The Council has recognised an increase in the provision for doubtful debts which has directly impacted the outturn. This is as a result of the current economic situation. The outturn has also been impacted by increased waste disposal costs and lower planning income as a result of a downturn in the housing market.

Despite these pressures, it has been possible to offset costs with additional efficiencies and income for the period. These include:

- savings against budget in relation to transitional relief for business rates;
- savings in salary costs relating to vacant senior posts;
- increased income from conference centre lettings and non-commercial waste services;
- savings on interest charges due to lower than planned level of borrowing;
- savings on vehicle costs at the depot due to previous capital investment; and
- general efficiencies in the running costs of departments.

Capital outturn 2019/20

The Council spent £7,090,000 on the delivery of its capital programme in 2019/20. Capital expenditure was financed by revenue contributions and capital receipts. It was anticipated during the year that a significant element of the programme would be funded from prudential borrowing. The Council has taken a prudent approach to financing the capital programme by deploying revenue reserves and cash balances instead of using external borrowing where possible as this produces a lower net cost. The change in funding will therefore reduce the on-going financing cost of the capital programme. The table below provides more detail of the spend in 2019/20:

Approved Spend £000		Spend 2019/20 £000	C/fwd to future years £000
600	Waste vehicle replacement	656	-
11,305	Depot refurbishment	5,507	4,495
405	Community centre upgrades	65	275
800	Carpark upgrades	22	738
1,250	Street & horticultural vehicles purchase	840	410
14,360		7,090	5,918

Corporate and budgetary risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The corporate risk register plays an integral role in supporting production of the corporate plan and is subject to annual review by the audit committee when it approves the final accounts.

Key corporate risks are detailed in the annual governance statement. The Council currently has a number of significant projects covering a wide range of services, which can involve working in partnership with others, many of which require considerable levels of one-off and recurrent funding from the Council. Specific risks relating to partnerships and projects have been incorporated into the annual governance statement where appropriate. The Council's annual governance statement provides more detailed insight into its vision strategy and corporate direction.

Basis of preparation

On 1st April 2020 all the functions and services along with its assets and liabilities of Aylesbury Vale District Council transferred to the new unitary 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.

Disclosures are included within the statement of accounts based on an assessment of their materiality. A disclosure is considered material if through an omission or a misstatement the decisions made by users of the accounts would be influenced. This could be due to the value or the nature of the disclosure.

Receipt of further information

If you would like to receive further information about these accounts, please do not hesitate to contact me at The Gateway, Gatehouse Road, Aylesbury HP19 8FF.

Acknowledgements

The production of the statement of accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues from the finance team and other services that have assisted in the preparation of the annual accounts. I would also like to thank them for all their support during the financial year.

Richard Ambrose
Director of Corporate Finance and s.151 officer for Buckinghamshire Council

1. Statement of accounts explanations

The statement of accounts comprises:

- Statement of responsibilities
- Core financial statements
- Notes to the core financial statements
- Supplementary financial statements
- Notes to the supplementary financial statements
- Appendices

The objective of each of the accounting statements is:

❖ Statement of responsibilities

Identifies the officer who is responsible for the proper administration of the Council's financial affairs. The purpose is for the chief finance officer to sign a statement that the accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

❖ Core financial statements

Comprehensive income and expenditure statement - shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

Movement in reserves statement - shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/ decrease line shows the statutory general fund balance movements in the year following those adjustments.

Balance sheet - shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

Cash flow statement - shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Expenditure and funding analysis – shows how the annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement

❖ Notes to the core financial statements

Provides support to the core financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

❖ Supplementary financial statements

Collection fund – this account reflects the statutory requirement for billing authorities to maintain a separate collection fund, which shows the transactions of the Council in relation to non-domestic rates and council tax, and illustrates the way in which these have been distributed.

❖ Notes to the supplementary financial statements

Provides support to the supplementary financial statements, which informs the reader and gives sufficient information, to present a good understanding of the Council's activities.

❖ Appendices

- Appendix 1 – annual governance statement

  The annual governance statement is not part of the statement of accounts, but is required to be included alongside it in the same publication, and as such is not covered by (a) the chief finance officer's certification or (b) the external auditor's report.

  The objective of this statement is to fulfill the statutory requirement for the Council to conduct an annual review of the effectiveness of its system of internal control.

2. Brief note of significant items in the core financial statements

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 sets out comprehensive requirements for group accounts. These require Councils to consider all their interests and to prepare a full set of group financial statements when they have material interests in subsidiaries, associates or joint ventures.

The Council has a 50% interest in Aylesbury Vale Estates LLP. Relevant transactions are disclosed within note 11 (distribution attributable to joint venture) and note 16 (long term debtors) to the balance sheet. Group accounts have not been prepared on the basis of materiality.

3. Brief note explaining significance of any pension liability or asset

Any surplus or deficit on the Council's pension fund is required to be shown within the balance sheet. The effect of the Council's share of the pension fund administered by Bucks County Council has been assessed by the scheme's actuary as at 31 March 2020. The current valuation shows a deficit on the fund of £77,462,000 (£97,095,000 at 31 March 2019) based upon the nationally set criteria. The actual contributions payable by the Council are based upon the actuary's own assumptions in a valuation that is undertaken on a triennial basis. This valuation was last undertaken at 31st March 2019, with the next formal revaluation due as at 31st March 2022. The two valuations are carried out on different bases.

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 Director of Corporate Finance and s.151 officer for Buckinghamshire Council.
- manage its affairs: to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Council approval

The statement of accounts for the year to 31 March 2020 has been prepared and I confirm that these accounts were approved by the audit committee at its meeting on 29 July 2020.

Councillor Richard Newcombe
Chairman of audit committee

The Director's responsibilities

The Director is legally and professionally responsible for the preparation of the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20* - the Code.

In preparing this statement of accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director has also:

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

Director's certification

I certify that the statement of accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2020.

Richard Ambrose
Director of Corporate Finance and s.151 officer for Buckinghamshire Council
29 July 2020

Comprehensive income and expenditure statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

2018/19					2019/20		
Gross expenditure £000	Gross income £000	Net expenditure £000		note	Gross expenditure £000	Gross income £000	Net expenditure £000
3,817	(4,009)	(192)	Civic amenities		2,878	(3,890)	(1,012)
2,482	(666)	1,816	Communities		3,056	(1,176)	1,880
3,597	(3,058)	539	Economic development		2,446	(1,982)	464
5,866	(2,553)	3,313	Environment & leisure		5,603	(2,233)	3,370
57,220	(47,747)	9,473	Finance & resources		50,155	(40,509)	9,646
3,179	(651)	2,528	Leader		10,230	(2,676)	7,554
4,531	(2,986)	1,545	Planning & enforcement		4,549	(2,618)	1,931
3,759	(1,813)	1,946	Strategic planning & infrastructure		3,218	(1,390)	1,828
13,125	(4,862)	8,263	Waste & licensing		14,161	(4,330)	9,831
97,576	**(68,345)**	**29,231**	**Cost of services**		**96,296**	**(60,804)**	**35,492**
		4,626	Other operating income and expenditure	10			3,919
		1,029	Financing and investment income and expenditure	11			3,145
		(32,349)	Taxation and non-specific grant income	12			(34,578)
		2,537	**Deficit on provision of services**	7.2			**7,978**
		(3,219)	Surplus on revaluation of property, plant and equipment assets	25.1			(1,703)
		(6,321)	Remeasurement of net defined benefit	25.4			(24,261)
		(9,540)	**Other comprehensive income and expenditure**				**(25,964)**
		(7,003)	**Total comprehensive income and expenditure**				**(17,986)**

Movement in reserves statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net (increase)/decrease line shows the statutory general fund balance movements in the year following those adjustments.

	General fund balance £000	Capital receipts reserves £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total council reserves £000
Balance at 1 April 2018	**(35,976)**	**(10,709)**	**(2,955)**	**(49,640)**	**(50,206)**	**(99,846)**
Movement in reserves during 2018/19						
(Surplus)/deficit on provision of services	2,537	-	-	2,537	(9,540)	(7,003)
Adjustments between accounting basis & funding basis under regulations (Note 8)	478	(1,387)	(1,847)	(2,756)	2,756	-
(Increase)/decrease in 2018/19	**3,015**	**(1,387)**	**(1,847)**	**(219)**	**(6,784)**	**(7,003)**
Balance at 31 March 2019	**(32,961)**	**(12,096)**	**(4,802)**	**(49,859)**	**(56,990)**	**(106,849)**
Movement in reserves during 2019/20						
(Surplus)/deficit on provision of services	7,978	-	-	7,978	(25,964)	(17,986)
Adjustments between accounting basis & funding basis under regulations (Note 8)	1,099	(770)	(3,249)	(2,920)	2,920	-
(Increase)/decrease in 2019/20	**9,077**	**(770)**	**(3,249)**	**5,058**	**(23,044)**	**(17,986)**
Balance at 31 March 2020	**(23,884)**	**(12,866)**	**(8,051)**	**(44,801)**	**(80,034)**	**(124,835)**

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in reserves statement line 'adjustments between accounting basis and funding basis under regulations'.

1 April 2018	31 March 2019			31 March 2020
£000	£000		note	£000
		Property, plant & equipment		
133,292	135,173	Other land and buildings	13.7	113,860
5,049	3,848	Vehicles, plant and equipment	13.7	4,377
19	3,019	Community assets	13.7	3,019
1	1	Surplus assets not held for sale	13.7	164
220	520	Heritage assets	13.7	520
5,453	5,074	Assets under construction	13.7	6,670
144,034	**147,635**	**Total property, plant & equipment**		**128,610**
673	673	Investment property	14	24,573
1,284	1,284	Long term investments	15	1,284
46,986	53,415	Long term debtors	16,17,34	53,629
192,977	**203,007**	**Long term assets**		**208,096**
34,582	31,100	Short term investments	17	17,095
3	-	Inventories		-
12,461	13,432	Short term debtors	18	14,539
6,236	6,273	Short term loans	17.1,19	4,023
11,810	4,585	Cash and cash equivalents	17,20	14,525
65,092	**55,390**	**Current assets**		**50,182**
(5,028)	-	Short term borrowing	17	-
(18,298)	(14,162)	Short term creditors	21	(16,058)
(1,662)	(2,049)	Provisions	22	(455)
(24,988)	**(16,211)**	**Current liabilities**		**(16,513)**
(306)	(287)	Provisions	22	(213)
(114,732)	(117,047)	Other long term liabilities	23	(98,917)
(18,197)	(18,003)	Long term borrowing	17	(17,800)
(133,235)	**(135,337)**	**Long term liabilities**		**(116,930)**
99,846	**106,849**	**Net assets**		**124,835**
(49,640)	(49,859)	Usable reserves	MiRS, 24	(44,801)
(50,206)	(56,990)	Unusable reserves	MiRS, 25	(80,034)
(99,846)	**(106,849)**	**Total reserves**		**(124,835)**

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2018/19 £000		note	2019/20 £000
(2,537)	Net deficit on the provision of services	7.2	(7,978)
6,962	Adjustment to deficit on the provision of services for non cash movements	26.1	13,540
41,464	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	26.2	59,119
45,889	Net cash flows from operating activities		64,681
(46,249)	Net cash flows from investing activities	27	(52,540)
(6,865)	Net cash flows from financing activities	28	(2,201)
(7,225)	Net increase/(decrease) in cash and cash equivalents		9,940
11,810	Cash and cash equivalents at the beginning of the reporting period		4,585
4,585	**Cash and cash equivalents at the end of the reporting period**	20	**14,525**

1. Accounting Policies

1.1 General principles

The statement of accounts summarises the Council's transactions for the 2019/20 financial year and its position at 31 March 2020. The Council is required to prepare an annual statement of accounts by the Accounts and Audit (England) Regulations 2015 (SI 2011 no.817), 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) and statutory guidance issued under section 12 of the 2003 Act.

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 Aylesbury Vale District Council transferred to the new unitary 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.

Unless otherwise stated the convention used in this document is to round amounts to the nearest thousand pounds. Throughout the statements all credit balances are shown with parentheses e.g. (£1,234).

1.2 Accruals of expenditure and income

All transactions of the Council are accounted for in the year in which they take place, not simply when the cash payments are made or received. In particular:

- fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services;
- supplies and services are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet;
- interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

1.3 Cash and cash equivalents

Cash comprises cash in hand and call account deposits repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes 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.

1.4 Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed 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; and
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either at least 4% of the underlying amount measured by the adjusted capital financing requirement or the asset life method where the MRP is determined by reference to the life of the asset and an equal amount charged each year. Depreciation, impairment losses and amortisations are therefore replaced by minimum revenue provision in the statement of movement on the general fund balance, by way of an adjusting transaction within the capital adjustment account for the difference between the two.

1.5 Council tax and non-domestic rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.6 Employee benefits

1.6.1 Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the 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 not taken before the year end which employees can carry into the next financial year. The accrual is made at the wage and salary rates applicable in the following year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but is then reversed out through the movement in reserves statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

1.6.2 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 in exchange for those benefits, and are charged on an accruals basis to the relevant service costs line in 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 for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

1.6.3 Post-employment benefits

The majority of Council employees are members of the local government pension scheme, administered by Buckinghamshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The local government scheme is accounted for as a defined benefits scheme:

- The liabilities of Buckinghamshire County Council's superannuation 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 of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the annualised yield at the 21 year point on the Merrill Lynch AA rated corporate bond curve, which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the employer's liabilities. This approach has been updated from previous disclosures when the yield on the iBoxx Sterling Corporate Index was used as a standard assumption for most employers in the fund.
- The assets of Buckinghamshire County Council's superannuation fund attributable to the Council are included in the balance sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value
- The change in the net pensions liability is analysed into the following components:
    - service cost comprising:
        - current service cost – the increase in liabilities as a result of years of service earned this year (allocated in the comprehensive income and expenditure statement to the services for which the employees worked).
        - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (debited to the net cost of services in the comprehensive income and expenditure statement as part of non-distributed costs).
        - net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the year in the net defined benefit liability that arises from the passage of time (charged to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).
    - re-measurement comprising:
        - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (charged to the pensions reserve as other comprehensive income and expenditure).
        - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions (charged to the pensions reserve as other comprehensive income and expenditure).
    - contributions paid to Buckinghamshire County Council's pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities. This is 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, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. 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 are earned by employees.

1.6.4 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.

1.7 Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that have occurred between the balance sheet date and the date when the statement of accounts is authorised for issue. Two types of event can be identified:

- those that provide evidence of conditions that existed at the balance sheet date – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the balance sheet date – 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.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

1.8 Financial instruments

1.8.1 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 measured at fair value. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

This means that for the borrowings the Council has, the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount payable for the year.

1.8.2 Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised costs, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument)

1.8.2.1 Financial assets measured at amortised cost

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the comprehensive income and expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the balance sheet is the outstanding principal receivable plus accrued interest, and interest charged to the comprehensive income and expenditure statement is the amount receivable for the year.

1.8.2.2 Expected credit loss model

The Council recognises expected credit losses on all of its financial assets held at amortised cost.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays an important part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

1.9 Government grants and other 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 specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income in the comprehensive income and expenditure statement.

Where capital grants are credited to the comprehensive income and expenditure statement, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

1.10 Interests in companies and other entities

The Council has a 50% interest in Aylesbury Vale Estates LLP. Relevant transactions are disclosed within note 11 (distribution attributable to joint venture) and note 16 (long term debtors) to the balance sheet. Group accounts have not been prepared on the basis of materiality.

Aylesbury Vale Broadband Ltd was set up in 2015, as part of the commercial agenda. The sale receipt, net of residual costs, was returned to the NHB pot ring-fenced for the delivery of high speed broadband and then can potentially be reused for further Broadband schemes within the Vale. As such, the sale had no direct impact on the revenue budget. The bank account was closed and the process for winding up the company was completed before 31 March 2020.

During 2016 and 2017 Vale Commerce Ltd developed products and services that were taken to market and refined accordingly with customer feedback. Unfortunately, it was unable to scale the activity in accordance with initial targets. At the cabinet meeting on 9 January 2018, it was recommended that the company be moved into a state of dormancy and transfer assets and appropriate intellectual property such as brands, website etc. back to the Council as the shareholder. During 2019/20 the company was formally wound up.

1.11 Inventories and long-term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of the comprehensive income and expenditure statement being charged in the year during which the cost of goods or services were received or provided.

1.12 Investment property

Investment properties are those (land or a building, or part of a building, or both) that are held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement. The same treatment is applied to gains and losses on disposal.

Rentals and costs relating to investment properties are posted to the financing and investment income and expenditure line in the comprehensive income and expenditure statement and result in a gain or loss for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account and any sale proceeds credited to the capital receipts reserve.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to the 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.

1.13.1 The Council as lessee

- Operating leases

  Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as expenses of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.13.2 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 (whether property, plant or equipment or assets held for sale) is written off to the other operating expenditure line in the comprehensive income and expenditure statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the comprehensive income and expenditure statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the balance sheet.

  Lease rentals receivable are apportioned between:

  - a charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
  - finance income (credited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement).

  The gain credited to the comprehensive income and expenditure statement on disposal is not permitted by statute to increase the general fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future years, this is posted out of the general fund balance to the deferred capital receipts reserve in the movement in reserves statement.

  The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account.

- 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 to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as expenses over the lease term on the same basis as rental income.

1.14 Overheads and support services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.15 Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.16 Property, plant and equipment

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

1.16.1 Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 on fixed assets is capitalised. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

1.16.2 Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- assets surplus to requirements - fair value, determined as the amount that would be paid for the asset in its existing use - existing use value (EUV)
- specialised land & buildings –depreciated replacement cost (DRC) which is used as an estimate of current value
- other land and buildings - EUV
- vehicles, plant and equipment – EUV
- infrastructure and community assets – historic cost
- assets under construction – historic cost
- heritage assets – historic cost

Assets included in the balance sheet at current value are revalued on a rolling basis within a five year time-frame. Increases in valuations are matched by credits in the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the comprehensive income and expenditure statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

1.16.3 Impairment

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains)
- where there is no balance on the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant line(s) in the comprehensive income and expenditure account.

Where an impairment loss is charged to the comprehensive income and expenditure statement but there were accumulated revaluation gains in the revaluation reserve for that asset, an amount up to the value of the loss is transferred from the revaluation reserve to the capital adjustment account.

1.16.4 Disposals and non current assets held for resale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for resale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating costs line in the comprehensive income and expenditure statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on non current assets held for resale.

If assets no longer meet the criteria to be classified as non current assets held for resale, they are reclassified back to non current assets and valued at the lower of their carrying amount before they were classified for resale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for resale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the comprehensive income and expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the comprehensive income and expenditure statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account. Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow – the capital financing requirement. Receipts are appropriated to the reserve from the movement in reserves statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the movement in reserves statement.

1.16.5 Depreciation

Depreciation is provided in respect of all the relevant property, plant and equipment, other than investment properties, where a finite useful life has been determined. This is with the intention of writing off their balance sheet values in equal annual instalments over their remaining expected useful lives. This is commonly referred to as the 'straight line' method. An exception is made for assets without a determinable finite life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charge 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.

1.16.6 Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that property, plant and equipment is accurately and fairly included in the Council's balance sheet, and that the comprehensive income and expenditure statement properly reflects the consumption of economic benefits of those assets over their useful lives through depreciation charges.

In order to do this, the Council must first determine which of its assets have a material value. For Aylesbury Vale District Council materiality in this instance has been set as any asset with a carrying value equal to or greater than 20% of the total carrying value for any asset group.

Where an asset is deemed material then the Council must ensure that the overall value of an asset is fairly apportioned over significant components that need to be accounted for separately and that their useful lives and the method of depreciation are determined on a reasonable and consistent basis. For Aylesbury Vale District Council significance has been set at equal to or greater than 20% of the asset's cost.

1.17 Provisions, contingent liabilities and contingent assets

1.17.1 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 or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

1.17.2 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.

1.17.3 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.

1.18 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of 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 revenue account. The value is then appropriated from the reserve and credited to the general fund balance so that there is no charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

1.19 Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.20 VAT

VAT is only included within the revenue and capital income and expenditure accounts to the extent that it is irrecoverable.

2. Accounting standards not yet adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2019/20 (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The accounting changes introduced in the 2019/20 code are:

- IAS 28 investments in associates and joint ventures; long-term interests in associates and joint ventures;
- annual improvements to IFRS standards 2015-2017 cycle;
- IAS19 employee benefits; plan amendment, curtailment or settlement.

These changes are not expected to have a material impact on the Council's statements.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet 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 estimation uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's balance sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Business rates - Since the introduction of the business rates retention scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2012/13 and earlier years in their proportionate share. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2020. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2020.

- Council tax (surplus)/deficit - Assumptions are made on the likely (surplus)/deficit for the year in the January prior to the year end. The information forms part of the budget setting process for Aylesbury Vale District Council, Buckinghamshire County Council, Thames Valley Police Authority and Buckinghamshire and Milton Keynes Fire & Rescue Authority. If the actual (surplus)/deficit differs significantly from the estimated assumption position from January, there will be an impact in the following year's budget process. A higher deficit could mean more savings being required or an increased council tax.

- Debt impairment - At 31 March 2020, the Council had a balance of sundry debtors for £11,143,000. A review of significant balances suggested that impairment for doubtful debts of 30% (£3,360,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. If collection rates were to deteriorate, which was not the case during 2019/20, the Council would require additional funds to set aside as an allowance.

- Earmarked reserves - The Council has a large number of earmarked reserves, which are reviewed annually to assess the expected year end balance. The expected reserve balances form part of the budget setting process. Although, the reserve levels are not prescribed, major variations could have an impact on service budgets as expected funds may not be available, which could lead to savings being required in year.

- Pensions liability - Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The effects on the net pensions liability of changes in individual assumptions can be measured. The assumptions interact in complex ways.

- Property, plant and equipment - Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. In the current economic climate there will be increased pressure on all budgets, leading to difficult choices which might result in the Council being less able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £41,700 for every year that useful lives had to be reduced.

- Investment properties are those assets 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 highest and best use value of the asset. Investment properties are not depreciated, and an annual valuation programme ensures that they are held at highest and best use value at the balance sheet date. The outbreak of the Novel Coronavirus (COVID 19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets and market activity is being impacted in many sectors. At the valuation date therefore, less weight can be attached to previous market evidence to inform opinions of value. Indeed, the current response to COVID-19 means that the valuers are faced with an unprecedented set of circumstances on which to base a judgement. Consequently, less certainty and a higher degree of caution should be attached to valuations than would normally be the case and valuations of assets are being kept under constant review.

- Provisions for liabilities including restructuring, redundancy and onerous contracts - no provision is made for redundancies as departments have to meet the cost from within their own budgets. If there was the need to make redundancies and they could not be met from the service budget then it would impact on the general fund surplus. Any impact would have to be met from the following year. It could be significant if there were a large number.

This list does not include assets and liabilities that have been carried at fair value based on a recently observed market price.

5. Events after the balance sheet date

The statement of accounts was authorised for issue by the s.151 officer on 29 July 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Local government reorganisation
On 1st April 2020 all the functions and services along with its assets and liabilities of Aylesbury Vale District Council transferred to the new unitary 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 and has yet to be quantified. 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 residents which will continue for the foreseeable future. The MHCLG have already announced additional funding to meet the costs arising from COVID-19 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. Buckinghamshire Council cannot be dissolved without statutory prescription and therefore the functions of Aylesbury Vale District Council will continue in the new Council. Hence, it is appropriate for the accounts to be prepared on a going concern basis.

6 Expenditure and funding analysis

This analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the comprehensive income and expenditure statement.

2018/19				2019/20		
Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement		Net expenditure chargeable to the general fund	Adjustments between the funding and accounting basis (note 7.1)	Net expenditure in the comprehensive income and expenditure statement
£000	£000	£000		£000	£000	£000
(192)	(503)	(695)	Civic amenities	(1,012)	160	(852)
1,816	(153)	1,663	Communities	1,880	352	2,232
539	(1,313)	(774)	Economic development	464	(3,657)	(3,193)
3,313	(403)	2,910	Environment & leisure	3,370	(285)	3,085
9,473	298	9,771	Finance & resources	9,646	(1,046)	8,600
2,528	(390)	2,138	Leader	7,554	(345)	7,209
1,545	(447)	1,098	Planning & enforcement	1,931	(387)	1,544
1,946	(215)	1,731	Strategic planning & infrastructure	1,828	(131)	1,697
8,263	(2,321)	5,942	Waste & licensing	9,831	(2,188)	7,643
29,231	**(5,447)**	**23,784**	**Net cost of services**	**35,492**	**(7,527)**	**27,965**
(26,694)	5,925	(20,769)	Other income and expenditure	(27,514)	8,626	(18,888)
		3,015	**Deficit for the year**			**9,077**
		(35,976)	Opening general fund balance at 1 April			(32,961)
		3,015	Deficit for the year			9,077
		(32,961)	**Closing general fund balance at 31 March**			**(23,884)**

7.1 Note to the expenditure and funding analysis

Adjustments from the general fund to arrive at the comprehensive income and expenditure statement amounts

2018/19					2019/20			
Adjustments for capital purposes (note 7.1.1) £000	**Net change for the pensions** (note 7.1.2) £000	**Other Differences** (note 7.1.3) £000	**Total Adjustments** £000		**Adjustments for capital purposes** (note 7.1.1) £000	**Net change for the pensions** (note 7.1.2) £000	**Other Differences** (note 7.1.3) £000	**Total Adjustments** £000
(389)	(114)	-	(503)	Civic amenities	242	(82)	-	160
-	(153)	-	(153)	Communities	472	(120)	-	352
(1,143)	(170)	-	(1,313)	Economic development	(3,513)	(144)	-	(3,657)
(184)	(219)	-	(403)	Environment & leisure	(153)	(132)	-	(285)
-	298	-	298	Finance & resources	-	(1,046)	-	(1,046)
-	(390)	-	(390)	Leader	-	(345)	-	(345)
(2)	(445)	-	(447)	Planning & enforcement	(5)	(382)	-	(387)
-	(215)	-	(215)	Strategic planning & infrastructure	-	(131)	-	(131)
(901)	(1,420)	-	(2,321)	Waste & licensing	(961)	(1,227)	-	(2,188)
(2,619)	**(2,828)**	**-**	**(5,447)**	**Net cost of services**	**(3,918)**	**(3,609)**	**-**	**(7,527)**
10,228	(3,021)	(1,282)	5,925	Financing items	8,099	(1,019)	1,546	8,626
10,228	**(3,021)**	**(1,282)**	**5,925**	**Other income and expenditure**	**8,099**	**(1,019)**	**1,546**	**8,626**

7.1.1 Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure -** adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and investment income and expenditure -** the statutory charges for capital financing, i.e. minimum revenue provision, and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure –** capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.1.2 Net change for the pensions adjustment

Net change for the removal of pension contributions and the addition of IAS19 employee benefits pension related expenditure and income:

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

- For **financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

7.1.3 Other differences

Other differences between amounts debited/(credited) to the comprehensive income and expenditure statement and amounts payable/(receivable) to be recognised under statute:

- For **financing and investment income and expenditure** the other difference column recognises adjustments to the general fund for the timing differences for premiums and discounts.

- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and non domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the code. This is a timing difference as any difference will be brought forward in future (surpluses) or deficits on the collection fund.

7.2 Expenditure and income analysed by nature

The Council's expenditure and income is analysed as follows:

2018/19 £000		2019/20 £000
	Expenditure	
30,858	Employee benefits expenses	32,174
20,493	Other service expenses	26,750
43,817	Housing benefits	37,226
(211)	Support service recharges	(171)
2,619	Depreciation & impairment	3,918
3,178	Interest payments	3,004
5,768	Precepts & levies	6,140
5	Loss on disposal of fixed assets	-
503	Other expenditure	1,053
107,030	**Total expenditure**	**110,094**
	Income	
(24,212)	Fees, charges & other service income	(20,392)
(2,266)	Interest and investment income	(2,162)
(23,995)	Income from council tax & non-domestic rates	(28,578)
(1,102)	Post stock transfer capital receipts	(2,027)
(52,897)	Government grants & contributions	(46,318)
-	Dividends receivable	(545)
(21)	Other income	(2,094)
(104,493)	**Total income**	**(102,116)**
2,537	**Deficit on the provision of services**	**7,978**

8. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are made by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves against which the adjustments are made.

- **General fund balance**
  The general fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment.

- **Capital receipts reserve**
  The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

- **Capital grants unapplied**
  The capital grants unapplied account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2019/20		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(4,628)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	1,581	-	-
• Holiday pay (transferred from the accumulated absences reserve)	(35)	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	911	-	(4,854)
Total adjustments to the revenue resources	**(2,171)**	**-**	**(4,854)**
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	2,027	(2,027)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	1,243	-	-
Total adjustments between revenue and capital resources	**3,270**	**(2,027)**	**-**
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	1,857	-
Application of capital grants to finance capital expenditure	-	-	1,605
Cash payments in relation to deferred capital receipts	-	(600)	-
Total adjustments to capital resources	**-**	**1,257**	**1,605**
Total adjustments	**1,099**	**(770)**	**(3,249)**

	2018/19		
	Usable reserves		
	General fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000
Adjustments to the revenue resources			
Amounts by which the income and expenditure included in the comprehensive income and expenditure statement are difference from revenue for the year calculated in accordance with statutory requirements:			
• Pensions costs (transferred from the pensions reserve)	(5,849)	-	-
• Council tax and NNDR (transferred from the collection fund adjustment account)	(1,394)	-	-
• Holiday pay (transferred from the accumulated absences reserve)	112	-	-
• Reversal of entries included in the deficit/(surplus) on the provision of services in relation to capital expenditure (these items are charged to the capital adjustment account)	2,367	-	(6,037)
Total adjustments to the revenue resources	**(4,764)**	**-**	**(6,037)**
Adjustments between revenue and capital resources			
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	3,999	(3,999)	-
Statutory provision for the repayment of debt (transferred from the capital adjustment account)	1,243	-	-
Total adjustments between revenue and capital resources	**5,242**	**(3,999)**	**-**
Adjustments to capital resources			
Use of the capital receipts reserve to finance capital expenditure	-	3,300	-
Application of capital grants to finance capital expenditure	-	-	4,190
Cash payments in relation to deferred capital receipts	-	(688)	-
Total adjustments to capital resources	**-**	**2,612**	**4,190**
Total adjustments	**478**	**(1,387)**	**(1,847)**

9. Movements in earmarked reserves

This note sets out the amounts set aside from general fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2018/19 and 2019/20.

	Balance 1 April 2018	Transfers out 2018/19	Transfers in 2018/19	Balance 31 March 2019	Transfers out 2019/20	Transfers in 2019/20	Transfers between reserves 2019/20	Balance 31 March 2020
	£000	£000	£000	£000	£000	£000	£000	£000
Capital purposes								
Amenity areas	(3,097)	293	(70)	(2,874)	-	(543)	-	(3,417)
Property sinking	(1,812)	46	-	(1,766)	60	-	-	(1,706)
Property strategy	(540)	-	-	(540)	268	-	-	(272)
Information technology	(199)	518	(397)	(78)	326	(307)	-	(59)
Future vehicle costs	(84)	50	-	(34)	-	-	-	(34)
	(5,732)	**907**	**(467)**	**(5,292)**	**654**	**(850)**	**-**	**(5,488)**
Revenue purposes								
East/west rail link	(350)	-	-	(350)	98	-	(4,650)	(4,902)
New homes bonus - parishes	(2,338)	339	(856)	(2,855)	1,049	(876)	-	(2,682)
Asbestos warranty	-	-	-	-	-	-	(2,000)	(2,000)
Business transformation	-	-	-	-	-	-	(1,404)	(1,404)
Repairs & renewals	(1,145)	310	(287)	(1,122)	233	(141)	-	(1,030)
Fairford Leys riverine	(878)	-	(16)	(894)	120	-	-	(774)
Connected knowledge	-	1,159	(2,910)	(1,751)	1,247	-	-	(504)
Planning fees	(559)	1,609	(1,658)	(608)	600	(62)	(400)	(470)
Depot refurbishment	(209)	-	(388)	(597)	139	-	-	(458)
Self insurance	(541)	93	-	(448)	58	-	-	(390)
Aylesbury special expenses	(467)	42	-	(425)	54	-	-	(371)
Health licensing income	(529)	31	-	(498)	180	-	-	(318)
District elections	(164)	12	(48)	(200)	1	(48)	-	(247)
Car parking	(207)	94	(110)	(223)	23	-	-	(200)
Historic buildings	(135)	-	-	(135)	-	-	-	(135)
Rent guarantee scheme	(71)	-	-	(71)	-	-	-	(71)
Market research	(47)	-	-	(47)	-	-	-	(47)
Playgrounds	(40)	-	-	(40)	-	-	-	(40)
Unitary	-	26	(5,000)	(4,974)	4,974	-	-	-
Town centre regeneration - transferred to capital reserves	-	-	(4,500)	(4,500)		-	4,500	-
New homes bonus	(14,492)	22,018	(10,610)	(3,084)	3,048	(5,014)	5,050	-
Business rates	(1,768)	3,123	(3,248)	(1,893)	2,073	(2,983)	2,803	-
Recycling & composting	(292)	620	(500)	(172)	-	-	172	-
Leisure activities	(156)	-	-	(156)	-	-	156	-
Housing needs & section 106	(107)	-	-	(107)	-	-	107	-
Business support fund	(102)	-	-	(102)	-	-	102	-
Benefit subsidy	(33)	593	(595)	(35)	-	-	35	-
Business transformation	(29)	-	-	(29)	-	-	29	-
Interest equalisation	(2,022)	2,022	-	-	-	-		-
LABGI	(857)	857	-	-	-	-		-
Superannuation	(729)	729	-	-	-	-		-
	(28,267)	**33,677**	**(30,726)**	**(25,316)**	**13,897**	**(9,124)**	**4,500**	**(16,043)**
	(33,999)	**34,584**	**(31,193)**	**(30,608)**	**14,551**	**(9,974)**	**4,500**	**(21,531)**

The following paragraphs provide an explanation of those reserves whose balance is in excess of £1 million or where it was felt reporting would be beneficial.

(a) Amenity areas
The Council has established a reserve to hold commuted sums and sums received by way of section 106 agreements. The sums are invested and the interest transferred to the general fund to meet on-going revenue costs.

(b) Property sinking reserve
The Council has established a property sinking fund for the purpose of meeting large maintenance and refurbishment costs associated with operational buildings, particularly the offices and the new theatre that are capital in nature.

(c) East/west rail link
The Council has established a reserve from payments received from the Government to meet local costs across the Aylesbury Vale area associated with the proposed east/west rail link.

(d) New homes bonus – parish share
The Council has established a reserve from payments received from the Government which is made available to local parishes as a means of financing their capital projects.

(e) Asbestos warranty
The Council has established a reserve to cover the costs of asbestos removal from properties forming part of the stock transfer of ex-council houses to the Vale of Aylesbury Housing Trust.

(f) Business transformation reserve
The Council has established a reserve for the purpose of meeting costs associated with service transformation in the new unitary council.

(g) Repairs and renewals
The Council has established a reserve for the purpose of meeting general maintenance and refurbishment costs associated with its operational buildings including the leisure centres, theatre and offices.

10. Other operating income and expenditure

2018/19 £000		2019/20 £000
5,768	Parish precepts	6,140
(1,102)	Post stock transfer capital receipts	(2,027)
(70)	Commuted sum income	(684)
25	Other operating costs	490
5	Loss on disposal of non-current assets	-
4,626		**3,919**

11. Financing and investment income and expenditure

2018/19 £000		2019/20 £000
742	Interest payable and similar charges	723
2,436	Net interest on the net defined liability	2,281
(2,266)	Interest receivable and similar income	(2,162)
117	Income and expenditure in relation to investment properties and changes in their fair value	2,848
-	Distribution from crematorium	(245)
-	Distribution attributable to joint venture	(300)
1,029		**3,145**

12. Taxation and non-specific grant income

2018/19 £000		2019/20 £000
(17,502)	Council tax income	(18,677)
(6,493)	Non domestic rates	(9,901)
(6,313)	Non-ringfenced government grants (note 29)	(5,906)
(2,041)	Capital grants and contributions	(94)
(32,349)		**(34,578)**

13. Property, plant and equipment

13.1 Measurement bases used

The gross carrying amount of assets has been determined on the following bases:

- assets surplus to requirements - fair value, determined as the amount that would be paid for the asset in its existing use - existing use value (EUV)
- specialised land & buildings –depreciated replacement cost (DRC) which is used as an estimate of current value
- other land and buildings - EUV
- vehicles, plant and equipment – EUV
- infrastructure and community assets – historic cost
- assets under construction – historic cost
- heritage assets – historic cost

13.2 Depreciation methods used

Depreciation is calculated on a straight line basis over the useful life of an asset

13.3 Useful lives or depreciation rates used

The useful life of an asset is the period over which it is expected to deliver productive benefit to the Council. The useful lives used for depreciating the various assets are:

Class type	Useful life
Surface car parks	0 - 24 years
Multi-storey car parks	26 - 60 years
Sports pavilions	10 - 37 years
Other public buildings	8 - 51 years
Waste bins	7 years
Vehicles	3 - 7 years
Equipment	5 years

13.4 Capital commitments

The Council had no outstanding capital commitments at 31 March 2020.

13.5 Effects of changes in estimates

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £41,700 for every year that useful lives had to be reduced.

13.6 Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least once every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

For 2019/20, valuations of the Waterside development, the Swan leisure centre, several offices and a number of carparks were carried out. Supplementary valuations were also completed arising from the commissioned market review. This included some specialised properties including the theatre, Aqua Vale leisure centre, the Gateway and Pembroke Road offices, multi-storey car parks and several community centres. The market review takes a broader view of the way in which material or economic factors may have affected the overall levels of value which are stated in the accounts, to reflect a true position and give an impairment allowance (where required) against the 2019/20 accounts.

The valuations have been carried out by S O'Neill BSc (Hons) MRICS, IRRV (Hons) RICS, Registered Valuer of Wilks, Head and Eve as at 31 March 2020. The valuations have been checked by G S C Harbord MA MRICS IRRV (Hons), Partner of Wilks, Head and Eve, who also prepared a valuation report.

The significant assumptions applied in estimating the fair values are:

- operational assets – the total value has been apportioned between land and building parts, with the building representing the depreciable amount;
- specialised assets – where no market-based evidence exists to arrive at fair value, the depreciated replacement cost (DRC) approach has been used;
- land assets – these have been assessed to fair value having regard to the cost of purchasing notional replacement sites in the same locality;
- assets held for sale – these have been assessed to fair value on the basis of market value.

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 can be found at:

https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/valuation-coronavirus.

13.7 Movement on property, plant and equipment

	2019/20						
	Other land & buildings £000	Vehicles, plant & equipment £000	Community assets £000	Surplus assets £000	Heritage assets £000	PP&E under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2019	136,265	9,348	3,019	1	520	5,074	154,227
Additions	86	1,496	-	-	-	5,508	7,090
Revaluation increases recognised in the revaluation reserve	2,442	-	-	163	-	-	2,605
Revaluation increases recognised in the deficit on the provision of services	1,594	-	-	-	-	-	1,594
Impairment losses/reversals recognised in the revaluation reserve	(2,045)	-	-	-	-	-	(2,045)
Impairment losses/reversals recognised in the (surplus)/deficit on the provision of services	(147)	-	-	-	-	-	(147)
Impairment written out to the (surplus)/deficit on the provision of services	(530)	-	-	-	-	-	(530)
Reclassification of assets to investment property	(23,589)	-	-	-	-	(3,912)	(27,501)
At 31 March 2020	**114,076**	**10,844**	**3,019**	**164**	**520**	**6,670**	**135,293**
Accumulated depreciation							
At 1 April 2019	(1,092)	(5,500)	-	-	-	-	(6,592)
Depreciation charge	(1,846)	(967)	-	-	-	-	(2,813)
Depreciation written out to the revaluation reserve	1,143	-	-	-	-	-	1,143
Depreciation written out to the deficit on the provision of services	1,579	-	-	-	-	-	1,579
At 31 March 2020	**(216)**	**(6,467)**	**-**	**-**	**-**	**-**	**(6,683)**
Net book value							
At 31 March 2020	**113,860**	**4,377**	**3,019**	**164**	**520**	**6,670**	**128,610**
At 1 April 2019	**135,173**	**3,848**	**3,019**	**1**	**520**	**5,074**	**147,635**

	2018/19						
	Other land & buildings £000	Vehicles, plant & equipment £000	Community assets £000	Surplus assets £000	Heritage assets £000	PP&E under construction £000	Total PP&E £000
Cost or valuation							
At 1 April 2018	135,678	10,502	19	11	220	5,453	151,883
Additions	87	16	-	-	-	2,921	3,024
Revaluation Increases recognised in the revaluation reserve	7,485	-	-	-	-	-	7,485
Revaluation increases recognised in the deficit on the provision of services	1,840	-	-	-	-	-	1,840
Impairment losses/reversals recognised in the revaluation reserve	(6,648)	(314)	-	-	-	-	(6,962)
Impairment losses/reversals recognised in the (surplus)/deficit on the provision of services	(2,272)	(859)	-	-	-	-	(3,131)
Derecognition - disposals	(23)	-	-	-	-	-	(23)
Other movements in cost or valuation	118	3	3,000	(10)	300	(3,300)	111
At 31 March 2019	**136,265**	**9,348**	**3,019**	**1**	**520**	**5,074**	**154,227**
Accumulated depreciation							
At 1 April 2018	(2,386)	(5,453)	-	(10)	-	-	(7,849)
Depreciation charge	(2,538)	(904)	-	-	-	-	(3,442)
Depreciation written out to the revaluation reserve	2,696	-	-	-	-	-	2,696
Depreciation written out to the deficit on the provision of services	1,254	860	-	-	-	-	2,114
Other movements	(118)	(3)	-	10	-	-	(111)
At 31 March 2019	**(1,092)**	**(5,500)**	**-**	**-**	**-**	**-**	**(6,592)**
Net book value							
At 31 March 2019	**135,173**	**3,848**	**3,019**	**1**	**520**	**5,074**	**147,635**
At 1 April 2018	**133,292**	**5,049**	**19**	**1**	**220**	**5,453**	**144,034**

14. Investment properties

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:

2018/19 £000		2019/20 £000
(1)	Rental income from investment property	(971)
118	Direct operating expenses arising from investment property	218
-	Net losses from fair value adjustments	3,601
117		**2,848**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

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

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
415	673	Balance at 1 April	673
258	-	Revaluations	-
-	-	Net losses from fair value adjustments	(3,601)
-	-	Transfers from property, plant and equipment	27,501
673	**673**	**Balance at 31 March**	**24,573**
673	673	Check	24,573

At the year end a decision was taken to reclassify several properties which had previously been classified as property, plant and equipment as investment properties as they met the criteria for such classification. These included Travelodge, Waitrose and the development at the Exchange.

15. Long term investments

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
1,284	1,284	Aylesbury Vale Estates LLP	1,284
1,284	**1,284**		**1,284**

16. Long term debtors

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
26,970	26,474	Aylesbury Vale Estates LLP	25,956
14,923	14,686	Finance leases	14,438
-	-	Enterprise zones	4,361
4,213	3,862	Hale Leys LLP	3,512
-	5,893	Durkan	2,512
375	2,000	Silverstone	2,000
500	500	Bucks Advantage	850
5	-	Car purchase loans	-
46,986	**53,415**		**53,629**

17. Financial instruments

17.1 Categories of financial instruments

The following categories of financial instruments are carried in the balance sheet:

1 April 2018		31 March 2019			31 March 2020	
Long term	Current	Long term	Current		Long term	Current
£000	£000	£000	£000		£000	£000
				Investments		
-	34,582	-	31,100	Loans and receivables	-	17,095
-	**34,582**	**-**	**31,100**	**Total investments**	**-**	**17,095**
				Debtors		
46,986	6,236	53,415	6,273	Loans and receivables	53,629	4,023
-	8,251	-	7,373	Financial assets carried at contract amounts	-	9,334
46,986	**14,487**	**53,415**	**13,646**	**Total debtors**	**53,629**	**13,357**
				Cash and cash equivalents		
-	11,810	-	4,585	Financial assets carried at contract amounts	-	14,525
-	**11,810**	**-**	**4,585**	**Total cash and cash equivalents**	**-**	**14,525**
				Borrowings		
(18,197)	(5,028)	(18,003)	-	Financial liabilities at amortised cost	(17,800)	-
(18,197)	**(5,028)**	**(18,003)**	**-**	**Total borrowings**	**(17,800)**	**-**
				Creditors		
-	(9,633)	-	(7,371)	Financial liabilities carried at contract amounts	-	(5,746)
-	**(9,633)**	**-**	**(7,371)**	**Total creditors**	**-**	**(5,746)**

17.2 Income, expense, gains and losses

2018/19				2019/20		
Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total		Financial assets: loans and receivables	Assets and liabilities at fair value through profit and loss	Total
£000	£000	£000		£000	£000	£000
-	742	742	Interest expense	-	723	723
8	-	8	Provision for expected credit losses	(7)	-	(7)
8	**742**	**750**	**Total expense in deficit on the provision of services**	**(7)**	**723**	**716**
(2,274)	-	(2,274)	Interest income	(2,155)	-	(2,155)
(2,274)	**-**	**(2,274)**	**Total income in deficit on the provision of services**	**(2,155)**	**-**	**(2,155)**
(2,266)	**742**	**(1,524)**		**(2,162)**	**723**	**(1,439)**

17.3 Fair values of assets and liabilities

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

- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

1 April 2018		31 March 2019			31 March 2020	
Carrying amount	Fair value	Carrying amount	Fair value		Carrying amount	Fair value
£000	£000	£000	£000		£000	£000
				Financial assets		
46,986	46,986	53,415	53,415	Long term debtors	53,629	53,629
34,582	34,582	31,100	31,100	Short term investments	17,095	17,095
11,810	11,810	4,585	4,585	Cash and cash equivalents	14,525	14,525
93,378	**93,378**	**89,100**	**89,100**		**85,249**	**85,249**
				Financial liabilities		
(17,165)	(17,165)	(19,952)	(19,952)	Long term creditors	(21,455)	(21,455)
(18,197)	(22,095)	(18,003)	(22,478)	Long term borrowing	(17,800)	(22,738)
(5,028)	(5,028)	-	-	Short term borrowing	-	-
(40,390)	**(44,288)**	**(37,955)**	**(42,430)**		**(39,255)**	**(44,193)**

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. Short term debtors

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
1,722	3,281	Central government bodies	4,400
144	323	Other local authorities	555
261	169	NHS bodies	88
193	193	Amounts owed by joint venture	367
12,888	12,547	Other entities and individuals	12,489
15,208	16,513		17,899
(2,747)	(3,081)	Provision for impairment of bad debts	(3,360)
12,461	**13,432**		**14,539**

19. Short term loans

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
3,250	3,250	Hale Leys LLP	2,337
1,494	1,531	Aylesbury Vale Estates LLP	1,686
1,442	1,442	Aylesbury Vale Broadband Ltd	-
50	50	Vale Commerce Ltd	-
6,236	**6,273**		**4,023**

20. Cash and cash equivalents

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
1	1	Cash	1
879	-	Bank current accounts	2,107
10,930	4,666	Short term deposits	12,417
11,810	4,667		14,525
-	(82)	Bank overdraft	-
11,810	**4,585**		**14,525**

21. Short term creditors

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
(4,968)	(3,053)	Central government bodies	(10)
(2,673)	(2,219)	Other local authorities	(8,797)
(83)	(4)	NHS bodies	(30)
(10,574)	(8,886)	Other entities and individuals	(7,221)
(18,298)	**(14,162)**		**(16,058)**

22. Provisions

	Short term		Long term
	NNDR appeals	Expected credit losses	Refundable bonds
	£000	£000	£000
Balance at 1 April 2018	**(1,662)**	-	**(306)**
Additional provisions made in 2018/19	(379)	(8)	-
Amounts used in 2018/19	-		19
Balance at 31 March 2019	**(2,041)**	**(8)**	**(287)**
Amounts used in 2019/20	-	-	74
Unused amounts reversed in 2019/20	1,587	7	-
Balance at 31 March 2020	**(454)**	**(1)**	**(213)**

23. Other long term liabilities

1 April 2018	31 March 2019		31 March 2020
£000	£000		£000
(97,567)	(97,095)	Pension liability	(77,462)
(17,165)	(19,952)	Developer contributions	(21,455)
(114,732)	**(117,047)**		**(98,917)**

24. Usable reserves

Movements in usable reserves are summarised below:

	1 April 2018	Movements		31 March 2019	Movements		31 March 2020
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
General fund balance	(1,977)	153,391	(153,767)	(2,353)	129,718	(129,718)	(2,353)
Capital receipts reserve	(10,709)	3,300	(4,687)	(12,096)	1,857	(2,627)	(12,866)
Capital grants unapplied	(2,955)	4,190	(6,037)	(4,802)	1,605	(4,854)	(8,051)
Earmarked reserves	(33,999)	34,584	(31,193)	(30,608)	19,051	(9,974)	(21,531)
	(49,640)	**195,465**	**(195,684)**	**(49,859)**	**152,231**	**(147,173)**	**(44,801)**

25. Unusable reserves

Movements in unusable reserves are summarised below:

	1 April 2018	Movements		31 March 2019	Movements		31 March 2020
		Debits	Credits		Debits	Credits	
	£000	£000	£000	£000	£000	£000	£000
Revaluation reserve	(35,482)	6,962	(10,181)	(38,701)	4,598	(3,748)	(37,851)
Capital adjustment account	(69,305)	3,670	(8,733)	(74,368)	3,943	(7,258)	(77,683)
Deferred capital receipts	(42,573)	688	-	(41,885)	600	-	(41,285)
Pensions reserve	97,567	9,986	(10,458)	97,095	8,942	(28,575)	77,462
Collection fund adjustment account	(702)	1,394	-	692	-	(1,581)	(889)
Accumulated absences account	289	177	(289)	177	212	(177)	212
	(50,206)	**22,877**	**(29,661)**	**(56,990)**	**18,295**	**(41,339)**	**(80,034)**

25.1 Revaluation reserve

The revaluation reserve contains the gains arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account.

2018/19			2019/20	
	£000		£000	
	(35,482)	Balance at 1 April		(38,701)
(7,485)		Upward revaluation of assets	(2,605)	
(2,696)		Depreciation written back to revaluation reserve	(1,143)	
6,962		Downward revaluation of assets and impairment losses not charged to the deficit on the provision of services	2,045	
	(3,219)	Surplus on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services		(1,703)
	-	Amount written off to the capital adjustment account		2,553
	(38,701)	**Balance at 31 March**		**(37,851)**

25.2 Capital adjustment account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the comprehensive income and expenditure statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

2018/19 £000	2018/19 £000		2019/20 £000	2019/20 £000
	(69,305)	Balance at 1 April		(74,368)
		Reversal of items relating to capital expenditure debited to the comprehensive income and expenditure statement		
1,328		● Charges for depreciation and impairment of non-current assets	1,764	
1,291		● Revaluation decreases/(increases) recognised in the (surplus)/deficit on the provision of services	2,154	
1,028		● Revenue expenditure funded from capital under statute	25	
23		● Amounts of non-current assets written off on disposal or sale as part of the loss on disposal to the comprehensive income and expenditure statement	-	
3,670			3,943	
-		Adjusting amounts written out of the revaluation reserve	(2,553)	
	3,670	Net written out amount of the non-current assets consumed in the year		1,390
		Capital financing applied in the year		
	(3,300)	● Use of the capital receipts reserve to finance new capital expenditure		(1,857)
	(4,190)	● Application of grants to capital financing from the capital grants unapplied account and earmarked reserves		(1,605)
	(1,243)	● Statutory provision for the financing of capital investment charged against the general fund		(1,243)
	(74,368)	**Balance at 31 March**		**(77,683)**

25.3 Deferred capital receipts reserve

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

2018/19 £000		2019/20 £000
(42,573)	Balance at 1 April	(41,885)
688	Transfer to the capital receipts reserve upon receipt of	600
(41,885)	**Balance at 31 March**	**(41,285)**

25.4 Pensions reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council 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 recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £000	2018/19 £000		2019/20 £000	2019/20 £000
	97,567	Balance at 1 April		97,095
(3,457)		Return on plan assets in excess of interest	8,299	
-		Other actuarial gains on assets	(4,291)	
10,331		Change in financial assumptions	(21,421)	
(13,195)		Change in demographic assumptions	(4,369)	
-		Experience gain on defined benefit obligation	(2,479)	
	(6,321)	Remeasurement of net defined benefit		(24,261)
	9,986	Reversal of items relating to retirement benefits debited or credited to the (surplus)/deficit on the provision of services in the comprehensive income and expenditure statement		8,942
	(4,137)	Employer's pensions contributions and direct payments to pensioners payable in the year		(4,314)
	97,095	**Balance at 31 March**		**77,462**

25.5 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 across amounts to the general fund from the collection fund.

2018/19 £000		2019/20 £000
(702)	Balance at 1 April	692
1,394	Amount by which council tax income and non domestic rates income credited to the comprehensive income and expenditure statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(1,581)
692	**Balance at 31 March**	**(889)**

25.6 Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers (to)/from the account.

2018/19 £000	2018/19 £000		2019/20 £000	2019/20 £000
	289	Balance at 1 April		177
(289)		Settlement or cancellation of accrual made at the end of the preceding year	(177)	
177		Amount accrued at the end of the current year	212	
	(112)	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		35
	177	**Balance at 31 March**		**212**

26. Cash flow statement

26.1 Adjustments to net deficit on the provision of services for non-cash movements

2018/19 £000		2019/20 £000
1,328	Depreciation and impairment losses	1,764
3,131	Impairment and downward revaluations	147
(1,840)	Upward revaluations	(1,594)
294	Increase/(decrease) in creditors	3,104
(2,194)	(Increase)/Decrease in debtors	3,137
3	Decrease in inventories	-
5,849	Pension liability	4,628
23	Carrying amount of non-current assets sold	-
368	Other non-cash items charged to the net surplus or deficit on the provision of services	2,354
6,962		**13,540**

26.2 Adjustments for items included in the net deficit on the provision of services that are investing and financing activities

2018/19 £000		2019/20 £000
51,500	Proceeds from the sale of short term and long term investments	66,000
(3,999)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(2,027)
(6,037)	Any other items for which the cash effects are investing or financing cash flows	(4,854)
41,464		**59,119**

26.3 Operating activities

Operating activities within the cash flow statement include the following cash flows:

2018/19 £000		2019/20 £000
2,273	Interest received	2,176
(742)	Interest paid	(726)
-	Dividends received	545

27. Cash flow statement - investing activities

2018/19 £000		2019/20 £000
(3,024)	Purchase of property, plant and equipment, investment property and intangible assets	(7,090)
(48,017)	Purchase of short term and long term investments	(52,015)
(7,519)	Other payments for investing activities	(5,734)
4,687	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,627
7,624	Other receipts from investing activities	9,672
(46,249)		**(52,540)**

28. Cash flow statement - financing activities

2018/19 £000		2019/20 £000
(1,643)	Other payments for financing activities	(2,001)
(5,222)	Repayment of short and long term borrowing	(200)
(6,865)		**(2,201)**

29. Grant income

The Council credited the following revenue grants and contributions to the comprehensive income and expenditure statement:

2018/19 £000		2019/20 £000
	Credited to taxation and non specific grant income	
(6,313)	New homes bonus	(5,906)
(6,313)		**(5,906)**

2018/19 £000		2019/20 £000
	Credited to services	
(44,133)	Housing benefits	(37,396)
(1,004)	Renovation grants	(968)
(184)	Aylesbury garden town	(895)
(929)	Homelessness	(579)
(570)	Council tax/NNDR	(447)
(42)	Individual elector registration	(73)
-	EU Exit preparations	(52)
(185)	Planning delivery	(2)
(37)	Land searches	-
(47,084)		**(40,412)**

30. Trading operations

The table below shows those operating units of the Council where service managers are required to operate within a commercial environment and balance their budget by generating income from other parts of the Council, other organisations and the general public.

2018/19			2019/20	
Turnover	(Surplus)/ deficit		Turnover	(Surplus)/ deficit
£000	£000		£000	£000
(3,264)	(1,237)	Car parks	(2,855)	(1,013)
(1,088)	(109)	Trade waste	(1,197)	(126)
(1,253)	(618)	Garden waste	(665)	150
(525)	6	Building control - chargeable	(475)	99
(271)	9	Land charges	(283)	(7)
(96)	3	Market management	(69)	17
(6,497)	**(1,946)**		**(5,544)**	**(880)**

31. Members' allowances

The Council paid the following amounts to members of the Council during the year:

2018/19 £000		2019/20 £000
327	Salaries	336
143	Allowances	153
10	Travel and other allowances	11
480		**500**

32. Officers' remuneration

32.1 Senior officers' remuneration

There is a requirement to disclose the individual remuneration of senior officers (those whose remuneration is more than £50,000 and are a designated head of a paid service and/or have responsibility for the management of the Council). The following table sets out the remuneration for senior officers whose salary is above £50,000 or where employed during the financial year, for those earning more than £150,000 (excluding pension contributions) then they must be named. During the year there were 3 senior officer resignations as a result of the local government reorganisation.

The remuneration paid to the Council's senior employees is as follows:

	2019/20				
	Salary (including fees & allowances)	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£000	£000	£000	£000	£000
Head of paid service	138	-	138	32	170
Chief executive - resigned	99	4	103	23	126
Assistant director - community fulfilment	82	-	82	19	101
Assistant director - digital	81		81	19	100
Assistant director - commercial property	79	-	79	18	97
Assistant director - customer fulfilment	78	-	78	18	96
Assistant director - governance, waste & operations	68	-	68	16	84
Assistant director - business strategy & support - resigned	56	-	56	13	69
Corporate director - resigned	50	-	50	12	62
	731	**4**	**735**	**170**	**905**

	2018/19				
	Salary (including fees & allowances)	Benefits in kind	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
	£000	£000	£000	£000	£000
Chief executive - Andrew Grant	149	25	174	34	208
Corporate director	104	-	104	24	128
Corporate director	99	-	99	23	122
Assistant director - commercial property	72	-	72	17	89
Assistant director - business strategy & support	69	-	69	16	85
Assistant director - customer fulfilment	69	-	69	16	85
Assistant director - community fulfilment	69	-	69	16	85
Assistant director - digital	68		68	16	84
Assistant director - business support & enablement - resigned	40	-	40	9	49
	739	**25**	**764**	**171**	**935**

32.2 Officers' remuneration

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2018/19 Number of employees		2019/20 Number of employees
13	£50,000 - £54,999	13
7	£55,000 - £59,999	7
9	£60,000 - £64,999	6
-	£65,000 - £69,999	3
-	£70,000 - £74,999	2
-	£75,000 - £79,999	2
-	£80,000 - £84,999	1
29		**34**

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

	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost		Total cost of exit packages in each	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
							£000	£000
£0 - £20,000	-	1	1	4	1	5	16	54
£20,001 - £40,000	1	3	-	2	1	5	39	137
£40,001 - £60,000	-	4	-	-	-	4	-	188
£60,001 - £80,000	-	1	-	-	-	1	-	62
£180,001 - £200,000	-	2	-	-	-	2	-	394
	1	**11**	**1**	**6**	**2**	**17**	**55**	**835**

33. External audit costs

The Council has incurred the following costs in relation to the audit of the statement of accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2018/19 £000		2019/20 £000
62	Fees payable to the appointed auditor with regard to external audit services	72
2	Fees payable to the appointed auditor for the certification of grant claims and returns for the year	6
64		**78**

34. Leases

Council as lessee

34.1 Finance leases

The Council has acquired a number of buildings under finance leases, the majority of which are at a peppercorn rent. The assets acquired under these leases are carried as property, plant and equipment in the balance sheet at the following net amounts:

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
8,048	6,437	Other land and buildings	5,695
8,048	**6,437**		**5,695**

Council as lessor

34.2 Finance leases

The Council has leased out University Campus Aylesbury Vale to Buckinghamshire New University (BNU) on a finance lease with a remaining term of 31 years. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term. At the end of the lease term ownership of the property transfers to BNU. The minimum lease payments comprise settlement of the long term debtor for the interest in the property acquired by BNU and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

1 April 2018 £000	31 March 2019 £000		31 March 2020 £000
		Finance lease debtor (net present value of minimum lease payments):	
227	237	● Current	247
14,923	14,686	● Non current	14,438
13,074	12,422	Unearned finance income	11,780
28,224	**27,345**		**26,465**

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

1 April 2018		31 March 2019			31 March 2020	
Gross investment in lease	Minimum lease payments	Gross investment in lease	Minimum lease payments		Gross investment in lease	Minimum lease payments
£000	£000	£000	£000		£000	£000
(879)	(227)	(879)	(237)	Not later than one year	(879)	(247)
(3,517)	(1,012)	(3,517)	(1,056)	Later than one year and not later than five years	(3,517)	(1,101)
(23,828)	(13,911)	(22,949)	(13,630)	Later than five years	(22,069)	(13,337)
(28,224)	**(15,150)**	**(27,345)**	**(14,923)**		**(26,465)**	**(14,685)**

34.3 Operating leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

2018/19		2019/20
£000		£000
(1,276)	Not later than one year	(1,309)
(3,990)	Later than one year and not later than five years	(4,582)
(8,949)	Later than five years	(12,016)
(14,215)		**(17,907)**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into.

35. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2018/19		2019/20
£000		£000
41,204	**Opening capital financing requirement**	36,523
	Capital investment	
103	Property, plant and equipment	1,582
2,921	Assets under construction	5,508
1,028	Revenue expenditure funded from capital under statute	25
	Sources of finance	
(3,300)	Capital receipts	(1,857)
(4,190)	Government grants and other contributions	(1,605)
	Sums set aside from revenue:	
(1,243)	Minimum revenue provision	(1,243)
36,523	**Closing capital financing requirement**	**38,933**
	Explanation of movements in year	
(4,681)	(Decrease)/increase in underlying need to borrow (unsupported by government financial assistance)	2,410
(4,681)	**(Decrease)/increase in capital financing requirement**	**2,410**

36. Defined benefit pension schemes

36.1 Participation in pensions schemes

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

The Council participates in two post-employment schemes:

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

36.2 Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

The following transactions have been made in the comprehensive income and expenditure statement and the general fund balance via the movement in reserves statement during the year:

	Local government pension scheme		Discretionary benefits arrangements	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Cost of services:				
• service cost	7,440	6,535	-	-
Financing and investment income and expenditure				
• net interest on the defined liability	2,436	2,281	-	-
Administration expenses	110	126	-	-
Total post employment benefit charged to the comprehensive income and expenditure statement	**9,986**	**8,942**	**-**	**-**
Movement in reserves statement				
• reversal of net charges made to surplus or deficit for the provision of services for post employment benefits in accordance with the code	(9,986)	(8,942)	-	-
Actual amount charged against the general fund balance for pensions in the year:				
• employers' contributions payable to scheme	3,912	4,244		
• retirement benefits payable to pensioners			225	70

The amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement during 2019/20 is a gain of £24,261,000 (a gain of £6,321,000 during 2018/19).

36.3 Assets and liabilities in relation to post-employment benefits

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

	Funded liabilities		Unfunded liabilities: discretionary benefits arrangements	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Opening balance at 1 April	231,021	236,808	(4,435)	(4,670)
Current service cost	5,878	6,383	-	-
Interest cost	5,718	5,508	-	-
Change in financial assumptions	10,331	(21,421)	-	-
Change in demographic assumptions	(13,195)	(4,369)	-	-
Experience gain on defined benefit obligation	-	(2,479)	-	-
Estimated benefits paid net of transfers in	(5,598)	(6,440)	-	-
Past service costs including curtailments	1,562	152	-	-
Contributions by scheme participants	1,091	1,165	-	-
Unfunded pension payments	-	-	(235)	(233)
Closing balance at 31 March	**236,808**	**215,307**	**(4,670)**	**(4,903)**

Reconciliation of the fair value of the scheme assets:

	Funded liabilities	
	2018/19	2019/20
	£000	£000
Opening balance at 1 April	(129,019)	(135,043)
Interest on assets	(3,282)	(3,227)
Return on assets less interest	(3,457)	8,299
Other actuarial gains	-	(4,291)
Administration expenses	110	126
Contributions by employer including unfunded	(4,137)	(4,314)
Contributions by scheme participants	(1,091)	(1,165)
Estimated benefits paid plus unfunded net of transfers in	5,833	6,673
Closing balance at 31 March	**(135,043)**	**(132,942)**

Pension scheme assets comprised:

	31 March 2019				31 March 2020			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage total of asset
	£000	£000	£000		£000	£000	£000	
Gilts	16,666	-	16,666	12%	921	10,524	11,445	9%
UK equities	6,886	-	6,886	5%	-	-	-	0%
Overseas equities	55,625	-	55,625	41%	62,328	1,728	64,056	48%
Private equity	-	6,210	6,210	5%	-	5,980	5,980	4%
Other bonds	20,130	-	20,130	15%	18,492	5,986	24,478	18%
Property	10,281	271	10,552	8%	9,777	-	9,777	7%
Cash	4,317	-	4,317	3%	-	3,232	3,232	2%
Hedge funds	-	7,279	7,279	5%	-	6,727	6,727	5%
Absolute return portfolio	-	6,343	6,343	5%	-	6,202	6,202	5%
Alternative Assets	-	1,035	1,035	1%	-	1,045	1,045	1%
	113,905	**21,138**	**135,043**		**91,518**	**41,424**	**132,942**	

36.4 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The local government pension scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2019.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

The significant assumptions used by the actuary have been:

2018/19		2019/20
	Mortality assumptions	
	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
2.40%	Rate of inflation	2.70%
3.90%	Rate of increase in salaries	2.90%
2.40%	Rate of increase in pensions	1.90%
2.40%	Rate for discounting scheme liabilities	2.35%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Increase in assumption	Decrease in assumption
	£000	£000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(4,156)	4,243
Rate of increase in salaries (increase or decrease by 0.1%)	297	(300)
Rate of increase in pensions (increase or decrease by 0.1%)	3,960	(3,883)
Longevity (increase or decrease by 1 year)	9,601	(9,151)

36.5 Impact on the Council's cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £77,462,000 has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The projected employer contributions for 2020/21 of £4,293,000 is an indicative amount based on the contributions certified for the new Buckinghamshire Council that the employer will form part of from 1 April 2020

36.6 Scheme history

	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
	£000	£000	£000	£000	£000
Present value of liabilities					
Local government pension scheme	190,044	235,246	231,021	236,808	215,307
Discretionary benefits	(3,884)	(4,195)	(4,435)	(4,670)	(4,903)
Fair value of assets in the local government pension scheme	(103,227)	(125,079)	(129,019)	(135,043)	(132,942)
(Surplus)/deficit in the scheme:					
• local government pension scheme	86,817	110,167	102,002	101,765	82,365
• discretionary benefits	(3,884)	(4,195)	(4,435)	(4,670)	(4,903)
Total	82,933	105,972	97,567	97,095	77,462

36.7 History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2019/20 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2020:

	2015/16	2016/17	2017/18	2018/19	2019/20
	%	%	%	%	%
Differences between the expected and actual return on assets	1.91	14.24	5.51	4.99	(3.82)
Experience gains and losses on liabilities	-	1.19	-	-	1.18

37. Nature and extent of risks arising from financial instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

37.1 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 not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's Ratings Services. The annual investment strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Council are as detailed below:

Investments are limited to the top 20 building societies together with UK banks and are only made to those institutions with high credit ratings and never for more than one year. A high credit rating is defined for this purpose as those banks or building societies with a short term rating of (A) or better according to the Fitch and Moody's Rating Services. Those building societies without Fitch ratings but ranked within the top 20 by size are also classed as prudent counterparties for investments purposes. Under the Local Government Act 2003 these are classed as non-specified institutions and should only be included on the Authorised Lending List after additional assurance has been obtained. Aylesbury Vale District Council imposes the additional condition that no investment should exceed 182 days with a non-specified institution and that the maximum amount lent to any single institution should not exceed £3 million if the assets of the organisation are more than £1 billion and £1 million if its assets are more than £½ billion.

No more than 70% of the Council's total investments should be invested with building societies without credit ratings.

Where possible, Aylesbury Vale District Council will further seek to reduce counterparty risk by placing investments with other local authorities and nationalised institutions. As these are ultimately backed by either the government or through taxation these are deemed to offer higher security than that offered at present by the financial sector. This strategy is limited by the need for these organisations to be seeking funding which coincides with our need to lend.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £17,095,000 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2020 that this was likely to crystallise.

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

	Amount at 31 March 2020	Average historial experience of default	Historial experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectability at 31 March 2020	Estimated maximum exposure at 31 March 2019	Estimated maximum exposure at 1 April 2018
	£000	%	%	£000	£000	£000
Counterparty Rating	A	B	C			
AA	-	-	-	-	-	0.5
AA-	5,009	0.012	0.012	0.6	0.2	0.3
A+	3,008	0.035	0.035	1.1	0.1	-
A	6,014	0.009	0.009	0.5	0.9	1.0
BBB+	-	-	-	-	0.9	2.8
BBB	-	-	-	-	0.7	3.3
BB-	-	-	-	-	5.3	-
B+	-	-	-	-	-	14.3
Other rated	3,064	-	-	-	-	-
Customers	5,901	5.000	5.000	295.1	365.3	304.5
	22,996			**297.3**	**373.4**	**326.7**

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

The Council does not generally allow credit for customers, such that £3,823,000 of the £5,901,000 balance is past its due date for payment. The due but not impaired amount can be analysed by age as follows:

1 April 2018	31 March 2019		31 March 2020
£000	£000		£000
1,102	2,078	Less than three months	2,078
472	564	Three to six months	332
1,008	744	Six months to one year	470
3,508	3,919	More than one year	3,021
6,090	**7,305**		**5,901**

37.2 Liquidity risk

The Council manages its liquidity position through the risk management procedures above as well as through cash flow management procedures required by the Code of Practice. In the event of an unexpected cash requirement the Council has ready access to borrowings from the money markets to cover any day to day cash flow need. The Council is also required to provide a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover the annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

37.3 Market risk

37.3.1 Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate investments will be posted to the (surplus)/deficit on the provision of services or other comprehensive income and expenditure lines and affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments will be reflected in the other comprehensive income and expenditure line.

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

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated.

37.3.2 Price risk

The Council does not invest in equity shares and is not exposed to losses arising from movements in the prices of the shares.

37.3.3 Foreign exchange risk

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

37.4 Environmental risk

The Council has taken out a rolling 10 year environmental warranty to safeguard against the risk of contaminated land that was transferred to the Vale of Aylesbury Housing Trust as part of the stock transfer. The risk of having to make use of the warranty is minimal.

38. Contingent liabilities

A contingent liability is a potential liability which depends on the occurrence or non occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2020.

- Non-domestic ratings (NDR) appeals – The Council has made a provision of £454,000 for NDR appeals based upon its best estimates of the actual liability as at the year end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

39. Contingent assets

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the Council. At 31 March 2020, the Council had no material contingent assets.

40. Related party 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 allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

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

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 31. A review has been made of the Register of Members' Interests and of declarations of interests made by members during the year. In addition, members have been requested to sign a form declaring whether there were any related party transactions during the year. No works and services were commissioned from companies in which members had an interest. Details of any declarations are recorded in the Register of Members' Interests, which is open to public inspection at The Gateway Offices, Gatehouse Road during office hours.

Joint venture
The Council has a 50% interest in Aylesbury Vale Estates LLP. Relevant transactions are disclosed within note 11 (distribution attributable to joint venture) and note 16 (long term debtors) to the balance sheet. Group accounts have not been prepared on the basis of materiality.

Subsidiaries

Aylesbury Vale Broadband Ltd was set up in 2015, as part of the commercial agenda. The sale receipt, net of residual costs, was returned to the NHB pot ring-fenced for the delivery of high speed broadband and then can potentially be reused for further Broadband schemes within the Vale. As such, the sale had no direct impact on the revenue budget. The bank account was closed and the process for winding up the company was completed before 31 March 2020.

During 2016 and 2017 Vale Commerce Ltd developed products and services that were taken to market and refined accordingly with customer feedback. Unfortunately, it was unable to scale the activity in accordance with initial targets. At the cabinet meeting on 9 January 2018, it was recommended that the company be moved into a state of dormancy and transfer assets and appropriate intellectual property such as brands, website etc. back to the Council as the shareholder. During 2019/20 the company was formally wound up.

Local enterprise partnerships
The Council is a member of both the South East Midlands LEP (SEMLEP) and the Buckinghamshire Thames Valley LEP (BTVLEP). This puts the Council in a strong position to influence economic growth and ensures there is LEP impact in the vale, benefiting the Council's communities. During the year, the Council made a contribution to SEMLEP of £10,000.

Bucks Advantage
Bucks Advantage is the local delivery vehicle for the Vale, jointly owned by Aylesbury Vale District Council, other local district councils and Buckinghamshire County Council, and covers the BTVLEP area. No contribution was made during the year, although the Council processes payments on their behalf for which it is reimbursed on a quarterly basis.

Aylesbury Vale Local Strategic Partnership
Aylesbury Vale Local Strategic Partnership focuses on those community engagement activities not actioned by other bodies. No contribution was made during the year.

Crematorium Joint Committee
Aylesbury Vale District Council was one of three constituent members of the former Crematoria Joint Committee along with Chiltern District Council and Wycombe District Council. The former joint committee managed the crematoria located in Amersham and Bierton.

Under the terms of the former joint committee, any deficit or surplus earned was shared between the constituent authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. However, it was agreed by all constituent authorities that any surplus would not be distributed, but would be retained for use in funding replacement capital expenditure and to meet future deficits. Aylesbury Vale District Council's share of the accumulated reserves was £616,300 (2018/19 £849,100).

The assets and liabilities of the former joint committee have not been consolidated into the Council's accounts, reflecting the separate statutory nature of the service.

From 1 April 2020, the management and operation of the crematoria transferred to the new unitary authority. Buckinghamshire Council will decide how it wishes to utilise the revenue surplus transferring from the former joint committee.

Further details on the financial affairs and a full statement of accounts of the former joint committee can be obtained from the Director of Corporate Finance at Buckinghamshire Council.

Collection fund

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2018/19					2019/20		
Council tax	NNDR	Total			Council tax	NNDR	Total
£000	£000	£000		note	£000	£000	£000
			Income				
(130,204)	-	(130,204)	Income from council tax	C2	(138,751)	-	(138,751)
-	(54,022)	(54,022)	Income collectable from business ratepayers	C3	-	(52,303)	(52,303)
-	(137)	(137)	Transitional protection payment due from govt		-	(1,820)	(1,820)
(130,204)	**(54,159)**	**(184,363)**			**(138,751)**	**(54,123)**	**(192,874)**
			Expenditure				
			Precepts and demands				
93,609	-	93,609	• Buckinghamshire County Council		97,658	-	97,658
13,217	-	13,217	• Thames Valley Police Authority		15,151	-	15,151
4,546	-	4,546	• Bucks & Milton Keynes Fire Authority		4,742	-	4,742
17,415	-	17,415	• Aylesbury Vale District Council		18,304	-	18,304
			Payments of NNDR 1 proportionate shares				
-	27,971	27,971	• Government	C3	-	13,336	13,336
-	5,035	5,035	• Buckinghamshire County Council	C3	-	17,220	17,220
	559	559	• Bucks & Milton Keynes Fire Authority	C3		541	541
-	22,377	22,377	• Aylesbury Vale District Council	C3	-	23,019	23,019
			Distribution of previous year estimated (deficit)/surplus				
322	-	322	• Buckinghamshire County Council	C4	364	-	364
45	-	45	• Thames Valley Police Authority	C4	51	-	51
16	-	16	• Bucks & Milton Keynes Fire Authority	C4	18	-	18
61	-	61	• Aylesbury Vale District Council	C4	68	-	68
			Disregarded amounts				
-	227	227	• Renewable energy		-	232	232
-	524	524	• Enterprise zone growth		-	710	710
			Other payments				
-	224	224	• Cost of collection		-	218	218
			Bad and doubtful debts				
(487)	183	(304)	• Write offs		(750)	206	(544)
1,251	(45)	1,206	• Increase/(decrease) in provision		869	134	1,003
-	948	948	Increase in provision for appeals		-	(4,036)	(4,036)
129,995	58,003	187,998			136,475	51,580	188,055
(209)	**3,844**	**3,635**	**(Surplus)/deficit for the year**		**(2,276)**	**(2,543)**	**(4,819)**
(832)	(1,126)	(1,958)	Accumulated (surplus)/deficit b/fwd		(1,041)	2,718	1,677
(209)	3,844	3,635	(Surplus)/deficit for the year		(2,276)	(2,543)	(4,819)
(1,041)	**2,718**	**1,677**	**Accumulated (surplus)/deficit c/fwd**		**(3,317)**	**175**	**(3,142)**

Notes to the collection fund

C1. General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statements shows the transactions of the billing authority in relation to the collection form taxpayers of council tax and non-domestic rates (NNDR) and its distribution to local government bodies and the government.

The Council has a statutory requirement to operate a collection fund as a separate account to the general fund. The purpose of the collection fund therefore is to isolate the income and expenditure relating to council tax and NNDR. The administrative costs associated with the collection process are charged to the general fund.

Collection fund surpluses declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Aylesbury, the council tax precepting bodies are Buckinghamshire County Council, Thames Valley Police Authority and Buckinghamshire and Milton Keynes Fire and Rescue Authority.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their area. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The Council has been in a business rates pooling arrangement with Buckinghamshire County Council, Buckinghamshire and Milton Keynes Fire and Rescue Authority, Chiltern District Council and South Bucks District Council since 2016/17, thus allowing the councils to retain a greater share of the business rates collected.

In 2019/20, all Buckinghamshire councils bid to be part of the government's 75% business rates pooling pilot. This offered the potential to retain an even greater share of business rates collected. The application was successful and Aylesbury Vale District Council has been the lead authority for this arrangement.

Surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the Council's financial statements. The collection fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

C2. Calculation of council tax

Council tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A* - H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the Council for the forthcoming year and dividing this by the council tax base (i.e. the equivalent number of band D dwellings).

The council tax base for 2019/20 was 73,447 (2018/19: 72,507). The tax base was approved under delegated authority by the Cabinet Member for Resources and was calculated as follows:

2018/19				2019/20		
Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents	Band	Number of chargeable homes less exemptions and discounts	Factor	Band D equivalents
2	5/9	1	A*	2	5/9	1
2,579	6/9	1,719	A	2,680	6/9	1,787
11,160	7/9	8,680	B	11,370	7/9	8,843
20,690	8/9	18,391	C	21,290	8/9	18,924
13,191	9/9	13,191	D	13,402	9/9	13,402
10,840	11/9	13,249	E	11,026	11/9	13,476
7,796	13/9	11,261	F	7,913	13/9	11,430
6,117	15/9	10,195	G	6,226	15/9	10,377
374	18/9	748	H	372	18/9	744
72,749		77,435		74,281		78,984
		(1,165)	Allowance for non-collection			(1,185)
		(3,763)	Council tax support scheme			(4,352)
		72,507	**Council tax base**			73,447

C3. Non-domestic rates

The Council collects national non-domestic rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by central government, which, in turn, paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses in their area but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectible rates due. In 2019/20, all Buckinghamshire councils made a successful bid to be part of the government's 75% business rates pooling pilot. Aylesbury Vale District Council's share is now 42.5% with the remainder paid to our precepting bodies, central government 25%, BCC 31.5% and BMKFRA 1%.

The business rates shares payable for 2019/20 were estimated before the start of the financial year as £13,336,500 to central government, £17,219,900 to BCC, £541,200 to BMKFRA and £23,018,700 to Aylesbury Vale District Council. These sums have been paid in 2019/20 and charged to the collection fund in the year.

When the scheme was introduced, central government set a baseline level for each authority identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Aylesbury Vale District Council paid a tariff of £17,599,000 from the general fund in 2019/20.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2020. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2019/20 has been calculated as a credit of £4,036,000 (2018/19: a debit of £948,000).

The total non-domestic rateable value at 31 March 2020 was £146,430,978 (31 March 2019: £142,393,199). The national non-domestic rate multiplier for the year was 49.1p for small businesses (2018/19: 48.0p) and 50.4p for all other businesses (2018/19: 49.3p).

C4. Contribution to collection fund surpluses and deficits

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2019 it was estimated that the collection fund would have a surplus of £501,200, which was payable during 2019/20.

PAGE LEFT INTENTIONALLY BLANK

PAGE LEFT INTENTIONALLY BLANK

PAGE LEFT INTENTIONALLY BLANK

Accrual
Income and expenditure are shown in the accounts as sums due to and from the Council during the year when they are earned or incurred and not when the money is received or paid.

Budget
A budget is a financial statement that expresses the Council's service delivery plans and capital programme in monetary terms.

Capital expenditure
Expenditure on the acquisition of a fixed asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing asset.

Capital programme
This is a financial summary of the capital projects that Aylesbury Vale District Council intends to carry out over a specified period of time.

Capital receipt
The proceeds from the sale of land or property. Capital receipts can be used to finance new capital expenditure but cannot be used to fund revenue expenditure.

CIPFA
This is the Chartered Institute of Public Finance and Accountancy.

Collection fund
A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

Community assets
This is land and property that Aylesbury Vale District Council intends to hold forever. It generally has no determinable useful life and there is often a restriction regarding its sale.

Contingent liability
A sum due to be paid which may arise in the future but which cannot be determined in advance.

Council tax
This is one of the main sources of income to the Council. Council tax is levied on households within its area by the billing authority and the proceeds are paid into the collection fund for distribution to precepting authorities and for use by the billing authority's own general fund.

Creditor
This applies to money the Council owes to third parties for goods and services it has received but not paid for at the end of the accounting period.

Debtor
This applies to money that is owed to the Council from third parties for goods and services it has provided but not yet been paid for at the end of the accounting period.

Depreciation
This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets used to deliver services.

Exceptional items
Material items which derive from events or transactions that fall within the normal activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Extraordinary items
Material items possessing a high degree of abnormality which derive from events or transactions that fall outside the normal activities of the Council and which are not expected to recur.

Finance lease
This is a lease, usually of buildings, which is treated as capital borrowing.

Fixed assets
Tangible assets that yield benefits to the Council and its services for a period of more than one year.

Government grants
Grants made by the central government towards either revenue or capital expenditure to help with the costs of providing services and capital projects. Some government grants have restrictions on how they may be used whilst others are general purpose.

Gross expenditure
The total cost of providing the Council's services before taking into account income from fees, charges and government grants.

Housing benefits
This is the national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

Impairment
This is a reduction in the value of a fixed asset as shown in the balance sheet to reflect its true value.

Income
This is the money that the Council receives or expects to receive from any source; fees, charges, sales, grants and interest.

Infrastructure assets
Inalienable fixed assets, expenditure on which is recoverable only by continued use of the asset created e.g. pedestrianisation.

Intangible assets
These are non-financial fixed assets that do not have any physical substance but are identifiable and are controlled by the Council through custom or legal rights e.g. computer software.

Inventories
These are items of stores that the Council has bought to use on a continuing basis but has not yet used.

Joint venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. For Aylesbury Vale District Council this includes Aylesbury Vale Estates LLP.

Liability
A liability arises when the Council owes money to others and it must be included in the financial statements. There are two types of liability:

- a current liability is a sum of money that will or might be payable during the next accounting period e.g. creditors or cash overdrawn.
- a deferred liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

Local services support grant
A general grant paid by central government to local authorities as a contribution towards the cost of their services.

Long term investments
Long term investments are investments intended to be held for use on a continuing basis in the activities of the Council. They should be classified as long term only where an intention to hold the asset for longer than one year can be clearly demonstrated.

National non-domestic rate (NNDR)
A levy on businesses, based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy. NNDR is collected by Aylesbury Vale District Council on behalf of central government and paid into a national 'pool'. The 'pool' is then redistributed among all local authorities and police authorities on the basis of population.

Operating lease
This is a lease where ownership of the fixed asset remains with the lessor.

Property, plant and equipment assets
These are fixed assets owned by the Council and used or consumed in the direct delivery of services.

Precept
The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council tax payers on their behalf. Precepts are paid from the collection fund.

Provision
This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or timing of the payment is not known with any certainty.

Rateable value
The annual assumed rental value of a property that is used for business purposes.

Reserves
A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

Revenue expenditure
The day to day expenses associated with the provision of services.

Revenue expenditure funded from capital under statue
This is capital expenditure that does not create an asset that belongs to the Council. The value is written off to revenue in the year. An example of this type of expenditure is an improvement grant to another organisation.

Useful life
This is the period over which an organisation will derive benefits from the use of a fixed asset.

Annual Governance Statement 2019/20

Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

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

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However, the principles to which the Council operates are intended to be consistent with those contained in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

What is Corporate Governance?

Corporate Governance refers to "*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*" (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

"To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

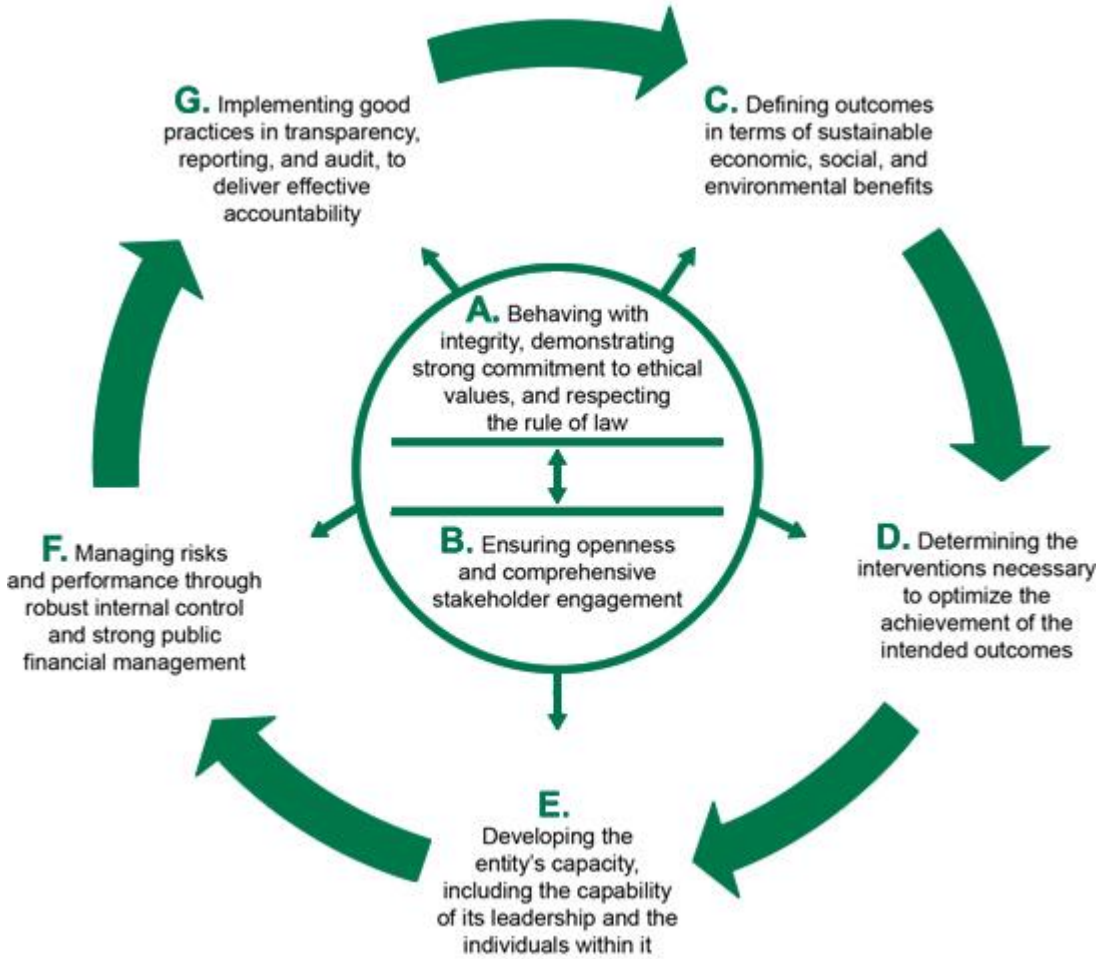
Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders".

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as 'proper practice'.

Our governance framework comprises the systems, processes, culture and values, by which AVDC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2020 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

All our councillors meet regularly together as the Council. Most of these meetings are open to the public who can either attend in person or view the meeting via a live webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

Leader & Cabinet

Cabinet is made up of a leader and 8 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

Regulatory Committees

Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

Development Management

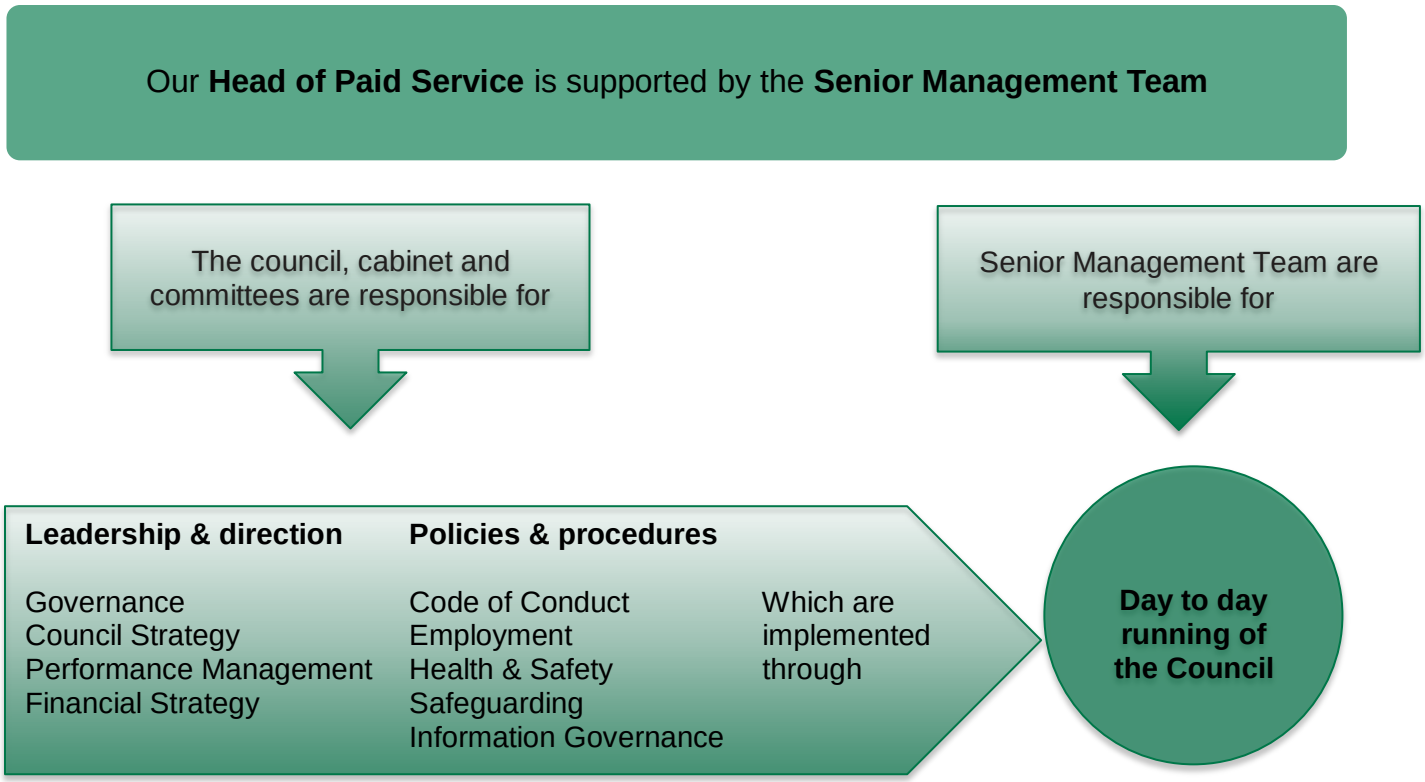
Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

Licensing

Carry out council's non-executive functions relating to licensing and registration.

Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.



During 2019/20 financial year, the Chief Executive and one Director resigned. The Head of Paid Service and Section 151 Officer posts are currently fulfilled by the remaining Director. In the context of the move to a new single council for Buckinghamshire, the vacant positions have not been filled.

Our constitution

Our constitution is available on our website and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts are:

- Head of Paid Service
- Chief Finance Officer (Section 151)
- Monitoring Officer
- Returning Officer/Electoral Registration Officer

Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities and pressure groups. The Code of Conduct was reviewed earlier this year having regard to the guidance issued by the Parliamentary Committee on Standards in Public Life. The revised Code was adopted by full Council on 17 April 2019.

All members of the Council have completed a register of their pecuniary and personal interests. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions, arrangements for working with commercial companies owned by the Council and with companies in which AVDC has a commercial interest, and a members' planning code of good practice.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- Comments, Compliments and Complaints procedure
- Equality and Diversity
- Acceptable IT use
- Health and Safety
- General Data Protection Regulations
- Safeguarding

Information regarding our most up-to-date policies and procedures is also easily available to all employees and members via Workplace, our new internal communications tool. Introduced in 2019, Workplace enables easier access to information whether in the office or out and about and also encourages open discussion about policies, best practice and new ideas.

B Ensuring openness and comprehensive stakeholder engagement

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- Following the announcement in 2018 of a single unitary authority for Buckinghamshire, we are continuing to collaborate closely with the other Buckinghamshire councils (Buckinghamshire County, Wycombe District, South Bucks District and Chiltern District) to create a brand new council for the future, with the unitary authority taking effect from 1 April 2020. To enable the new council to provide residents, businesses and other stakeholders with the best possible service, we are continuing to work with stakeholders including parish/town councils and local businesses to understand what really matters to them and develop a council that meets their needs most effectively.

- We, in collaboration with the other Buckinghamshire councils commissioned a Residents Survey in October and November 2019 to inform the new council's priorities and measure satisfaction with local services. A representative sample of 1,400 residents were called and their opinions analysed.

- **The Vale of Aylesbury Local Plan (VALP)** will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each of the 5 significant stages of the Plan since 2014 has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. Consultation took place on the proposed main modifications in November and December 2019. In March 2019, it was concluded, in consultation with the Highways Authority, that to be able to respond fully to issues raised in representations regarding transport infrastructure that the Countywide Transport Model should be re-run. This will inevitably delay AVDC's ability to provide the requested responses to the issues raised in the recent consultation. The responses to the Inspector will now go forward for his consideration after vesting day for the new Buckinghamshire Council. A summary of the key updates from the VALP process is available on the website.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status** in 2017. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided. The Masterplan, and Vision 2050 were adopted by the new unitary authority at the end of March 2020 following extensive consultation with residents, local businesses, partners,

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre
- Targeted literature
- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to 37,000 registered residents with news from around the Vale
- Council website: www.aylesburyvaledc.gov.uk and tourism-focus website: www.visitaylesbury.co.uk

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.

We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2020 received over 2,300 responses.

To help our residents, we also work with our partners to provide additional support and/or advice. This includes:

- Running Buckinghamshire's first hoarding conference in conjunction with Bucks and MK Fire and Rescue Service in February 2020
- Promoting local and national campaigns such as the Great British Spring Clean and the #TrueCosts campaign which focuses on the negative impact of cocaine use.
- In Nov 2019 Building Control ran the first in a series of training courses in partnership with LABC to uphold high building regulations. The training was for agents, architects, building control officers and staff connected to the construction industry.

C Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our vision statement sets out what AVDC is working to achieve.

"To secure the economic, social and environmental wellbeing of the Vale"

To enable us to realise our vision, everyone at AVDC is working:

- To **enable essential infrastructure for growth and sustainability** of the area, be it physical or social
- To **ensure fair and speedy access to essential services** and their referral to partners
- To **provide a healthy and dynamic institution** for making effective decisions about the area, to which everyone can contribute
- To **stimulate, innovate and enable economic growth** of the area, its regeneration and the attraction of inward investment
- To **provide or commission services and products** that customers and businesses have agreed add value to their lives

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

Improving customer service

The Customer Charter outlines our commitment to Aylesbury Vale residents, which includes providing them with effective communication and being knowledgeable about their services. This underpins all communication with customers and provides the targets against which we measure the effectiveness of the service.

As part of the move to a unitary authority, a key focus has been ensuring continuity of service for our customers, ensuring they can continue to contact Buckinghamshire Council and access all the services, information and support they need in a user-friendly and efficient way.

D Determining the interventions necessary to optimise the achievement of intended outcomes

AVDC is organised into five business sectors; Business Strategy and Support, Digital and Transformation, Commercial Property and Regeneration, Community Fulfilment and Customer Fulfilment. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

Transition to Buckinghamshire Council

Considerable work has taken place during 2019/20 to ensure a smooth transition into the unitary authority. A Shadow Authority was created in May 2019 with a Shadow Executive to oversee the creation of the new Buckinghamshire Council. It consists of 17 members: eight from the four district councils, eight from the County Council and a leader.

The Chief Executives' Implementation Group (CIG) brings together senior officers from across the county and district councils as the Implementation Team to manage the change to the new council. Under the CIG are five Programme Boards which drive the work to create Buckinghamshire Council.

The Shadow Authority Programme Management Office (PMO) is a team of colleagues from across the county and district councils, who have been brought together to oversee the programme to deliver the new Buckinghamshire Council. The team supports the work of the Programme Boards and manages the meetings of the Shadow Authority and the Shadow Executive. They also work to keep work-streams on track throughout the transition period and regularly share updates with staff.

Programme and project management

The AVDC Programme Management Office (PMO) team is responsible for defining and maintaining standards for programmes and projects at AVDC. The team create, maintain and supply standard documentation, guidance and metrics to be used by the whole organisation in order to ensure good governance in delivering programmes and projects. The team has delivered 25 projects and 64 pieces of Business Analysis work in 2019/20. During the final year of AVDC, the PMO put in place a prioritisation process for projects through Strategic Board which enabled the effective allocation of resources in the context of the transition to a new unitary authority.

Social Enterprise Entrepreneurial Development team

Our SEED (Social Enterprise Entrepreneurial Development) team was established in 2017 to help AVDC and other councils and public sector organisations develop and implement new ways of working to create value for themselves, their residents and customers. In this last year the team has been reduced by half with personnel changing roles and leaving, and a decision not to replace due to the move towards a single unitary authority.

During 2019/20 support and commissions have been delivered to 12 other councils and another 23 have visited/hosted conference calls with AVDC. Work has included Thought Leadership and Strategy workshops as well as helping councils set up the pioneering community lottery. There are now over 80 local authority lotteries operating throughout the country raising over £3 million for small charities and good causes local to their residents. The team has also helped set up a new single Buckinghamshire Lottery for the new unitary authority, extending the geographical area within which good causes can benefit.

Following the success of the Vale Lottery, AVDC has also introduced Our Vale, a crowdfunding initiative to further help local good causes. Our Vale offers the chance for individuals and organisations to donate to projects which will help transform shared spaces, inspire visitors and enhance Aylesbury Vale. Since it began in 2018, Our Vale has successfully funded four projects and over £275,000 has been pledged.

Connected Knowledge

Our Connected Knowledge Technology Strategy 2017-2022 sets out the vision and strategic aims we have for our future use of technology and data. Due to the transition to a unitary authority, priorities have shifted towards ensuring a smooth transition and combined vision, therefore the Connected Knowledge Programme is coming to an end in 2020. The closure report will be shared with Cabinet providing a detailed overview of the programme, it's achievements and challenges, financials and any follow-on activities.

Pembroke Road Redevelopment

Redeveloping the full depot and waste transfer infrastructure was ongoing during 2019/20. It will give the Council certainty regarding health and safety and environmental compliance in the mid term, and allow for the growth in households and accommodate additional waste during this period.

For more than 20 years, Aylesbury's street cleansing and horticultural services have been delivered by a contractor. In January 2020, 50 members of staff came in-house to deliver services such as cutting grass, removing fly tipping and graffiti, emptying dog waste bins and sweeping the roads. This change enables both financial savings and quality improvement.

Medium term financial strategy and budget planning

Creating the 2019/20 Medium Term Financial Plan (MTFP) and budgets followed the process adopted over recent years and delivered a balanced proposal in 2019/20. The budget framework reflected the need to identify efficiency savings and new income streams whilst at the same time delivering on corporate priorities. In formulating the budget for 2019/20 the process took account of:

- General Fund reserves and balances mapped against identified financial and operational risks. They were deemed sufficient against the potential financial risk within the Medium Term Financial Plan, provided the Council stayed focused on delivering its targets.
- Budget planning allowed full understanding of the issues in an operational and financial context. Every effort was been made to include members in the financial planning process.
- Consideration was given to corporate priorities, residents' views and the Risk Register.
- The budget formulation process at officer level was subject to on-going review which tested the validity of pressures and savings options to ensure that members were aware of all aspects and implications of actions when formulating the budget proposals.
- That robust monitoring arrangements existed to identify pressures within the budget and adapt during the budget timeframe to ensure a managed outcome within set parameters.

Looking ahead to 2020/21, transition into the new unitary Buckinghamshire Council in April 2020 required a different approach for development and approval of the initial MTFP. The core elements of that process involved:

- Collation of the agreed 2020/21 MTFP values from each of the five authorities making up the unitary authority into a combined budget plan. This process incorporated budget changes or pressures that had been identified.
- A scrutiny process was created to receive and review the consolidated budget position for each service area. Given the shadow nature of the unitary, full engagement with officers responsible for future service delivery was not possible.
- Consolidation of balances, provision and reserves ensured creation of a sound MTFP and financial strategy for the new unitary authority, balancing ongoing service needs against available resources and risks identified.

The 2020/21 budget was approved by the Shadow Unitary Authority in February 2020. It is recognised that this budget will need to be managed prudently to ensure the agreed budget and any subsequent changes are managed within the overall financial strategy. It is also planned that savings can be achieved from service transformation activity once the new unitary authority is reshaped.

E Developing the entity's capacity, including the capability of its leadership and the individuals within it

We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through Workplace, digital screens, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Annual staff conference
- Bite-size training sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Mental Health Week

Through Workplace, we also encourage employees to share best practice or top tips with colleagues. The interactive communication tool also enables employees to easily ask for help from their colleagues from across all teams.

We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the Council. This includes giving the opportunity to suggest future training and development sessions.

As part of the move towards a unitary authority, staff have been given extra support to manage the transition. This has included training sessions on resilience and coping with change, advice, support sessions and resources on interview skills, employability and transferrable skills.

Staff were trained as Mental Health First Aiders in November 2019 to support staff's wellbeing and signpost them to organisations who can offer additional support and advice.

Apprenticeships are encouraged across the Council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future.

The Town Planners Graduate Scheme has been developed alongside the Apprenticeship Strategy to attempt to bridge the recruitment gap with qualified Planners. The scheme targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning. We currently have 3 Graduates working with the Council on fixed term posts.

In 2018, we also implemented our innovative Grow Our Own programme to help us find and develop enthusiastic, commercially-minded, motivated people to help us deliver our ambitious plans. Through the programme we offer 12-month fixed term contracts for returners to work and school leavers, giving them the opportunity to work across a variety of teams while learning new skills and building confidence. We recruited 4 individuals in January 2019 on fixed term contracts and three went on to be recruited as permanent members of staff in January 2020.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback. REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) "check-ins". Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

F Managing risks and performance through robust internal control and strong public financial management

We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste and Operations Transformation Board

Performance management through regular review and reporting of real-time management information against service level and corporate targets. Dashboard reports are shared regularly with the Senior Management Team and Cabinet. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

Compliance with relevant laws and regulations, internal policies and procedures

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has been necessary for the Monitoring Officer to issue two reports for the year 2018/19. Both matters were related to council tax and housing benefit processes and measures have been taken to ensure they do not happen again.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the Council. No such formal reports have been issued during the 2018/19 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working.

New regulations on the accessibility of websites and mobile applications of public sector bodies comes into force in September 2020 for existing websites and June 2021 for Apps. An action plan is being undertaken to ensure the new requirements are met by the compliance deadlines, including reviewing existing website content and providing staff training.

Information governance and data protection

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). This group comprises of managers from key departments who are empowered to take decisions on information management. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and keep it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.

In July 2019 a new system for managing Freedom of Information, Environmental Information Regulations, Subject Access and Disclosure requests was implemented. The streamlined process allows officers to monitor and manage requests more easily and effectively and publish relevant FOI and EIR request on our website.

G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our website. Most of our council meetings are also open to the public with agendas and minutes available to download from our website.

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

Whistle-blowing and complaints procedures

The Whistleblowing Policy and reporting procedures are available on our website. This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports that have resulted in further investigation during 2019/20.

There has been no use of the Regulation of Investigatory Powers Act during 2019/20.

There was an Inspection Report by the Investigatory Powers Commissioners Office conducted on 18th November 2019 and a report issued on 3rd December 2019. The Rt Hon. Sir Brian Leveson stated:

"Your Council was found to have a clear and comprehensive RIPA policy. It was pleasing to note that the recommendations from the 2016 inspection had been discharged. The single recommendation arising from this inspection relates to revisions to the Policy Guidance, principally to reflect recent legislative changes introduced by the Investigatory Powers Act 2016."

The RIPA Policy has been updated in relation to the single recommendation. However, it should be noted that the new Unitary Buckinghamshire Council has adopted an entirely new policy document moving forward from 1st April 2020.

Our updated Customer Comments, Compliments and Complaints Policy includes a public document explaining the process. There are also detailed procedures for employees who are dealing with a complaint. All employees are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our website. There were no complaints against councillors which led to a full investigation in 2019/20. There were a total of 5 councillor Code of Conduct complaints (against 4 parish/town councillors and 1 district councillor) in respect of which 2 did not proceed beyond Stage 2 Initial Assessment. There are currently 3 Code of Conduct complaints that are still at Stage 1.

The Code of Conduct was reviewed during the course of the year to improve clarity and ease of understanding. The Code was approved by Council on 17 April 2019 after having compared it with the guidance resulting from a review by the Committee on Standards in Public Life. The Standards and Complaints process was due for review but this work has been put in abeyance pending the need for the new Buckinghamshire Council to have its own Code of Conduct and Standards Complaints process.

Anti-fraud and corruption

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. During the year an internal audit Fraud Risk Assessment was undertaken to identify any areas of fraud, corruption and bribery risks and if necessary prioritise actions to address them. The Fraud Risk Assessment did not identify any 'urgent' priority risks. Overall, the results of the assessment indicated that there is an established control environment designed to mitigate the risk of fraud occurring. Officers had good awareness of the fraud risks and internal controls in their area. Two 'important' priorities were identified relating to training and guidance being provided to staff, and the inherent risk of fraud occurring prior to the transition to the new unitary Buckinghamshire Council in April 2020. One action was raised to address this risk.

Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of 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 AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Where recommendations for the improvement of controls or systems are made at the end of an internal audit review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress reports.

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

Significant governance issues and action plan

The work of internal audit has been reported to Audit Committee throughout the year. One area of significant control weakness was identified that should be reported in the Annual Governance Statement. This relates to the 'high risk' finding identified in the review of Housing – Homelessness.

Housing - Homelessness

Homelessness prevention and relief is a statutory function, which falls within the remit of Local Authorities. AVDC's current Homelessness Strategy (approved December 2018) was developed in line with the Homelessness Reduction Act 2017 (HRA) and covers the period 2019-2022. The HRA significantly reformed Homeless legislation, placing duties on local authorities to intervene at earlier stages to prevent homelessness. The Homelessness Code of Guidance provides the framework for practitioners in order to correctly apply the legislation.

The audit review assessed the design and effectiveness of controls in place around the housing application process and whether the authority is acting in accordance with the Act, including acceptance of duty for homelessness prevention or relief, case management, quality and performance monitoring, record keeping and the escalation of potential safeguarding cases.

The audit concluded that the Housing Team made appropriate decisions based on documentation received and generally operated in accordance with the Homelessness Code of Guidance. Areas of good practice were identified but there were also a number of areas where improvement to local internal controls and operation of procedures was required to strengthen the management of this inherently high risk service.

The high risk finding relates to exceptions noted in the completion and communication of 'Personal Housing Plans' (PHPs). It is a requirement of the Act that where a person is homeless or threatened with homelessness and eligible, a local authority should draw up a PHP based on its assessment of the applicants need. The plan should contain the steps to be taken to prevent or relieve the applicant's homelessness and should be communicated and agreed with the applicant.

Action plan

The issues identified in the previous year's annual governance statement relating to Commercial Waste and General Ledger Reconciliations have been addressed. During the year the agreed actions arising from audit reports have been kept under review by Internal Audit and regular reports on completed and overdue actions have been provided to the Audit Committee.

In the context of transition to a unitary authority, follow up work during the final year of AVDC considered, for each action, whether the associated systems, processes and policies will remain post vesting day, and whether or not the level of resource required to complete is proportionate to the risk being addressed. The result of the follow up work performed during the year is as follows:

- A total of 86 audit actions have been completed during the year (113 were completed during 2018/19). This includes all actions rated as 'high' risk
- 14 audit actions have been 'closed' as they are no longer considered to be relevant or appropriate for AVDC to complete, or have been superseded by unitary activity
- 15 actions are to be transferred to Buckinghamshire Council for further review and consideration as new controls, processes and systems are developed

There are no issues to report regarding the follow up of any audit recommendations.

Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

Signed:……

Leader

Signed:……

Director of Corporate Finance and s.151 officer for Buckinghamshire Council