



CHILTERN

District Council

Statement of Accounts **For the year ended 31 March 2020**

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Narrative Report

1. About Chiltern District Council

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

The overall population of the district is approximately 95,000. It covers an area of 196 square kilometres. 88% of the District is green belt, and large parts of the District are designated as an Area of Outstanding Natural Beauty.

The District Council was established on 1 April 1974. There are 40 councillors. The whole Council was elected in May 2015. The Conservative Group holds 38 seats and controls the Council. There are 2 Liberal Democrats.

The Authority provides a wide range of services to the people living, working and studying in the area. It operates a Cabinet system with the following responsibilities:

- Council Leader - Strategy and direction of the Council, political leadership, public profile and regional representation, communications, performance, policy, human resources, and strategic finance.
- Customer Services – Housing Benefits, Council Tax and Non-Domestic Rate collection, and Customer Services.
- Environment – Estates, facilities, Council car parks, waste management, flooding and carbon management.
- Healthy Communities – Community, leisure, environmental health, community safety, licensing and housing.
- Support Services – Business transformation, ICT, legal, democratic services, land charges, audit and finance.
- Sustainable Development - Development management, building control, planning enforcement, trees and conservation, strategic transport, economic development, planning policy and the Local Development Framework.
- Unitary Transition – The programme of work leading to the establishment of the new Buckinghamshire Council on 1st April 2020.

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

2. Format of Accounts

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

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

The statements summarise the overall financial position of the Authority and include the following:

Comprehensive Income and Expenditure Statement - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices and shows how that cost has been financed from Council Tax payers, Business Rate income and Government grants.

Movement in Reserves Statement - This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet – This statement shows the assets and liabilities of all the activities of the Authority and the balances and reserves at the Authority's disposal.

Cash Flow Statement – This statement shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

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Collection Fund – This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and Central Government.

3. Joint Working

With South Bucks District Council

On 19th January 2012 Chiltern District Council and South Bucks District Council signed an Inter Authority Agreement to establish Joint Arrangements to work together to share a Joint Chief Executive and a Joint Senior Management Team and then to examine the opportunities for further savings by collaboration and the joining together of services, assets, officer posts and officer teams.

Under the Inter Authority Agreement the two Councils moved to have by 2018 a single officer management team and service delivery structure, with all services being provided by joint teams, with common terms & conditions of employment.

However, the authorities remain sovereign independent bodies, and keep their separate identities, retain their own Councillors and budgets, and set their own council taxes.

With Wycombe District Council

In partnership with Wycombe District Council, Chiltern operates its waste collection and recycling services under a joint contract that started on 4th March 2013. The contract ends in 2020 and during 2019/20 a retendering of the service was undertaken. A single waste management client team oversees the contract.

4. Financial Context

The Council continues to be in a period of challenge for local authorities, as it is faced with having to maintain and improve key services in a time of reducing resources. The Authority is committed to working with its communities to try and shape the development of the local areas to their needs and aspirations, whilst at the same time recognising the importance of maintaining a low council tax, and attempting to minimise the impact of reduced resources.

During 2019/20 the authority was also required to provide resources for the programme of transitioning to the new Buckinghamshire Council.

On 26th February 2019 the Council set its budget for 2019/20 to take account of the fact that central funding for the Authority shows no real term growth as shown in the following table.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Business Rate Baseline	8,216	8,284	8,352	8,637	9,384
Business Rate Tariff	-6,861	-6,918	-6,958	-7,201	-7,915
Baseline Need	1,355	1,366	1,394	1,436	1,469
Revenue Support Grant (RSG)	1,125	407	-	-	-
Transitional Grant	-	134	100	-	-
Total	2,480	1,907	1,494	1,436	1,469
Year on Year Change (£k)		-573	-413	-58	33
Year on Year Change (%)		-23%	-22%	-4%	2%

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The 2019/20 budget incorporated £315,000 of savings, mainly from increased income. The Authority was also in the position to set aside £187k to support the capital programme. This was agreed in order to make the Capital Programme sustainable in the medium term.

The Council also created an earmarked reserve of £1.995m by transferring funds from the General Fund, as its contribution towards the transition costs to the new Buckinghamshire Council.

5. Financial Outturn

Revenue Income and Expenditure

The table below summarises the Authority's revenue income and expenditure and compares the budget for the year with the actual expenditure. It also shows how the overall Authority expenditure was funded by income from Council Tax payers, business rate income, and Government Grants. The numbers here differ to the figures shown on the Comprehensive Income and Expenditure Statement as some items of expenditure, such as depreciation, are presented differently. The monitoring of the budget during the year excluded consideration of the Unitary Transition contribution, as this was controlled by the Shadow Authority. If this is excluded from the table below the position would be a net surplus of £102k.

	Latest Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Leader Portfolio	664	537	-127
Healthy Communities	2,286	1,972	-314
Customer Services	1,404	1,310	-94
Environment	1,391	1,285	-106
Support Services	3,549	3,682	133
Planning & Economic Development	814	1,007	193
Net Cost of Services	10,107	9,793	-315
Interest & Investment Interest	-237	-327	-90
Interest Payable	568	291	-277
Borrowing MRP	270	270	-
Contribution to Refuse Collection Vehicles	394	394	-
Contribution to Unitary Transition	-	1,995	1,995
Contribution to Community Grant Reserve	-	250	250
Contribution to Capital Reserve	187	187	-
Contribution to Capital Reserve	-480	-	480
Contribution to Repairs and Renewals Reserve	100	100	-
Budget Requirement	10,909	12,953	2,043
Council Tax Payers	-8,331	-8,331	-
Non- Domestic Rates (NDR)	-1,469	-1,469	-
Non- Domestic Rates (NDR) - General Grants	-	-1,530	-1,530
Non- Domestic Rates (NDR) – Growth	-600	130	730
Levy payable on Business Rates Growth	300	300	-
Levy payable on Pooling	-50	-50	-
General Grants - New Homes Bonus	-700	-700	-
General Grants – Other	-	-55	-55
Collection Fund Council Tax Surplus	-60	-94	-34
Collection Fund NDR Deficit (From NDR)	-	739	739
Net Deficit for the Year	-	1,893	1,893

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

	£'000
Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	7,154
Adjustments between Accounting Basis and Funding Basis	-4,446
Net Transfer to Earmarked Reserves	-815
Decrease in General Fund Reserve	1,893

Movement in Reserves

The Movement in Reserves Statement shows the movement in the year of the different reserves held by the Authority.

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

- The General Fund Balance decreased by £1,893,000 to £4,538,000. This is mainly because of the contribution to the Unitary Transition Fund, and adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves decreased by £815,000 to £10,711,000.
- The Authority's Capital Receipts Reserve has been reduced to nil.

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

- The Pensions deficit decreased by £3,306,000. The accumulated estimated pension fund deficit now stands at £40,394,000.
- The Revaluation Reserve balance decreased by £2,091,738 due to the downwards revaluation of the old Chiltern Pools in preparation for re-development.

Capital Expenditure

Capital expenditure is all expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment assets, which yield benefits to the Authority and the services it provides for a period of more than one year.

Total capital expenditure for the year amounted to £6,260,000. This was financed from internal capital reserves and internal borrowing, and central Government grants. Further details are shown in note 22.

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Financial Position at Year End

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

	Value 31 March 2019 £m	Value 31 March 2020 £m
Assets		
Property, Plant and Equipment	41.4	42.8
Investment Property	2.8	2.8
Investments, Cash and Bank Holdings	19.2	14.1
Debtors	9.7	5.7
Liabilities		
Short Term Creditors	7.5	5.6
Short Term Provisions	0.9	0.6
Finance Lease Liability	0.4	-
Pension Liability	43.7	40.4

The Authority, as part of the terms and conditions of employment, offers retirement benefits to staff. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

This pension liability has been accounted for under International Accounting Standard 19 Employee Benefits (IAS19) and in common with many public and private companies, who offer defined benefit pension schemes; the current IAS 19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For Chiltern the pension asset value is £48.6m and the liability £89.0m giving a net deficit of £40.4m as at 31 March 2020.

However the Authority's actual contributions to the pension fund are independently assessed by the scheme actuary on a different statutory basis to ensure that any deficit on the pension fund is made good over the period that the liabilities will arise and contributions to the fund are determined by the actuary's advice.

Cash Flow

The Cash Flow Statement shows the inflows and outflows of cash arising from transactions with third parties. It shows that in 2019/20 the amount of cash and cash equivalents held by the Authority increased by £4,966,000. This is mainly due to timing differences in relation to Business Rates and Council Tax.

Collection Fund

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

In 2019/20 CDC raised £83.7m in Council Tax. Council Tax income is paid over to the precepting bodies (Bucks County Council, Bucks Fire & Rescue, Police & Crime Commissioner of Thames Valley, Parish & Town Councils and CDC) and the amount paid over in 2019/20 was £83.1m in comparison to 2018/19 (£79.2m).

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In 2019/20 CDC raised £21.0m in business rates. Business rate income as estimated by the Government is shared as follows: Central Government 25%; CDC 42.5%, Bucks County Council 31.5%; Bucks Fire & Rescue 1%. Business rates income in excess of this figure is shared on a different basis as the Council was part of a business rates pool in 2019/20 with the other Buckinghamshire authorities.

6. Financial and Non-Financial Performance

In 2019/20 Chiltern District Council has:

- Submitted the Local Plan for inspection, which will help shape future development in the area up until 2036.
- Commenced the redevelopment of the Chiltern Pools to provide a modern multi service facility for the community.
- Retendered the provision of the management of the leisure centres in the area, the new contract commences in April 2020.
- Retendered with Wycombe and South Bucks DCs the contract for waste collection and recycling,
- Collected 99.4% of the Council Tax amounts due and 98.6% of the Business Rates amounts due.

7. Other Matters to Report

We also report to you the following matters:

- Apart from the matters disclosed above, there are no other significant factors affecting the Accounts that require highlighting in 2019/20.
- There are no significant changes in accounting policy to report.
- The Authority did not have any need to borrow any additional monies. Financing of the capital programme utilised internal borrowing in order to allow the new Council maximum flexibility in determining its strategy for financing its capital programme.
- There are no significant contingencies or material write offs to report.

8. Future Plans / Unitary Authority

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

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

The implementation of Buckinghamshire Council has been overseen by the Shadow Authority which was formed in May 2019 under the Structural Change Regulations. The key role of Shadow Authority was to oversee the creation of the new Buckinghamshire Council and ensure a safe, legal transition for the existing councils. This involved a range of responsibilities, including setting a budget for the new council. This temporary authority was in place until the new authority comes into existence on 1st April 2020, and the first elections to the new Council, will now be in May 2021, having been delayed by a year due to Covid-19.

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

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Coronavirus 19 (COVID-19)

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

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

Impact on financial year 2019/20

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

Impact on future years

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

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

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

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

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9. Further Information

Further information on the financial affairs of the Authority can be obtained from:

Service Director Corporate Finance
Buckinghamshire Council
Council Offices
King George V House
King George V Road
Amersham
Bucks
HP6 5AW

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the s151 Officer, and for 2019/20 that was the Director of Resources for Chiltern DC.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. As this takes place after the demise of Chiltern DC, the approval is undertaken by the s151 officer of the new Buckinghamshire Council.

The Service Director Corporate Finance's Responsibilities

The Service Director Corporate Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Service Director Corporate Finance has:

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

The Service Director Corporate Finance has also:

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

I confirm that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2020 and its income and expenditure for the year then ended.

Service Director Corporate Finance , Buckinghamshire Council

Date:

Certificate of Approval – Chair of the Audit and Governance Committee

I confirm that the theses accounts were approved by the Audit and Governance Committee at its meeting held on 29 July 2020

Signed on behalf of Buckinghamshire Council
Chair of Audit and Governance Committee

Date:

Comprehensive Income and Expenditure Statement

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

2018/19				Note	2019/20		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,392	-581	811			Leader Portfolio	1,528	-758
6,836	-1,614	5,222	Healthy Communities Portfolio	7,623	-2,077	5,546	
20,371	-19,016	1,355	Customer Services Portfolio	18,709	-16,888	1,821	
19,363	-10,522	8,841	Environment Portfolio	10,446	-7,779	2,667	
4,499	-1,415	3,084	Support Services Portfolio	7,463	-2,309	5,154	
4,236	-2,456	1,780	Planning and Economic Development	4,675	-2,719	1,956	
273	-	273	Repairs & Renewals	176	-	176	
56,970	-35,604	21,366	Cost of Services	50,620	-32,529	18,091	
			Other Operating Expenditure				
		3,002	Parish Council Precepts & Grant			3,181	
		-	(Gain) / loss on disposal of non-current assets			36	
		41	Pension Administration Expenses	24		45	
			Financing and Investment Income and Expenditure				
		22	Interest element of finance leases			7	
		288	Loan Interest Payable	12		284	
		1,102	Pensions net interest cost	24		979	
		-187	Investment interest receivable	12		-327	
		-211	(Gain) / loss on investment properties	10		-158	
		126	(Gain) / loss on trading operations	27		-105	
			Taxation and Non-Specific Grant Income and expenditure				
		-11,161	Council tax income			-11,506	
		-9,019	Non-domestic rates income			-9,254	
		7,197	Non-domestic rates expenditure -Tariff payment			7,914	
		296	Non-domestic rates expenditure - Levy payment			250	
		-618	New Homes Bonus			-700	
		-316	Non service related government grants			-1,584	
		11,928	(Surplus) or Deficit on Provision of Services			7,154	
		-847	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	9		-	
		-3,405	Remeasurements of the net defined liability	24		-5,562	
		-4,252	Other Comprehensive Income & Expenditure			-5,562	
		7,676	Total Comprehensive Income & Expenditure			1,592	

Movement in Reserves Statement

This statement shows the movement in the year of the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustments Account	Collection Fund Adjustment C Tax	Collection Fund Adjustment NDR	Accum Absences Account	Total Unusable Reserves	Total Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Movement in Reserves 2019/20

Balance as at 31 March 2019	6,432	11,525	0	609	18,566	19,848	-43,700	14,241	158	-635	-138	-10,225	8,342
Total Comprehensive Income & Expenditure	-7,154	-	-	-	-7,154	0	5,562	-	-	-	-	5,562	-1,592
Adjustments between accounting basis & funding basis under regulations (Note 6)	4,446	-	-	-133	4,313	-2,092	-2,256	-604	-100	739	-	-4,313	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-2,708	-	-	-133	-2,841	-2,092	3,306	-604	-100	739	-	1,249	-1,592
Transfers to / from Earmarked Reserves (Note 8)	815	-815	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-1,893	-815	-	-133	-2,841	-2,092	3,306	-604	-100	739	-	1,249	-1,592
Balance as at 31 March 2020	4,538	10,710	-	476	15,725	17,756	-40,394	13,637	58	104	-138	-8,975	6,749

Movement in Reserves 2018/19

Balance as at 31 March 2018	6,647	12,532	1,080	365	20,624	21,050	-44,614	20,296	192	-1,392	-138	-4,606	16,018
Total Comprehensive Income & Expenditure	-11,928	-	-	-	-11,928	847	3,405	-	-	-	-	4,252	-7,676
Adjustments between accounting basis & funding basis under regulations (Note 6)	10,707	-	-1,080	244	9,871	-2,049	-2,490	-6,055	-34	757	-	-9,871	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-1,221	-	-1,080	244	-2,057	-1,202	915	-6,055	-34	757	-	-5,619	-7,676
Transfers to / from Earmarked Reserves (Note 8)	1,006	-1,006	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-215	-1,006	-1,080	244	-2,057	-1,202	915	-6,055	-34	757	-	-5,619	-7,676
Balance as at 31 March 2019	6,432	11,525	-	609	18,566	19,848	-43,700	14,241	158	-635	-138	-10,225	8,342

Balance Sheet

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

31 March 2019 £'000		Notes	31 March 2020 £'000
41,475	Property, Plant & Equipment	9	42,797
2,789	Investment Property	10	2,802
268	Intangible Assets	11	380
40	Long Term Investments	12	40
14	Long Term Debtors		15
44,586	Long Term Assets		46,034
10,054	Short Term Investments	12	-
2	Inventories		1
9,736	Short Term Debtors	13	5,723
9,101	Cash and Cash Equivalents		14,068
28,893	Current Assets		19,792
-7,526	Short Term Creditors	14	-5,648
-903	Short Term Provisions	15	-553
-352	Short Term Finance Lease Liabilities	23	-
-209	Short Term Borrowing	12	-214
-1,547	Receipts In Advance	14	-1,594
-10,537	Current Liabilities		-8,009
-10,411	Long Term Borrowing	12	-10,247
-450	Long Term Creditors		-387
-40	S106 Liabilities		-40
-43,700	Pensions Liabilities	24	-40,394
-54,601	Long Term Liabilities		-51,068
8,341	Net Assets		6,749
-18,566	Usable reserves *		-15,725
10,225	Unusable Reserves*	16	8,976
-8,341	Total Reserves		-6,749

* See Movement in Reserves Statement for further details.

The unaudited accounts were issued on 18 June 2020 and the audited accounts were authorised for issue on 29 July 2020.

Service Director Corporate Finance

Date:

Cash Flow Statement

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

2018/19 £'000		2019/20 £'000
-11,928	Net surplus or (deficit) on the provision of services	-7,153
15,548	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,873
-123	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	72
-187	Interest received	-327
310	Interest paid	291
-3,620	Net cash flows from Operating Activities	755
	Investing Activities	
-8,173	Purchase of property, plant & equipment, investment property & intangible assets	-6,088
-20,000	Purchase of short-term investments	-3,000
775	Capital grants	771
23,000	Proceeds from short-term investments	13,000
4	Other (receipts) / payments for investing activities	2
	Financing Activities	
-155	Repayments of PWLB borrowing	-163
-415	Change in the outstanding liabilities relating to finance leases	-416
1,192	Other (receipts) / payments for financing activities Change in NNDR	354
-440	Other (receipts) / payments for financing activities Change in Council Tax	-249
-592	Net increase or (decrease) in cash and cash equivalents	4,967
9,693	Cash and cash equivalents at the beginning of the reporting period	9,101
9,101	Cash and cash equivalents at the end of the reporting period	14,068
1	Cash held	-
1,086	Bank current accounts	14,068
8,014	Short-term deposits / Money Market Funds	-
9,101		14,068

Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Notes to the Accounts

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the 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 Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Notes to the Accounts

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

Employee Benefits

Benefits Payable During Employment

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

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme administered by Buckinghamshire County Council, and from 1st April 2020 by the Buckinghamshire Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned by employees as they worked for the Authority.

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

- The liabilities of the pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high quality corporate bond.
- The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

Notes to the Accounts

The change in the net pensions liabilities is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits - The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts 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.

Notes to the Accounts

Financial Instruments

Financial Liabilities

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

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

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 cashflow 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 Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

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 a crucial 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.

Notes to the Accounts

Government Grants and Contributions

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

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Notes to the Accounts

Intangible Assets

Expenditure on non-monetary assets that do not have a physical substance but are controlled by the Authority as a result of past events (e.g. software licenses) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible Assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no Intangible Asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of any Intangible Asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on Intangible Assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposals gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures that would require it to prepare group accounts.

Inventories

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

Investment Property

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to 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.

Notes to the Accounts

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

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve

Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, Property, Plant and Equipment held under finance leases are funded in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore removed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Notes to the Accounts

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Authority grants an operating lease over property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid or discount offered at the commencement of the lease). If material initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Notes to the Accounts

Overheads and Support Services

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have any commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community Assets and Assets Under Construction - depreciated historic cost
- Council offices - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Notes to the Accounts

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Material assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

Notes to the Accounts

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie Assets Under Construction).

Depreciation is calculated on a straight-line basis over the useful life of the asset. Assets are not depreciated in the year of acquisition and are subject to a full year's depreciation in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Notes to the Accounts

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the Accounts where it is probable that there will be an inflow or economic benefit or service potential.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

Notes to the Accounts

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenues and Customs. VAT receivable is excluded from Income.

Fair Value Measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Notes to the Accounts

2. Accounting Standards that have been Issued but Not Yet Adopted

The Authority is required to disclose information relating to the impact of any accounting change on the financial statements, as a result of the adoption by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) of a new standard that has been issued, but is not yet required to be adopted by the Authority.

Full adoption will be required for the 2020/21 financial statements. However the Authority is required to make disclosure of the estimated effect of the new standards in these (2019/20) financial statements.

The 2019/20 Code has adopted:

- Amendments to IAS 28 Investments in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The specific changes made to the standards listed above are not applicable to Chiltern District Council therefore no further disclosures are required in these Statement of Accounts

3. Critical Judgements in Applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- The Authority has determined that its joint refuse, recycling and street cleaning contract contains an embedded finance lease for the refuse, recycling and street cleaning vehicles.

The following issues also affect the understanding of the Statement of Accounts:

- Housing Transfer – In December 1988 the Authority sold its housing stock to the Chiltern Hundreds Housing Association (Paradigm). The Authority retains responsibility for homelessness.
- Leisure Services – In October 2000 the Authority transferred responsibility for the operational management of its leisure facilities to an external provider. A contract was awarded to Greenwich Leisure Limited to manage the leisure facilities for a period of ten years from April 2010. The contract was retendered during 2019 and a new fifteen year contract awarded to Everyone Active, commencing April 2020. The Authority retains a strategic and policy making role in the provision of leisure services.

Notes to the Accounts

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2020 that have a significant risk of causing material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £49k for every year that useful lives had to be reduced.
Creditor Accruals	Accruals are estimated based on goods or services which have been received but not yet invoiced. The value of estimated creditors is £2,397k.	If there is a difference of 1% on the value of the actual invoice received, this would equate to £24k.
Debtors	At 31 March 2020, the Council had a balance of invoiced sundry debts of £1,986k. Review suggested that an impairment of doubtful debts £559k was appropriate. This included a significant increase in the impairment of housing benefit overpayment debts. Estimated debtors are based on invoices which were not raised prior to 31 March 2020. The value of estimated debtors is £2,638k.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £199k to be set aside A difference of 1% on the value of the actual debtors invoice raised would equate to £26k.
Non-Domestic Rates Appeals Provision	Business Ratepayers have the right to appeal against their business rate property valuations. If successful they will be entitled to a refund of overpaid Non-Domestic Rates. The process for challenging valuation has changed which has resulted in a reduction of the value of appeals The Authority has made a provision of £553k for the settlement of successful appeals, which is a reduction on previous years.	An increase of 10% in either the total number of successful appeals or the estimated average settlement would each have the effect of adding £55k to the provision.

Notes to the Accounts

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of the pensions liability in the balance sheet is £40,394k.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1,738k.

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Service Director Corporate Finance on 18 June 2020.

Where events taking place before this date provided information about the conditions existing at 31 March 2020, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. The financial statement and notes would not be adjusted for events which took place after 31 March 2020 if they provide information that is relevant to an understanding of the Authority's financial position but do not relate to conditions at that date.

Local Government Reorganisation. On 1st April 2020 all the functions and services along with its assets and liabilities of Chiltern District Council transferred to the newly created Buckinghamshire 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.

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

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

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

Notes to the Accounts

6. Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (Government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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

Notes to the Accounts

2019/20	Services within the General Fund								Total General Fund	Other Usable Reserves	Unusable Reserves
	Leader	Community, Health and Housing	Customer Services	Environment	Support Services	Sustainable Development	Repairs & Renewals	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	600	1,972	1,310	1,285	3,682	1,007	-	-7,963	1,893		
Adjustment for Earmarked Reserves	-	80	-	58	1,971	473	176	-1,944	814		
Net Expenditure Chargeable to the General Fund	600	2,052	1,310	1,343	5,653	1,480	176	-9,907	2,707		
Adjustments to the Revenue Resources											
<i>Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>											
- Pensions costs (transferred to (or from) the Pensions Reserve)	170	361	459	606	-632	476	-	816	2,256	-	-2,256
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-	-639	-639	-	639
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	2,931	52	690	40	-	-	6	3,720	-	-3,720
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	93	-	-	-	93	-	-93
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-	-13	-13	-	13
- Movement in the Minimum Revenue Provision (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-	-270	-270	-	270
- Amounts of non-current assets written off on disposal	-	-	-	-	-	-	-	36	36	-	-36
Total Adjustments to Revenue Resources	170	3,292	511	1,296	-499	476	-	-64	5,183	-	-5,418
Adjustments between Revenue and Capital Resources											
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-570	-	28	-	-	-	-967	-1,509	-	1,509
Total Adjustments between Revenue and Capital Resources	-	-570	-	28	-	-	-	-967	-1,509	-	1,509
Adjustments to Capital Resources											
Application of capital grants to finance capital expenditure	-	771	-	-	-	-	-	-	771	-	-771
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-	-	-	-133	133
Total Adjustments to Capital Resources	-	771	-	-	-	-	-	-	771	-133	-638
Total Adjustments between the Funding and Accounting Basis	170	3,494	511	1,324	-499	476	-	-822	4,446	-133	-4,313
Net Expenditure in the Comprehensive Income and Expenditure Statement	770	5,546	1,821	2,667	5,154	1,956	176	-10,936	7,154		

Notes to the Accounts

2018/19	Services within the General Fund								Total General Fund £'000	Other Usable Reserves £'000	Unusable Reserves £'000
	Leader	Community, Health and Housing	Customer Services	Environment	Support Services	Sustainable Development	Repairs & Renewals	Other Income & Expenditure			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	637	1,533	897	1,300	3,397	1,311	-	-8,860	215		
Adjustment for Earmarked Reserves	-	586	-	254	-	-	273	-107	1,006		
Net Expenditure Chargeable to the General Fund	637	2,119	897	1,554	3,397	1,311	273	-8,967	1,221		
Adjustments to the Revenue Resources											
<i>Amount by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>											
- Pensions costs (transferred to (or from) the Pensions Reserve)	173	390	458	310	-452	469	-	1,144	2,492	-	-2,492
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-	-723	-723	-	723
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	2,923	-	533	93	-	-	-	3,549	-	-3,549
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	-	46	-	-	-	46	-	-46
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	-	-	-	6,344	-	-	-	-	6,344	-	-6,344
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	100	-	-	-	-	100	-	-100
Total Adjustments to Revenue Resources	173	3,313	458	7,287	-314	469	-	420	11,806	-	-11,806
Adjustments between Revenue and Capital Resources											
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	565	-	-	-	-	-	-889	-324	-	324
Total Adjustments between Revenue and Capital Resources	-	565	-	-	-	-	-	-889	-324	-	324
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-	-	-	-	-	-	-1080	1,855
Application of capital grants to finance capital expenditure	-	-775	-	-	-	-	-	-	-775	243	-243
Total Adjustments to Capital Resources	-	-775	-	-	-	-	-	-	-	-	-
Total Adjustments between the Funding and Accounting Basis	173	3,102	458	7,288	-314	469	-	-469	10,708	-837	-9,871
Net Expenditure in the Comprehensive Income and Expenditure Statement	811	5,222	1,355	8,841	3,083	1,780	273	9,436	11,928		

Notes to the Accounts

7. Income and Expenditure Analysed by Nature

	2018/19	2019/20
	£'000	£'000
Income		
Fees, Charges and other service income	-16,529	-16,285
Interest and investment income	-187	-327
Council Tax income	-11,161	-11,606
Non-Domestic Rates income	-1,821	-1,241
Government grants and contributions	-18,897	-18,290
Funded from reserves	177	1,159
	-48,418	-46,590
Expenditure		
Employee expenses (Note)	14,779	16,271
Housing Benefit payments	17,463	14,888
Capital financing costs	3,516	3,814
Other operating expenses (Note)	14,932	14,934
Interest payments	310	291
Precepts	3,002	3,181
Revaluation of non-current assets	6,344	-13
(Gain) / loss on disposal of fixed assets	-	35
	60,346	53,401
(Surplus) or deficit (CI&E Account)	11,928	6,811

Notes to the Accounts

8. Earmarked Reserves

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

	Balance at 31 March 2019 £'000	Transfers Out £'000	Transfers In £'000	Balance at 31 March 2020 £'000
s106 Earmarked Reserve To hold unconditional s106 monies until spend on associated projects	2,132	-210	378	2,300
Repairs & Renewals Fund For the replacement of vehicles, plant, machinery and equipment as required and as a contingency for major repairs to buildings	229	-192	100	138
Local Development Framework Reserve To fund costs of the Local Plan development and review	739	-312	-	427
Planning Digitalisation Reserve A reserve established to support the digitalisation of planning information	83	-41	-	42
Neighbourhood Planning Reserve To hold Neighbourhood Planning Grant until expenditure incurred	17	-	-	17
Election Fund To meet the cost of local elections as and when required	100	-	-	100
Waste Initiatives Reserve A reserve established to support the delivery of waste and recycling services across the district	215	-43	-	173
Rent Deposit / Private Leasing and Homelessness Prevention Reserves To provide funding to assist households in accessing affordable housing and avoiding homelessness	97	-	-	97
Housing Benefits Reserve To meet fluctuations in respect of housing benefits subsidy and to support costs arising from implementation of welfare reform changes	354	-	-	354
Pension Fund To contribute to the shortfall in funding of the Pension scheme	300	-	-	300
Leisure Fund To contribute to the development of leisure provision	131	-111	70	90
Lottery Reserve A reserve established to earmark income received from the community lottery for local projects	3	-	-	3
Refuse Vehicles Reserve This reserve is held to provide resources for capital expenditure	1,954	-	394	2,348
Capital Projects Reserve This reserve is held to provide resources for capital expenditure	3,703	-943	187	2,947
HS2 Reserve To cover potential costs involved in the planned HS2 rail route	395	-	-	395
Economic Development Reserve To fund economic development activities.	261	-120	-	141
Car Parking Reserve To fund car park provision studies	100	-15	-	85
Affordable Housing Reserve To fund affordable housing projects	461	-	-	461
Business Rates Retention Reserve To respond to changes in funding following the localisation of business rates	250	-	-	250
Unitary Reserve This reserve is held to contribute towards the cost of unitary	-	-1,995	1,995	-
Community Reserve This reserve is held to contribute towards the cost of social prescribing project	-	-208	250	42
	11,525	-4,189	3,374	10,710

Notes to the Accounts

9. Property, Plant and Equipment

Movements in 2019/20	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Vehicles acquired under Finance Leases £'000	Assets Under Construction £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation							
As at 1 April 2019	44,305	2,691	2,605	750	1,522	526	52,399
Additions	752	123	-	4,203	-	-	5,078
Transfers	-48	-	-	48	-	-	0
Disposals	-36	-	-	-	-	-	-36
As at 31 March 2020	44,973	2,814	2,605	5,001	1,522	526	57,441
Depreciation & Impairments:							
As at 1 April 2019	-6,610	-2,054	-2,259	-	-	-	-10,923
Charge for year	-3,203	-167	-346	-	-	-5	-3,721
As at 31 March 2020	-9,813	-2,221	-2,605	-	-	-	-14,644
Net book value at 31 March 2020	35,160	593	-	5,001	1,522	521	42,797

Comparative Movements in 2018/19	Land & Buildings £'000	Vehicle, Plant & Equipment £'000	Vehicles acquired under Finance Leases £'000	Assets Under Construction £'000	Community Assets £'000	Surplus Assets Not Held For Sale £'000	Total £'000
Cost or valuation							
As at 1 April 2018	38,983	2,836	2,605	4,921	1,523	163	51,031
Additions	416	1	-	6,329	-1	539	7,284
Transfers	10,520	-20	-	-10,500	-	-	-
Disposals	-	-126	-	-	-	-	-126
Revaluation increases / (decreases) - recognised in the Revaluation Reserve	847	-	-	-	-	-	847
Revaluation increases / (decreases) - recognised in the Surplus / Deficit on the Provision of Services	-6,461	-	-	-	-	-176	-6,637
As at 31 March 2019	44,305	2,691	2,605	750	1,522	526	52,399
Depreciation & Impairments:							
As at 1 April 2018	-3,672	-2,033	-1,913	-	-	-	-7,618
Depreciation written out to the Revaluation Reserve	98	-	-	-	-	-	98
Depreciation written out to the Surplus/Deficit on the provision of service	20	-	-	-	-	-	20
Transfer Depreciation	-20	20	-	-	-	-	-
Disposal Depreciation	-	126	-	-	-	-	126
Charge for year	-3,036	-167	-346	-	-	-	-3,549
As at 31 March 2019	-6,610	-2,054	-2,259	-	-	-	-10,923
Net book value at 31 March 2019	37,695	637	346	750	1,522	526	41,475

Notes to the Accounts

Major Assets Held

The main assets owned by the Authority are shown below.

- **Land and Buildings** - King George V House (Council offices), Chiltern Pools, Chesham Leisure Centre, Chalfont Leisure Centre, 8 Public Conveniences, 15 surface car parks, 1 multi-storey car park, Barn Hall & Drake Hall.
- **Vehicle, Plant & Equipment** - Recycling facilities and equipment, CCTV, IT equipment.
- **Assets Under Construction** – Chiltern Lifestyle Centre.
- **Community Assets** - Woodlands, Open Spaces, Quarrendon Estate, Commons and Manorial Waste.
- **Surplus Assets Not Held For Sale** – Surplus land to the east of London Road Depot, and St Johns Ambulance Site in Amersham.

Impairment Losses

During 2019/20, the Authority has recognised an impairment loss of £nil (2018/19 £nil).

Depreciation

All Property, Plant and Equipment with a finite useful life is depreciated using the straight-line method after the year of expenditure over the following periods:

Land	- not depreciated
Buildings	- 20 – 60 years
Vehicles and equipment	- 3 – 10 years
Refuse & recycling receptacles (Bins)	- 10 – 14 years.

Contractual Commitments

Leisure Centres - Under the contract with Greenwich Leisure the Authority has responsibility for the structure and exterior of the Leisure Centres, including the repair and maintenance of visitor car parks with an agreed commitment, on average, of £100k p.a. This contract ended on the 31st March 2020.

There are major capital projects ongoing within Chiltern District, the contractual commitment for the Chiltern Lifestyle Centre is £28,879k as the scheme is in its construction phase.. The project to build a crematorium at Berton was completed in 2019. The cost of the construction of the Berton Crematorium will be fully recharged to the Chilterns Crematorium Joint Committee

Refuse & Recycling Receptacles (Bins) – Under the joint waste contract held with Serco the Refuse & Recycling Receptacles (bins) are being paid for over a 14 year period from March 2013 at a total cost to this Authority of £899,000.

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

As at 31 March 2020	Future Liabilities £'000
Under one year	64
In the second to fifth years	257
Over five years	128
Total	449

Notes to the Accounts

Revaluations

The Authority carries out a programme of valuations that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years.

KGVH offices were revalued as at 31st March 18, all other operational land and buildings were independently revalued by an external valuer as at 1 April 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of all valuations, with the exception of the Amersham multi storey car park, were issued by Wilks Head & Eve, Chartered Surveyors and Town Planners, 3rd Floor, 55 New Oxford Street, London WC1A 1BS. The certification of valuation for the Amersham multi storey car park were issued by Jones Lang LaSalle, 30 Warwick Street, London W1B 5NH.

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

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

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

	Land & Buildings	Vehicle, Plant & Equipment	Vehicles acquired under Finance Leases	Assets Under Construction	Community Assets	Surplus Assets Not Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	752	123	2,605	5,001	1,522	526	10,529
Valued at Fair Value as at							
1 April 2016	31,233	2,691	-	-	-	-	33,924
31 March 2018	5,390	-	-	-	-	-	5,390
31 March 2019	7,598	-	-	-	-	-	7,598
31 March 2020	-	-	-	-	-	-	-
Total Cost or Valuation	44,973	2,814	2,605	5,001	1,522	526	57,441

10. Notes to the Accounts

10. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

	2018/19	2019/20
	£'000	£'000
London Road Depot		
Income	-311	-324
Expenditure	176	179
Revaluation	-76	-13
(Surplus)/Deficit in year	-211	-158

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

	2018/19	2019/20
	£'000	£'000
Balance at start of year	2,713	2,789
Net gains / (losses) from fair value adjustments	76	13
Balance at end of year	2,789	2,802

Notes to the Accounts

Fair Value Hierarchy

Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties - Significant Observable Inputs

The fair value for the office, commercial and retail units, the depot and some land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

The value of the depot using the Level 2 valuation method is £2,802k on 31 March 2020 and £2,789k on 31 March 2019.

There were no transfers between Levels 1 and 2 during the year.

Highest and Best Use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. All valuations are carried out by registered valuer, Wilks Head & Eve, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

The Authority has no contractual obligations to purchase, construct or develop investment property.

11. Intangible Assets

Expenditure on intangible assets, namely Purchased Computer software, is charged to service revenue accounts with amounts representing the benefit obtained in the year from expenditure on these items. The useful life assigned to all software is up to five years and is written off on a straight line basis.

The movement on intangible asset balances during the year is as follows:

	2018/19 £'000	2019/20 £'000
Balance at start of year:		
Gross carrying amounts	747	703
Accumulated amortisation	-642	-435
Net carrying amount at start of year	105	268
Additions	209	205
Disposals	-253	-42
Accumulated amortisation on disposal	253	42
Amortisation for the period	-46	-93
Net carrying amount at end of year		
Gross carrying amounts	703	867
Accumulated amortisation	-435	-487
Net carrying amount at end of year	268	380

Notes to the Accounts

12. Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

Categories of Financial Instrument

The following categories of financial instrument are carried in the Balance Sheet.

Financial Assets

£'000	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	
Fair value through profit and loss									
Amortised Cost	40	40	14	15	10,054	-	2,691	3,923	3,978
Total financial assets	40	40	14	15	10,054	-	2,691	3,923	3,978
Non-financial assets									
Total	40	40	14	15	10,054	-	2,691	3,923	3,978

Financial Liabilities

£'000	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	
Fair value through profit and loss									
Amortised Cost	10,411	10,247	-	-	209	214	3,213	2,475	12,936
Total financial liabilities	10,411	10,247	-	-	209	214	3,213	2,475	12,936
Non-financial liabilities									-
Total	10,411	10,247	-	-	209	214	3,213	2,475	12,936

Notes: 1. Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments

2. By the end of 2019/20 the Council had converted all its financial investments to cash as part of the transition to the new Buckinghamshire Council.

Notes to the Accounts

Income, Expense, Gains and Losses

The gains and losses recognised in the Income and Expenditure in relation to financial instruments are made up as follows:

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
Interest Revenue on financial assets measured at amortised cost	-187	-	-327	-
Interest Expense	288	-	284	-

Fair Values of Assets and Liabilities

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

- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- The fair value of Public Works Loan Board (PWLB) loans of £10,689,807 measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreement with the PWLB, against what would be paid if the loans were at prevailing market rates.

Notes to the Accounts

The fair values of Financial Assets and Financial Liabilities are calculated as follows.

Financial Assets	31 March 2019		31 March 2020	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
Money market loans < 1 year	8,006	8,006	-	-
Short term investments	10,054	10,054	-	-
Long term investments	40	40	40	40
Short term debtors	2,691	2,691	3,923	3,923
Long term debtors	14	14	15	15
Total	20,805	20,805	3,978	3,978

Financial Liabilities	31 March 2019		31 March 2020	
	Carrying amount £'000	Fair Value £'000	Carrying amount £'000	Fair Value £'000
PWLB Debt	10,620	11,198	10,461	10,690
Short term creditors	3,213	3,213	2,475	2,475
Short term finance lease liability	352	352	-	-
Total	14,185	14,763	12,936	13,165

The fair value hierarchy of financial assets which are not measured at fair value is as follows.

Recurring fair value measurements using	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March £000
	31 March 2020			
Loans and receivables	-	40	-	40
PWLB Debt	-	-10,690	-	-10,690
Total	-	-10,650	-	-10,650
31 March 2019				
Loans and receivables	-	10,094	-	10,094
PWLB Debt	-	-11,198	-	-11,198
Total	-	-1,104	-	-1,104

Notes to the Accounts

13. Debtors

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

	2018/19 £'000	2019/20 £'000
General Debtors (net of impairments)	1,536	1,002
Central Government	2,803	884
Other Local Authorities	2,825	2,594
Council Tax (net of impairments)	136	617
Business Rates (net of impairments)	254	332
Payments in Advance (Note 1)	2,182	294
Total	9,736	5,723

Note 1: Payments in Advance include advance contribution made to the Pension Fund.

14. Short Term Creditors

	2018/19 £'000	2019/20 £'000
Central Government	-985	-1,159
Other Local Authorities	-3,785	-1,989
Council Tax	-219	-204
Business Rates	-238	-261
General Creditors	-2,299	-2,035
Receipts in Advance	-1,547	-1,593
Total	-9,073	-7,242

15. Provisions

	NDR Appeals £'000	Total £'000
Balance as at 31 March 2019	-903	-903
(Increase to)/release of existing provision	350	350
Balance as at 31 March 2020	-553	-553

A provision has been established in respect of Non-Domestic Rates appeals. Settlement is dependent on when the Valuation Office resolve the appeals. The change to the Valuation Offices process for ratepayers to challenge valuation has led to a reduction in the number and value of appeals.

Notes to the Accounts

16. Unusable Reserves

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	21,050	19,848
Upward revaluation of assets	2,213	-
Downward revaluation of assets	-1,366	-
Removal revaluation gains on disposal	-	-43
Difference between fair value depreciation and historical cost depreciation	-2,049	-2,049
Balance at 31 March	19,848	17,756

Pensions Reserve

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

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-44,614	-43,700
Remeasurement of pension assets and liabilities	3,405	5,562
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-4,371	-4,235
Employer's pensions contributions and direct payments to pensioners payable in the year	1,880	1,979
Balance at 31 March	-43,700	-40,394

Further information relating to the Pension fund can be found in note 24.

Notes to the Accounts

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 (Expenditure & Funding Analysis) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2018/19 £'000	2019/20 £'000
Balance at 1 April	20,296	14,242
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:</i>		
§ Charges for depreciation and impairment	(10,069)	(3,720)
§ Amortisation of intangible assets	(46)	(93)
§ Revenue expenditure funded from capital under statute	(565)	(977)
§ Disposals	-	7
Adjusting amounts written out of the Revaluation Reserve	2,049	2,049
<i>Insertion of items not debited or credited to the comprehensive income & expenditure statement:</i>		
Borrowing and adjustments	(5,559)	(210)
<i>Financing of Capital Expenditure:</i>		
§ Use of internal capital reserves to finance new capital expenditure	1,969	941
§ Use of external borrowing to finance new capital expenditure	5,559	210
§ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	531	905
Movement in the market value of Investment Properties	76	13
Movement in Minimum Revenue Provision (MRP)	-	270
Balance at 31 March	14,242	13,637

Notes to the Accounts

Collection Fund Adjustment Account

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

	2018/19 £'000	2019/20 £'000
Balance at 1 April	-1,200	-477
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-34	-100
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	757	739
Balance at 31 March	-477	162

Accumulated Absences Account

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

	2018/19 £'000	2019/20 £'000
Balance at 1 April	138	138
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	-	-
Balance at 31 March	138	138

17. Members' Allowances

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

	2018/19 £'000	2019/20 £'000
Basic Allowance	192	195
Special Responsibility Allowance	81	88
Independent Persons	1	-
Expenses	5	6
Total	279	289

Notes to the Accounts

18. Officers' Remuneration

The remuneration paid to the Authority's senior employees is shown in the table below.

Chiltern District Council and South Bucks District Council now share a joint Senior Management Team. The employees detailed below therefore work across the two authorities and the costs are shared with Chiltern DC contributing 58% and South Bucks DC contributing 42% towards the costs.

2019/20	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowances (chargeable to UK tax) £	Compensation for loss of office £	Benefits in kind £	Total remuneration excluding pension contributions £	Employers pension contributions £	Total remuneration including employers pension contributions £
Chief Executive (Note 1)	CDC	63,263	-	69,236	-	132,588	8,979	141,567
Director of Services (Note 1)	SBDC	110,707	-	-	-	110,707	17,236	127,943
Director of Resources (Note 1)	SBDC	112,259	-	-	3,179	115,438	17,893	133,331
Head of Legal & Democratic Services	CDC	86,002	-	-	1,528	87,530	13,567	101,097
Head of Finance (Note 2)	SBDC	48,239	-	-	948	49,187	7,467	56,654
Head of Customer Services (Note 3)	CDC	24,530	-	-	246	24,776	3,694	28,470
Head of Business Support (Note 4)	CDC	106,292	-	47,179	1,637	155,108	13,042	168,150
Head of Health & Housing (Note 5)	CDC	105,867	-	47,179	-	153,046	12,983	166,029
Head of Planning and Economic Development (Note 6)	SBDC	55,388	-	-	-	55,388	8,585	63,974
Interim Head of Planning and Economic Development (Note 6)	Contractor	61,404	-	-	-	61,404	-	61,404
Head of Environment	SBDC	82,502	-	-	2,128	84,630	13,118	97,748

Note 1: The Chief Executive left 31st August 2019. Additional responsibilities are being carried out by The Director of Services and The Director of Resources.

Note 2: The Head of Finance left 27th October 2019. Post was covered by a Contractor for the period from 30th September 2019 to 15th November 2019.

Note 3: The Head of Customer Services left 14th July 2019.

Note 4: The Head of Business Support left 31st March 2020.

Note 5: The Head of Health & Housing left 31st March 2020.

Note 6: The Head of Planning & Economic Development left 1st December 2019.

Notes to the Accounts

2018/19	Employing Authority	Salary incl fees, allowances & performance related pay £	Expense allowan-ces (charge-able to UK tax) £	Compe-n-sation for loss of office £	Benefits in kind £	Total remuner'n excluding pension contributions £	Employers pension contribu-tions £	Total remuner'n including employers pension contr £
Chief Executive	CDC	133,965	-	-	-	133,965	20,764	154,729
Director of Services	SBDC	94,401	-	-	-	94,401	14,863	109,264
Director of Resources	SBDC	99,763	-	-	2,859	102,622	15,906	118,528
Head of Legal & Democratic Services	CDC	80,394	-	-	1,429	81,823	12,683	94,506
Head of Finance	SBDC	78,852	-	-	1,610	80,462	12,666	93,128
Head of Customer Services	CDC	80,394	-	-	855	81,249	12,594	93,842
Head of Business Support	CDC	80,394	-	-	1,523	81,917	12,697	94,615
Head of Health & Housing	CDC	80,394	-	-	1,197	81,591	12,647	94,238
Head of Planning and Economic Development (Note 1)	SBDC	54,665	-	-	-	54,665	8,473	63,138
Interim Head of Planning and Economic Development (Note 6)	Contractor	29,831	-	-	-	29,831	-	29,831
Head of Environment	SBDC	80,394	-	-	1,949	82,343	12,763	95,106

Note 1: Head of Planning & Economic Development (post previously Head of Sustainable Development) appointed July 2018.

Note 2: Interim Head of Sustainable Development post was covered by a Contractor until July 2018.

Remuneration Band	2018/19 Number of employees	2019/20 Number of employees
£50,000 to £54,999	9	14
£55,000 to £59,999	4	4
£60,000 to £64,999	3	2
£65,000 to £69,999	1	2
£70,000 to £74,999	-	-
£75,000 to £79,999	-	-
£80,000 to £84,999	4	-
£85,000 to £89,999	-	1
£125,000 to £129,999	-	-
£130,000 to £134,999	1	1
£155,000 to £159,999	-	2
Total	22	26

Notes to the Accounts

Exit Packages 2019/20

Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
Under £50,000	-	2	2	16
Between £60,000 and £80,000	-	3	3	203
Between £400,000 and £450,000	-	1	1	425
Total cost included in bandings				644
Amounts provided for in CIES not included in bandings	-	-	-	-
Total cost included in CIES				644

The total cost of £644,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2019/20, of which £633,000 has been recharged to Bucks County Council as part of the unitary transformation costs.

Exit Packages 2018/19

There were no exit packages payable to Chiltern District Council employees in 2018/19.

19. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Authority's external auditors.

The note is prepared based on the fee payable for the audit work related to the financial year rather than amounts that have actually been paid in the year.

	2018/19 £'000	2019/20 £'000
Fees payable to Ernst & Young LLP with regard to external audit services	32	37
Fees payable to the Ernst & Young LLP for the certification of grant claims and returns	10	10
Fees payable in respect of other services provided by Ernst & Young LLP	-	34
Total	42	81

Notes to the Accounts

20. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

Credited to Taxation and Non Specific Grant Income	2018/19 £'000	2019/20 £'000
New homes bonus grant	618	700
Small Business Rate Relief	979	999
Business Rates Retail Relief	-2	367
Business Rates 2% Cap Compensation Grant	196	392
Business Rates Reconciliation Grant	-165	-258
Business Rates Transitional Grant	-821	-
Business Rates Discretionary Relief	38	16
Business Rates Public House	15	-1
Business Rates Support Small Business	8	8
Business Rates Levy Grant	23	5
New Burdens Grants	4	9
EU Brexit Preparation	17	35
LA Parks Improvement	15	-
Net Other Grants	9	10
Total Non Service Related Government Grants	316	1,584
Total	933	2,284

Credited to Services	2018/19 £'000	2019/20 £'000
Council Tax/Housing Benefits Admin	237	215
Mandatory Rent Allowances	17,498	14,928
Discretionary Housing	112	103
Cost of Collection Allowance	110	109
LA Data sharing Programme	12	23
New Burdens	74	42
Individual Electoral Registration	16	16
Disabled Facilities Grant	730	748
Planning Enforcement Grant	-	50
Homelessness Grant	176	138
Custom Build Grant	30	15
National Clean Up Grant	17	-
Net Other Grants	5	-
Total	19,017	16,387

Notes to the Accounts

21. Related Parties

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

Central Government

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

Grants received from Government departments are set out in Note 20 and amounts due to and from Government are shown in notes 13 and 14 respectively

Other Local Authorities

The Authority has in place joint working arrangements with South Bucks District Council and Wycombe District Council. Further details are given in the Narrative Report.

Members

Members have direct control over the Authority's financial and operational policies. However any contracts entered into are in full compliance with the Council's constitution. In addition a few minor grants were paid to voluntary bodies in which Members had a position of influence. In such cases grants were made with proper consideration of declarations of interest and the relevant members did not take part in any discussion or decision relating to the grant award. Details of personal interests are recorded in the Register of Members' disclosable pecuniary interests, which is open to public inspection.

Officers

Senior Officers have control over the day-to-day management of the Authority and all senior officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

Notes to the Accounts

Entities controlled or significantly influenced by the Authority

The Authority did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Authority effective control over their operations.

Citizens Advice Bureau

The Council nominates one Councillor to sit on the Management Committee of the Chesham, Amersham and District Citizens Advice Bureau. In addition a number of Councillors sit on the Management Committee either in a personal capacity or as representatives of other organisations. The Council is the principal funder for the CAB and gave a grant of £135k during the year (2018/19 £125k). Additionally, CAB provides a specialist debt and money advice service which the Council provides funding £25k in 2019/20 (2018/19 £25k).

Greenwich Leisure Ltd

Greenwich Leisure Ltd, an Industrial and Provident Society which has exempt charity status and which operates on a "not for profit" basis, has responsibility for leisure management. This includes operational management of the Authority's leisure facilities, including Community Play and Sports Development. The Authority retains a strategic and policy making role in the provision of leisure services. The Society is governed by a Board of Directors. Two nominated members and a Director of the Authority are members of the Chiltern Leisure Advisory Board (CLAB) – a committee of the Society's Board. The CLAB has no legal liability and the decision making process principally remains with the Society's Board with the exception of delegated authority decisions as set out in the CLAB's terms of reference. The management fee paid to Greenwich Leisure Ltd in 2019/20 was £103k (2018/19 £110k).

Aylesbury Vale, Chiltern and Wycombe Districts Crematoria Joint Committee (formerly called the Chilterns Crematorium Joint Committee)

Chiltern District Council is one of three constituent members of the Aylesbury Vale, Chiltern and Wycombe Districts Crematoria Joint Committee along with Aylesbury Vale and Wycombe District Councils. The Joint Committee manages two crematoria and associated facilities, one located in Amersham and also the second crematorium located in Aylesbury that opened in 2019. In the event of the Joint Committee ceasing to exist, any assets held are vested in the lead authority being Chiltern District Council, or its successor Authority. The Joint Committee was officially renamed in March 2019 following the addition of Berton Crematorium.

Under the terms of the Joint Committee, any deficit or surplus earned by the Joint Committee is shared between the constituent authorities on the basis of the number of cremations from the area of each authority in comparison to total cremations. As per the Joint Committee decision in January 2019 £750,000 surplus was distributed to the three authorities in April 2019. Chiltern District Council's share of the accumulated reserves as at 31st March 2020 is £709,747 (2018/19 £696,319).

The assets and liabilities of the Joint Committee have not been consolidated into the Authority's accounts, reflecting the separate statutory nature of the service. Further details on the financial affairs and a full Statement of Accounts of the Joint Committee can be obtained from the Service Director Corporate Finance, Buckinghamshire Council, King George V House, King George V Road, Amersham, Bucks, HP6 5AW.

Notes to the Accounts

Interest in Companies

The Authority has an interest in one company:

The Chiltern Woodlands Project

The aim of the Chiltern Woodlands Project is to promote and encourage the sensitive and sustainable management of Chiltern woods in order to protect the landscape of the Chilterns and maintain and enhance its biodiversity.

The company is limited by guarantee (of £1 per member) and supported by grant from 6 district councils and 2 county councils, each of whom are entitled to appoint a director. Chiltern District Council paid £3,750 in 2019/20 for the management of Angling Spring Wood (2018/19 £3,750).

Although the company is technically a controlled company by virtue of the Local Authorities (Companies) Order 1995, its accounts have not been consolidated into the accounts of the Authority on the grounds of materiality.

Further details on the activities and finances of the company can be obtained from:

John Morris, Director,
Chiltern Woodlands Project,
The Lodge
90 Station Road,
Chinnor,
Oxon OX39 4HA,
Tel: 01844 355503, Fax: 01844 355503,
Email: woodlands@chilternsaonb.org

Notes to the Accounts

22. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase to the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement	4,883	10,443
<i>Capital Expenditure</i>		
Amersham Multi-Storey Car Park	5,559	210
Car Park Enhancements	23	8
Leisure Centres	890	4,286
King George V House	274	441
IT Equipment & Systems	210	288
Public Conveniences	-	44
St Johns Ambulance Site	539	-
Mill Meadow Bridge	(1)	-
CCTV Camera Upgrade	-	6
	7,494	5,283
<i>Revenue Expenditure Funded from Capital Under Statute</i>		
Improvement Grants	531	949
Other Schemes	34	28
	565	977
Total Capital Expenditure	8,059	6,260
<i>Sources of finance</i>		
Capital receipts	1,969	943
Government grants and other contributions	531	905
Minimum Revenue Provision	-	270
	2,500	2,118
Closing Capital Financing Requirement	10,443	14,585

<i>Explanation of movements in year</i>		
Increase in underlying need to borrow (unsupported by government financial assistance)	5,559	4,413
Increase/decrease in Capital Financing Requirement	5,559	4,413

Notes to the Accounts

23. Leases - Authority as Lessee

a. Authority as Lessee

Authority as Lessee - Finance Leases

The Authority acquired the Refuse & Street Cleaning Vehicles, for the joint waste contract with Wycombe District Council, by entering into a finance lease.

The Authority is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the asset acquired by the Authority, and finance costs that will be payable by the Authority. This finance costs for this lease were paid in full in 2019/20 and no liabilities remain.

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

	2018/19 £'000	2019/20 £'000
Finance lease payments	372	359

Authority as Lessee - Operating Leases

The Authority acquired the land for Chesham Leisure Centre and Chalfont Leisure Centre by entering into operating leases, with respective lives of 125 and 99 years. The obligations outstanding at the year-end are as follows:

	2018/19 £'000	2019/20 £'000
Under one year	1	1
In the second to fifth years	4	4
Over five years	72	71
	77	76

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

	2018/19 £'000	2019/20 £'000
Operating lease payments	1	1

Notes to the Accounts

b. Authority as Lessor

Authority as Lessor - Operating Leases

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

It has also granted numerous easements for rights of way over its land in perpetuity (implied as 80 years).

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

	2018/19 £'000	2019/20 £'000
Not later than one year	422	422
Later than one year and no later than five years	1,088	1,088
Later than five years	2,101	2,095
	3,611	3,605

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

Notes to the Accounts

24. Defined Benefit Pension Schemes

Participation in pension scheme

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

The Authority participates in two pension schemes:

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

Transactions relating to Post-Employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Account and the General Fund Balance via the Movement in the Reserves Statement during the year.

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services		
Service cost	2,656	2,632
Curtailments and Settlements	571	580
Administration expenses	41	45
Net Interest on the defined liability (asset)	1,103	980
Total post-employment benefits charged to the surplus or deficit on the provision of services	4,371	4,237
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
Return on fund assets	1,275	2,935
Actuarial gains and losses arising on changes in demographic assumptions	5,388	-1,525
Actuarial gains and losses arising on changes in financial assumptions	-3,259	-8,197
Experience (loss)/gain on defined benefit obligation	-	2,169
Other Actuarial gains/(losses)	-	-944
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	3,404	-5,562
Movement in Reserves Statement:		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	1,916	1,676
Actual amount charged against General Fund Balance for pensions in the year		
Employer's contributions payable to the scheme	1,840	1,942
Retirement benefits payable to pensioners	39	37

Notes to the Accounts

It should be noted that the Authority's accounts do not include IAS19 pension accounting entries in respect of Chilterns Crematoria staff although they are treated as employees of the Authority for Pension Scheme purposes.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined plans is as follows.

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Present Value of Liabilities in LGPS	-93,745	-88,986
Fair Value of Assets in LGPS	50,045	48,592
Surplus/(Deficit) in LGPS	-43,700	-40,394

A notional split has been applied to the figures to reflect the fact that both Chiltern District Council and Chilterns Crematoria employees participate in the scheme but as a single authority.

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Opening fair value of Fund assets 1 April 2019	47,791	50,044
Interest on Assets	1,210	1,141
Return on Assets less Interest	1,274	-2,935
Other Actuarial Gains/(Losses)	-	944
Administration expenses	-41	-45
Employer Contributions including unfunded	1,880	1,980
Contributions by Scheme Participants	455	446
Benefits Paid	-2,524	-2,983
Closing fair value of Fund assets 31 March	50,045	48,592

Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2018/19 £'000	2019/20 £'000
Opening Liability 1 April 2019	92,405	93,743
Service Cost	2,656	2,632
Interest Cost	2,313	2,121
Contributions by Scheme Participants	455	446
Change in financial assumptions	3,261	-8,197
Change in demographic assumptions	-5,392	-1,525
Experience loss/(gain) on defined benefit obligation	-	2,169
Curtailements	571	580
Benefits Paid	-2,485	-2,946
Unfunded Pension Payments	-39	-37
Closing Liability 31 March	93,745	88,986

Notes to the Accounts

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Buckinghamshire County Council scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full actuarial valuation of the scheme as at 31 March 2016.

The main actuarial assumptions used in their calculations were as follows.

	2018/19	2019/20
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	22.9	21.8
Women	24.8	25.1
Longevity at 65 for future pensioners:		
Men	24.6	23.2
Women	26.6	26.5
Rate of increase in pensions	2.40%	1.90%
Rate of inflation (RPI)	3.40%	2.70%
Rate of inflation (CPI)	2.40%	1.90%
Rate of increase in salaries	3.90%	2.90%
Rate for discounting scheme liabilities	2.40%	2.35%
Take up of option to convert annual pension into retirement lump sum	50%	50%

Note: These are long term actuarial assumptions and do not necessarily reflect current circumstances.

Notes to the Accounts

The pension scheme assets consist of the following:

	31 March 2019	31 March 2020		
	Total £'000s	Quoted £'000s	Unquoted £'000s	Total
Gilts	6,178	4,183	-	4,183
UK Equities	6,092	631	-	632
Overseas Equities	17,429	22,782	-	22,782
Private Equity	1,946	-	2,185	2,185
UK Other Bonds	7,460	8,948	-	8,948
Property	3,910	3,574	-	3,574
Cash	1,599	1,181	-	1,181
Alternative Assets	383	-	382	382
Hedge Funds	2,697	-	2,459	2,459
Absolute Return Portfolio	2,351	-	2,267	2,267
Value of Fund Assets	50,045	41,298	7,293	48,592

The Discretionary Benefits arrangements have no assets to cover its liabilities.

Contributions to the Fund are set every three years as a result of the actuarial valuation of the Fund. The next actuarial valuation will be carried out as at 31 March 2020 to set contributions for the period from 1 April 20 to 31 March 2023. Contributions are generally set to target a funding level of 100%.

The total contributions expected to be made to the Local Government Pension Scheme and the Discretionary Benefits scheme by the new Authority, Buckinghamshire Council on behalf of the employees of Chiltern District Council in the year to 31 March 2021 is £1,904,000.

The weighted average duration of the defined benefit obligation for scheme members is 19.0 years.

Sensitivity Analysis

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present value of total obligation	91,075	92,813	94,586
Projected service cost	2,554	2,620	2,687
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present value of total obligation	92,972	92,813	92,655
Projected service cost	2,621	2,620	2,619
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present value of total obligation	94,433	92,813	91,224
Projected service cost	2,686	2,620	2,555
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	96,887	92,813	88,921
Projected service cost	2,706	2,620	2,537

Notes to the Accounts

25. Contingent Assets and Liabilities

Contingent Assets

The Authority has no material contingent assets.

Contingent Liabilities

The Authority has no material contingent liabilities. However there are a few outstanding insurance claims that, if settled, will be covered by insurance, subject to the insurance excess.

26. Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by experienced finance officers, under policies approved by the Council in the annual treasury management strategy.

By the end of 2019/20 the Council had converted all its financial investments to cash as part of the transition to the Buckinghamshire Council.

Credit risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by the credit rating agencies. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. No investment limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relations to deposits.

Investments are managed in house by Finance officers placing money in callable or fixed deposits with approved counterparties. The credit criteria in respect of financial assets held by the Authority is approved by Members as part of the Treasury Management Strategy each year.

Before the Authority enters into arrangements, which could result in large amounts being due to the Authority, Finance officers assess potential customers taking into account security, liquidity and yield which are inter-related and the balance of the three is determined by the Authority's needs and risk appetite.

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

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last 3 financial years, adjusted to reflect current market conditions.

Notes to the Accounts

	Amount at 31 March 2020	Historical Experience of default	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
	£'000	%	%	£'000	£'000
Deposits with banks and other financial institutions					
- Short Term investments	-	-	-	-	39
- Cash & Cash Equivalents	14,068	-	-	-	-
Customers	1,278	0.46%	0.50%	6	9

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

The Authority does not generally allow credit for customers such that £42k of the total sundry debtor balance of £1,278k is past its due date for payment. The past due amount can be analysed by age as follows:

	2018/19 £'000	2019/20 £'000
Less than three months	1,469	1,278
More than three months	35	42
	1,504	1,320

Liquidity Risk

As the Authority has significant investment holdings there is no significant risk that the Authority will be unable to meet its commitments. Instead, the risk is that the Authority will have to seek early repayment of investments at unfavourable rates in order to finance its short term cash requirements. To prevent this occurring, the strategy is to ensure that a significant proportion of investments are held on demand and / or mature within 1 year. Furthermore if unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. The maturity analysis of financial assets is as follows:

	Cash And Bank £'000	Loans and Receivables – Money Market Loans £'000
As at 31 March 2020		
On demand	14,068	-
Total	14,068	-
As at 31 March 2019		
On demand	9,101	-
Less than three months	-	1,008
Between three months and one year	-	9,046
Total	9,101	10,054

Notes to the Accounts

Market Risk: Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the asset will fall

Changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. In particular the Authority holds a mix of long and short term investments and a mix of fixed and variable rate investments. The upper limit for variable rate investments in 2019/20 was 80% of the portfolio.

Finance officers assess interest rate exposure during the annual budget setting process and review the interest budget forecasts regularly during the year. This allows any adverse changes to be accommodated.

As at end March 2020, if interest rates had been 1% higher with all other variables held constant, the estimated financial effect would be:

	£'000
Increase in interest receivable on Cash & Bank holdings	-144

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

This information helps to show the size of potential impact on the Authority's finances if interest rates change.

Market Risk: Price Risk

The Authority does not invest in equity shares and thus is not exposed to losses arising from movements in the price of shares.

Market Risk: Foreign Exchange Risk

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

Notes to the Accounts

27. Trading Operations

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure Line in the Comprehensive Income and Expenditure Statement.

Service Area	2018/19	2019/20
	£'000	£'000
Markets		
Income	-20	-20
Expenditure	16	13
(Surplus)/Deficit in year	-4	-7
Property Management		
Income	-68	-119
Expenditure	22	21
Revaluation Gain/(Loss)	176	-
(Surplus)/Deficit in year	130	-98
Total Trading Services (Surplus)/Deficit	126	-105

28. Building Regulations Chargeable and Non Chargeable Account

The Building (Local Authority Charges) Regulations 2010 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Section cannot be charged for, such as providing general advice and liaising with other statutory authorities.

Since 1 April 2014, Chiltern District Council and South Bucks District Council have run a joint Building Control service, and costs and income are split between the two authorities.

The statement below shows the total cost of operating the joint Building Control Section divided between the chargeable and non-chargeable activities.

	Chargeable	Non	Total
	£'000	Chargeable	£'000
		£'000	
			£'000
Expenditure			
Employee Expenses	629	33	662
Central Support Services	220	12	232
Other Costs	92	5	97
	941	50	991
Income			
Building Regulation Charges	-829	-	-829
	-829	-	-829
(Surplus) / Deficit for Year	112	50	162

Collection Fund

This statement reflects a statutory requirement to maintain a separate Collection Fund, which shows the transactions of the Authority as a billing authority in relation to council tax and non-domestic rates, and the way in which the total amount collected has been distributed to the precepting authorities and the Government.

	Note	2018/19 Total £'000	2019/20 Council Tax £'000	2019/20 NDR £'000	2019/20 Total £'000
Income					
Income from Council Tax	1	-79,942	-83,705	-	-83,705
Transfer from General Fund		-1,470	-18	-356	-375
Income Collectable from Business Ratepayers	2	-20,607	-	-21,010	-21,010
Contribution to Previous Year's Estimated Deficit		-738	-	-1,182	-1,182
		-102,758	-83,723	-22,549	-106,271
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		10,695	-	5,287	5,287
Buckinghamshire County Council		59,207	59,456	6,662	66,118
Thames Valley Police & Crime Commissioner		8,088	9,224	-	9,224
Bucks and MK Fire Authority		2,996	2,887	211	3,099
Chiltern District Council *		19,584	11,512	8,988	20,500
		100,569	83,079	21,148	104,227
Business Rates Cost of Collection		110	-	109	109
Business Rates Provision for Appeals		-505	-	-823	-823
Write offs of uncollectable amounts		100	61	51	111
Increase / (reduction) in allowance for impairment		-354	495	217	712
Payment of Previous Year's Estimated surplus		1,184	676	-	676
		535	1,232	-446	785
(Surplus) / Deficit for the Year		-1,654	588	-1,847	-1,259
Balance brought forward 1 April		2,102	-1,138	1,586	448
Balance carried forward 31 March		448	-550	-261	-811
Analysis of Share of (Surplus)/Deficit					
Central Government		793	-	-65	-65
Buckinghamshire County Council		-671	-409	-82	-491
Thames Valley Police & Crime Commissioner		-126	-65	-	-65
Bucks and MK Fire Authority		-24	-19	-3	-22
Chiltern District Council		476	-58	-111	-169
Totals		448	-550	-261	-811

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

Notes to the Collection Fund

1. Council Tax

Chiltern District Council's requirement from the Council Tax was £186.30 (2018/19 £180.88).

The average Council Tax at band D including all precepts on the Collection Fund was £1,857.93 (2018/19 £1,784.57).

The Council Tax base (adjusted for dwellings where discounts apply) was made up of the following number of equivalent Band D dwellings.

Band	Net Dwellings	Band D Ratio	Band D Dwellings Equivalent
A	543	6/9	362
B	1,320	7/9	1,027
C	4,282	8/9	3,806
D	5,674	9/9	5,674
E	6,082	11/9	7,433
F	6,146	13/9	8,878
G	8,645	15/9	14,408
H	194	18/9	389
Adjust for estimated collection rate of 98.5% - Council Tax Base			44,716

2. Income from Business Ratepayers

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

	2018/19	2019/20
Non-domestic rateable value (at end of year)	£58.972m	£59.060m
Rate poundage – Standard Multiplier	49.3p	50.4p
– Small Business Multiplier	48.0p	49.1p

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

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

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

Annual Governance Statement

1) Scope of Responsibility

Chiltern District Council (CDC) is responsible for ensuring that:

- public money is used economically, efficiently and effectively;
- its business is conducted in accordance with the law and proper standards; and
- public money is safeguarded and properly accounted for.

Chiltern District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Chiltern District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Chiltern District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code can be obtained from the Director of Resources. This statement explains how Chiltern District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Chiltern District Council for the year ended 31 March 2020.

3) The Governance Framework

Chiltern has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, it has developed and adopted a Code of Corporate Governance and a Risk Management Strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit & Standards Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

5) Review of Effectiveness

Chiltern District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2019/20 this review has been undertaken by the Audit & Standards Committee and included carrying out an assessment of the CDC internal control framework.

We have been advised of the results of the review of the effectiveness of the governance framework by the Audit & Standards Committee.

6) Main Governance Issues

The assessment of material governance issues has to reflect the fact that after the 31 March Chiltern DC will cease to exist. Therefore any governance issues have to reflect the transition to the new unitary Buckinghamshire Council. The following are the main governance issues.

Glossary of Terms

Accounting Period

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accrual

Accrual accounting is one of the main accounting concepts. It ensures that income / expenditure is shown in the accounting period that it is earned / incurred, and not as money is received or paid.

Actuary

A suitably qualified independent person who advises on the financial position of the Pension Fund.

Actuarial Gains and Losses

Actuarial gains and losses represent changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

Amortisation

A measure of the cost or amount of benefit of an intangible asset that has been consumed during the period.

Appropriation

The transfer of resources between reserves.

Asset

An asset is something that the Authority owns that has a monetary value.

- A current asset is one that will be used or cease to have material value by the end of the next financial year e.g. stock or debtors
- A non-current asset provides benefits for a period of more than one year e.g. Council Offices

Balance Sheet

A financial statement summarising the financial position of the Authority, in particular its assets, liabilities and other balances at the end of each accounting period.

Billing Authority

A local authority charged by statute with responsibility for the collection of, and accounting for, Council Tax and Non-Domestic Rates.

Budget

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

Capital Adjustment Account

This account represents amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets.

Capital Expenditure

Expenditure on the acquisition or refurbishment of a non-current asset and other eligible items that will be of benefit to the Authority in providing its services for more than one year.

Capital Financing

This term describes the various sources of money used to pay for capital expenditure.

Capital Programme

This is a plan for capital spending in future years. It shows the capital schemes that the Authority intends to carry out.

Glossary of Terms

Capital Receipt

The proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure, but they cannot be used to finance revenue expenditure.

Collection Fund

A statutory fund maintained by the Authority, which is used to record council tax and non-domestic rates collected by the Authority, along with payments to central Government, precepting authorities and its own general fund.

Community Assets

This is the land and property that the Authority intends to hold forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples include open spaces.

Council Tax

Council tax is levied on households and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Creditor

This term applies to money the Authority owes to others for work done or goods and services it has received during the financial year but not paid for at the end of the accounting period.

Current Asset

An asset which is easily convertible to cash or expected to become cash within the next year.

Current Liability

An amount which will become payable within the next financial year.

Debtor

This term applies to money that others owe to the Authority for work done or goods and services that have been provided to them by the Authority during the financial year but have not been paid for by the end of the accounting period.

Depreciation

A measure of the cost or amount of benefit of a non-current asset that has been consumed during the period.

Events after the Reporting Period

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed.

External Audit

The independent examination of the activities and accounts of the Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Fees and Charges

Income raised by charging users of services for the facilities. For example planning applications fees, charges for the use of leisure facilities etc.

Finance Lease

A lease that transfers all the risks and rewards of ownership of an asset to the lessee. Such assets are included within the lessee's balance sheet.

Glossary of Terms

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

General Fund

The main fund of the Authority from which payments are made to meet the costs of providing services.

Government Grants

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

Gross Expenditure

The total cost of providing the Authority's services before taking into account income from fees and charges for services, and grants.

Heritage Assets

Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (e.g. antique furniture, paintings, books and manuscripts).

Housing benefit

An allowance provided by the Authority to persons on low income to meet, in whole or part, their rent. The cost of housing benefit is largely met by a central Government grant.

Impairment

This is a reduction in the value of a non-current asset as shown in the balance sheet to reflect its current value.

Intangible Assets

Assets that do not have physical substance but are identifiable and are controlled by the Authority and bring benefits to the Authority for more than one financial year e.g. software licences.

International Financial Reporting Standards (IFRS)

IFRSs are set by the International Accounting Standards Board, the independent standard setting body of the International Accounting Standards Committee Foundation.

Inventories

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

Liability

A liability arises when the Authority owes money or other assets to others.

Materiality

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

Non-Current Asset

An asset which is not easily convertible to cash or not expected to become cash within the next year.

Non-Domestic Rates (NDR)

A levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy.

Glossary of Terms

NDR Levy

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

Operating Lease

This is an agreement for rental of assets where the risks and rewards of ownership of the asset remain with the lessor. Annual rentals are charged to revenue.

Outturn

The actual results for the financial year

Precept

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf. Precepts are paid from the Collection Fund.

Precepting Authorities

Those authorities which are not billing authorities ie do not collect the council tax and non-domestic rate. Buckinghamshire County Council, Thames Valley Police and Crime Commissioner and Buckinghamshire & Milton Keynes Fire Authority are 'major precepting authorities' and parish councils are 'local precepting authorities'.

Provisions

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

Rateable Value

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

Related Parties

Bodies or individuals that have the potential to control or influence the Authority, or to be controlled or influenced by the Authority.

Remuneration

All amounts paid to or receivable by an employee including sums due by way of expenses, allowances and the estimated money value of any other benefits received by an employee otherwise than in cash.

Reserves

Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or 'balances'), which every authority must maintain as a matter of prudence. A reserve results from an accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Authority's discretion.

Residual Value

This is the net realisable value of an asset at the end of its useful life.

Retirement Benefits

Retirement benefits comprise all forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. They do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before normal retirement age or an employee's decision to accept voluntary redundancy.

Revaluation Reserve

An account containing any unrealised surpluses arising from the revaluation of non-current assets.

Glossary of Terms

Revenue Expenditure

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

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

An example of this type of expenditure is where a capital grant is made by the Authority to another organisation. This counts as capital expenditure but does not create an asset that belongs to the Authority.

Revenue Support Grant (RSG)

A general grant paid by Central Government to local authorities as a contribution towards the cost of their services.

Section 106 Agreements

Section 106 receipts are monies paid to the Authority by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer.

Useful Life

This is the period over which the Authority will derive benefits from the use of a non-current asset.