



SOUTH BUCKS

District Council

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

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Narrative Report

1. About South Bucks District Council

South Bucks District Council serves the urban areas of Burnham, Beaconsfield, Gerrards Cross, Denham and Iver, as well as a number of outlying villages.

The overall population of the district is approximately 70,000. It covers an area of 141 square kilometres. 87% 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 28 councillors. The whole Council was elected in May 2015. The Conservative Group holds 23 seats and controls the Council. There are 2 Denham Conservatives, 1 Taplow Conservative and 2 independent members.

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.
- Customer Services and Business Support - Housing Benefits, Council Tax and Non-Domestic Rate collection, Customer Services, and ICT.
- Environment - Refuse and waste, recycling, street cleaning, damaged and threatened land, cemeteries, and Council car parks.
- Healthy Communities - Health and wellbeing, housing services, homelessness, environmental health, sport and leisure, community development and grants, youth matters, partnership working, community safety, and crime reduction.
- Planning and Economic Development - Development management, building control, planning enforcement, trees and conservation, economic development, planning policy and the Local Development Framework.
- Resources – Financial strategy, asset and investment management, legal, democratic services, land charges, audit and finance.

Further information about the Authority can be obtained from the following website address:

www.southbucks.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.

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

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

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

3. Joint Working Arrangements with Chiltern 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.

4. Consilio Property Limited

On 19th July 2017, SBDC agreed to establish a wholly owned local authority trading company to allow the Council to exercise the power to trade contained in the Local Government Act 2003 and the Localism Act 2011 to facilitate income generation.

Consilio Property Limited was subsequently registered on 15th September 2017.

As the shareholder, the Council does not directly manage the company; that is the responsibility of the Company Board.

The Council monitors the Company performance through approving the annual Business Plan, and at the shareholders meeting where it receives the annual report and accounts.

Council officers on the Board have a responsibility to the company, separate from their responsibilities to the Council when they are operating in their substantive roles.

In September 2019 Consilio purchased Burystead Court office block near Milton Keynes. The current tenant's full repairing and insuring lease is 10 years to 2029, with an upward only rent review in 2024. The net initial yield is 5.65%, and after an initial 18 month rent free period reflecting refurbishments being undertaken by the tenant, the initial revenue stream will be £1,166,246 pa.

Given the value of its investments, Consilio is now a significant company and thus SBDC is required to produce Group Accounts showing both the activities of SBDC and the combined group of SBDC plus Consilio.

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5. 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 27th 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 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Business Rate Baseline	11,925	12,024	11,712	12,200	13,198
Business Rate Tariff	-10,921	-11,012	-10,680	-11,136	-12,110
Baseline Need	1,004	1,012	1,032	1,064	1,088
Revenue Support Grant	871	436	57	-	-
Transitional Grant	-	80	80	-	-
Total	1,875	1,528	1,169	1,064	1,088
Year on Year Change (£k)		-347	-359	-105	24
Year on Year Change (%)		-19%	-23%	-9%	2%

The 2019/20 budget incorporated over £278,000 of savings, budget reductions and increased income.

The Council also created an earmarked reserve £1.552m by transferring funds from the General Fund as its contribution towards the transition costs to the new Buckinghamshire Council.

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6. 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 £322k.

	Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Leader	526	587	61
Environment	1,801	1,998	197
Healthy Communities	1,171	920	-251
Customer Services and Business Support	1,381	1,780	399
Resources	2,333	2,425	92
Planning and Economic Development	510	595	85
Net Cost of Services	7,722	8,305	583
Interest & Investment Income	-100	-237	-137
Notional Interest Payable	174	114	-61
Borrowing Costs – Interest	-	35	35
Payment to BCC Unitary Reserve	-	1,552	1,552
Transfer from Revenue Reserves	-155	-	155
Budget Requirement	7,642	9,769	2,127

	Budget £'000	Outturn £'000	(Under)/ Over Spend £'000
Council Tax Payers	-5,409	-5,409	-
Non-Domestic Rates (NDR)	-1,088	-1,088	-
Non-Domestic Rates (NDR) - General Grants	-	-1,212	-1,212
Non-Domestic Rates (NDR) – Growth	-1,000	-840	160
Levy Payable on Business Rates Growth	400	400	-
General Grants - New Homes Bonus	-429	-429	-
General Grants – Other	-66	-55	11
Collection Fund Council Tax Deficit	-50	-74	-24
Collection Fund NDR Deficit (From NNDR1)	-	168	168
Net Deficit for the Year	-	1,230	1,230

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

Deficit on Provision of Services (From Comprehensive Income and Expenditure Statement)	2,803
Adjustments between Accounting Basis and Funding Basis	-2,203
Net Transfer to Earmarked Reserves	630
Decrease in General Fund Reserve	1,230

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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 £1,230,000 to £1,963,000. This is mainly because of the contribution to the Unitary Transition Fund, and adjustments relating to retained income from Non-Domestic Rates.
- Earmarked reserves increased by £630,000 to £2,232,000.

The key movement in the Authority's unusable reserves is as follows.

- The Pensions deficit decreased by £6,457,000. The accumulated estimated pension fund deficit now stands at £22,280,000.

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 £8,795,000. This was financed from internal borrowing, central Government grants and s106 contributions. Further details are shown in note 22.

Financial Position at Year End

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

	Value 31 March 2019 £m	Value 31 March 2020 £m
Assets		
Property, Plant and Equipment	24.2	29.3
Investment Property	6.7	7
Investments, Cash and Bank holdings	11.7	8.5
Long Term Debtors	1.6	1.5
Long Term Debtors – Consilio Loan	5.5	24.9
Short Term Debtors	6.6	6.3
Liabilities		
Short Term Creditors	7.9	12.8
Short Term Provisions	1.6	0.8
Finance Lease Liability	3.0	2.7
Long Term Liabilities - PWLB	5.5	24.9
Pension Liability	28.7	22.3

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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 IAS19 valuation of the pension fund assets is significantly less than the actuarial estimate of the liability. For South Bucks the pension asset value is £43.9m and the liability £66.2m giving a net deficit of £22.3m 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 decreased by £2,668,000.

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 SBDC raised £61.9m in Council Tax. Council Tax income is paid over to the precepting bodies (Bucks County Council, Bucks Fire & Rescue, Police & Crime Commissioner for Thames Valley, Parish & Town Councils and SBDC) and the amount paid over in 2019/20 (£61.2.9m) equals the amount that was requested as part of the 2019/20 budget setting process.

In 2019/20 SBDC raised £33.2m in business rates. Business rate income is shared as follows: Central Government 25%; SBDC 43%, Bucks County Council 32%; 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.

7. Financial and Non-Financial Performance

In 2019/20 South Bucks District Council has:

- Submitted the Local Plan for inspection, which will help shape future development in the area up until 2036.
- Completed new temporary accommodation units at the former Bath Road depot site.
- Progressed the construction of affordable and market rent housing at the Tatling End former Gerrards Cross Police Station.
- Retendered with Chiltern and Wycombe DCs for the provision of waste and recycling services, to take effect from 2021 at the end of the current contract.
- Collected 97.1% of the Council Tax amounts due and 98.7% of the Business Rates amounts due.

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8. 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 borrowed £19.4m from the PWLB to help facilitate the purchase of assets by Consilio.
- There are no significant contingencies or material write offs to report.

9. Future Plans / Unitary Authority

Local Government Reorganisation

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

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

The implementation of Buckinghamshire Council has been overseen by the Shadow Authority which was formed in May 2019 under the Structural Change Regulations. The key role of 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 South Bucks District Council and therefore the final time that a specific Statement of Accounts will be produced.

Coronavirus 19 (COVID-19)

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

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

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Impact on financial year 2019/20

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

Impact on future years

The disruption caused by this pandemic on the economy, businesses and individuals is currently unknown. Although, South Bucks 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.

10. Further Information

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

Service Director of Corporate Finance
Buckinghamshire Council
Council Offices
Capswood
Oxford Road
Denham
Bucks
UB9 4LH

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.
- 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 South Bucks 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 gives a true and fair view of the financial position of the Authority 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 Audit and Governance Committee

I can confirm that these accounts were approved by the Audit and Governance Committee at the 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
840	-150	690	Leader Portfolio		1,015	-291	724
4,713	-2,330	2,383	Environment Portfolio		4,572	-1,980	2,592
2,529	-772	1,757	Healthy Communities Portfolio		3,450	-2,314	1,136
16,581	-14,956	1,625	Customer Services & Business Support		14,759	-12,641	2,118
3,453	-8878	2,566	Resources Portfolio		5,728	-1,851	3,877
2,241	-855	1,386	Planning and Economic Development		2,308	-1,042	1,266
30,357	-19,950	10,407	Cost of Services		31,832	-20,119	11,713
			Other Operating Expenditure				
		2,463	Parish Council Precepts				2,668
		-37	(Gain) / loss on disposal of non-current assets				-
		37	Pension Administration Expenses	24			43
			Financing and Investment Income and Expenditure				
		193	Interest element of finance leases				114
		756	Pensions net interest cost	24			675
		19	Loan interest cost				253
		-219	Investment interest receivable	12			-490
		-318	(Gain) / loss on investment properties	10			-567
			Taxation and Non-Specific Grant Income and Expenditure				
		-7,566	Council tax income				-8,149
		-12,539	Non domestic rates income				-14,272
		11,080	Non domestic rates expenditure -Tariff				12,110
		422	Non domestic rates (safety net grant)/levy				400
		-556	New Homes Bonus				-429
		-709	Non service related government grants				-1,266
		3,431	(Surplus) or Deficit on Provision of Services				2,803
		-2,952	Remeasurements of the net defined benefit liability	24			-7,496
		-2,952	Other Comprehensive Income & Expenditure				-7,496
		479	Total Comprehensive Income & Expenditure				-4,693

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	Capital Reserves	Total Usable Reserves	Revaluation Reserve	Pensions Reserve	Capital Adjustments Account	Collection Fund Adjustments C Tax	Collection Fund Adjustments NDR	Available for Sale Financial Instruments	Deferred Credits	Absence Reserve	Total Unusable Reserves	Total Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Movement in Reserves 2019/20

Balance as at 31 March 2019	3,193	1,602	-	395	4,350	9,540	8,317	-28,737	21,449	-31	-762	-	89	-96	229	9,769
Total Comprehensive Income & Expenditure	-2,803	-	-	-	-	-2,803	-	7,496	-	-	-	-	-	-	7,496	4,693
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,203	-	-	12	166	2,381	-73	-1,039	-1,668	-2	401	-	-	-	-2,381	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-600	-	-	12	166	-422	-73	6,457	-1,668	-2	401	-	-	-	5,115	4,693
Transfers to / from Earmarked Reserves (Note 8)	-630	630	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-1,230	630	-	12	166	-422	-73	6,457	-1,668	-2	401	-	-	-	5,115	4,693
Balance as at 31 March 2020	1,963	2,232	-	407	4,516	9,118	8,244	-22,280	19,781	-33	-361	-	89	-96	5,344	14,462

Movement in Reserves 2018/19

Balance as at 31 March 2018	2,400	5,241	359	300	4,350	12,650	8,390	-30,229	19,096	60	293	56	90	-96	-2,340	10,310
Adjustment to opening balances as a result of the adoption of IFRS9	-	-	-	-	-	-	-	-	-	-	-	-56	-	-	-56	-56
Total Comprehensive Income & Expenditure	-3,431	-	-	-	-	-3,431	-	2,952	-	-	-	-	-	-	2,952	-479
Adjustments between accounting basis & funding basis under regulations (Note 6)	584	1	-359	95	-	321	-73	-1,460	2,353	-91	-1,055	-	-1	-	-327	6
Net Increase / Decrease before Transfers to Earmarked Reserves	-2,847	1	-359	95	-	-3,110	-73	1,492	2,353	-91	-1,055	-56	-1	-	2,569	-541
Transfers to / from Earmarked Reserves (Note 8)	3,640	-3,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	793	-3,639	-359	95	-	-3,110	-73	-1,492	2,353	-91	-1,055	-56	-1	-	2,569	-541
Balance as at 31 March 2019	3,193	1,602	-	395	4,350	9,540	8,317	-28,737	21,449	-31	-762	-	89	-96	229	9,769

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		Note	31 March 2020 £'000
24,174	Property, Plant & Equipment	9	29,334
63	Heritage Assets		63
6,705	Investment Property	10	6,989
214	Intangible Assets	11	355
370	Long Term Investments	12	-
1,584	Long Term Debtors	13	1,498
5,478	Long Term Debtors - Consilio Loans		24,878
38,588	Long Term Assets		63,117
176	Short Term Investments	12	-
6,565	Short Term Debtors	13	6,285
11,188	Cash and Cash Equivalents		8,520
17,929	Current Assets		14,805
-7,171	Short Term Creditors	14	-8,325
-1,649	Short Term Provisions	15	-765
-321	Short Term Finance Lease Liabilities	23	-342
-751	Receipts in Advance	14	-4,499
-9,892	Current Liabilities		-13,931
-5,478	Long Term Borrowing		-24,878
-2,641	Long Term Finance lease Liabilities	23	-2,371
-28,737	Pensions Liabilities	24	-22,280
-36,856	Long Term Liabilities		-49,529
9,769	Net Assets		14,462
9,540	Usable reserves *		9,118
229	Unusable Reserves*	17	5,344
9,769	Total Reserves		14,462

*See Movement in Reserves Statement for further details.

The unaudited accounts were issued on 26 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 and cash equivalents by classifying cash flows as operating, investing and financing activities.

2018/19 £'000	Cash Flow Statement	2019/20 £'000
-3,433	Net surplus or (deficit) on the provision of services	-2,803
4,780	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,603
-448	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-586
218	Interest received	473
193	Finance lease interest (received) / paid	114
1,310	Net cash flows from Operating Activities	4,801
	Investing Activities	
-4,070	Purchase of property, plant & equipment, investment property & intangible assets	-8,899
-4,000	Purchase of short-term investments	-
12,031	Proceeds from short-term investments	192
-	Proceeds from long-term investments	370
-5,435	Other (receipts)/payments for investing activities	-19,321
	Financing Activities	
5,478	Cash Receipt of Long Term Borrowing	19,400
-303	Change in the outstanding liabilities relating to finance leases	-250
-900	Other receipts / (payments) for financing activities: Change in NNDR amount due to Government and preceptors	57
-199	Other receipts / (payments) for financing activities: Change in Council Tax amount due	981
3,912	Net increase or (decrease) in cash and cash equivalents	-2,668
7,277	Cash and cash equivalents at the beginning of the reporting period	11,188
11,188	Cash and cash equivalents at the end of the reporting period	8,520
2,528	Bank current accounts	2,502
8,661	Short-term deposits / Money Market Funds	6,018
11,188		8,520

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 30 days 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 fixed 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 a 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 the 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 pension liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and 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 of 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 Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to 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 Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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 their 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

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee, prior to 1 April 2006, which is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts as a contingent liability note under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

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 contributions have 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 or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ring-fenced revenue 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 Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustments Account once they have been applied to fund capital expenditure.

Heritage Assets

The Authority owns a small number of Heritage Assets (e.g. antique furniture, paintings, books and manuscripts).

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

Heritage Assets are reported in the Balance Sheet at insurance valuation. Heritage Assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

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

Notes to the Accounts

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) 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 an Intangible Asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

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

Interests in Companies and Other Entities

The Authority has a material interest in a company, Consilio, that has the nature of a subsidiary. This requires it to prepare group accounts. For further information see Note 21.

In the Authority's own single-entity accounts, the interest in the company is recorded as a financial asset at cost, less any provision for losses.

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

Investment properties are measured initially at cost and subsequently at fair value, 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 sales 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 the payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising from 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 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

When 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. When 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 payments 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 a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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 accruals 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 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. When gains are credited to the Comprehensive Income and Expenditure Statement, they are 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 historical 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 valuations 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 on 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 on 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 finite 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 of economic benefits 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. 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 non-current assets 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 Revenue 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 South Bucks 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 is the sole corporate trustee of the Farnham Park Charitable Trust, a charitable organisation that owns and operates the Farnham Park Sports Fields and the South Buckinghamshire Golf Course. It has been determined that the Authority does not have control of the Trust (except in its capacity as corporate trustee) and it is not a subsidiary of the Authority.
- The Authority has determined that its main office building lease should be accounted for as a finance lease.

Notes to the Accounts

4. Assumptions Made about the Future and Other Major Source 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 £50k for every year that useful lives had to be reduced
Debtor Arrears	At 31 March 2020 the Council had a balance of invoiced sundry debts of £3,933k. Review suggested that an impairment of doubtful debts of (£2,711k) 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 £1,013k.	If collection rates were to deteriorate, increasing the impairment of doubtful debts by 10% would require an additional £393k to be set aside. A difference of 1% on the value of the actual debtors invoice raised would equate to £10k.
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 £765k for the settlement of successful appeals which is a reduction on previous years.	An increase of 10% in either the total number of successful claims or the estimated average settlement would each have the effect of adding £77k to the provision.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The value of the pensions liability in the balance sheet is £22,280k.	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 £1,449k.

Notes to the Accounts

5. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Service Director Corporate Finance on 26 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. Events taking place after this date are not reflected in the financial statement or notes.

Local Government Reorganisation: On 1st April 2020 all the functions and services along with its assets and liabilities of South Bucks DC 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 South Bucks DC will continue in the new Council. Hence, it is appropriate for the accounts to be prepared on a going concern basis.

6. Expenditure and Funding Analysis

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	Capital Grants Unapplied Reserve	Unusable Reserves
	Leader Portfolio	Environment Portfolio	Healthy Communities Portfolio	Resources Portfolio	BS & CS Portfolio	Plan & Ec Develop Portfolio	Other Income & Expenditure				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	587	1,998	920	2,425	1,780	595	-7,075	1,230			
Adjustment for Earmarked Reserves	7	2	-1,798	1,890	63	378	-1,172	-630			
Net Expenditure Chargeable to the General Fund	594	2,000	-878	4,315	1,843	973	-8,247	600			
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)	130	75	84	-425	161	293	720	1,039	-	-	-1,039
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	-399	-399	-	-	399
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	517	73	187	147	-	-	923	-	-	-923
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	94	-	-	-	94	-	-	-94
- Revaluation losses on Property, Plant & Equipment (these items are charged to the Capital Adjustment Account)	-	-	1,801	-283	-	-	-	1,518	-	-	-1,518
- Movement in the Minimum Revenue Provision (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-35	-35	-	-	-35
Total Adjustments to Revenue Resources	130	592	1,959	-427	308	293	286	3,141	-	-	-3,141
Adjustments between Revenue and Capital Resources											
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	-60	-60	-	-	60
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	675	-	-32	-	-720	-77	-	-	77
Total Adjustments between Revenue and Capital Resources	-	-	675	-	-32	-	-780	-137	-	-	137
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-634	-	-	-	-	-634	-	-	634
Transfer from Deferred Capital Receipts on receipt of cash	-	-	-	-	-	-	-167	-167	-	166	1
Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-	-	-	12	-12
Total Adjustments to Capital Resources	-	-	-634	-	-	-	-167	-801	-	178	623
Total Adjustments between the Funding and Accounting Basis	130	592	2,014	-438	275	293	-666	2,203	-	178	-2,379
Net Expenditure in the Comprehensive Income and Expenditure Statement	724	2,592	1,136	3,877	2,118	1,266	-8,913	2,803			

Notes to the Accounts

2018/19	Services within the General Fund							Total General Fund	Other Usable Reserves	Capital Receipts Reserve	Unusable Reserves
	Leader Portfolio	Environment Portfolio	Healthy Communities Portfolio	Resources Portfolio	BS & CS Portfolio	Plan & Ec Devlp Portfolio	Other Income & Expenditure				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
Net Expenditure Chargeable to the General Fund (Per Internal Monitoring)	526	1,738	1,080	2,347	1,299	941	-8,722	-791			
Adjustment for Earmarked Reserves	7	5	453	308	10	-	2,857	3,640			
Net Expenditure Chargeable to the General Fund	533	1,743	1,535	2,655	1,309	941	-5,865	2,849			
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)	157	105	142	-360	176	445	795	1,460	-	-	-1,460
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	-	-	-	-	-	-	1,141	1,141	-	-	-1,141
- Charges for depreciation and impairment of non-current assets (these items are charged to the Capital Adjustment Account)	-	535	70	197	140	-	-	942	-	-	-942
- Amortisation of Intangible Assets (these items are charged to the Capital Adjustment Account)	-	-	-	73	-	-	-	73	-	-	-73
- Movement in the fair value of investment properties (these items are charged to the Capital Adjustment Account)	-	-	-	-	-	-	-60	-60	-	-	60
Total Adjustments to Revenue Resources	157	635	212	-90	316	445	1,881	3,556	-	-	-3,556
Adjustments between Revenue and Capital Resources											
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	672	-	-	-	-2,984	-2,312	-	-	2,312
Total Adjustments between Revenue and Capital Resources	-	-	672	-	-	-	-2,984	-2,312	-	-	2,312
Adjustments to Capital Resources											
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-660	-	-	-	-	-660	-	-359	1,019
Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-	-	1	95	-96
Total Adjustments to Capital Resources	-	-	-660	-	-	-	-	-660	1	-264	923
Total Adjustments between the Funding and Accounting Basis	157	635	224	-90	316	445	-1,103	584	1	-264	-321
Net Expenditure in the Comprehensive Income and Expenditure Statement	690	2,378	1,757	2,565	1,625	1,386	-6,968	3,433			

Notes to the Accounts

7. Income and Expenditure Analysed by Nature

	2018/19	2019/20
	£'000	£'000
Income		
Fees, Charges and other service income	-5,264	-5,679
Interest and investment income	-219	-237
Council Tax income	-7,566	-8,151
Non Domestic Rates income	-783	-3,371
Government grants and contributions	-16,677	-13,112
Fund from reserves	-4	-790
(Gain) / loss on disposal of non-current assets	-37	-
	-30,550	-31,340
Expenditure		
Employee expenses	4,007	4,627
Housing Benefit payments	14,771	12,077
Capital financing costs	1,015	1,017
Other operating expenses	11,522	12,122
Interest element of finance leases	211	114
Precepts	2,463	2,668
Revaluation of non-current assets	-6	1,518
	33,983	34,143
(Surplus)/deficit (CI&E Account)	3,433	2,803

8. Earmarked Reserves / Capital 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
Allocated Funding	6	-6	-	-
National Infrastructure Projects	78	-	-	78
Unitary Transition	-	-1,552	1,552	-
Disasters / Emergencies	27	-	-	27
Insurance	14	-	-	14
Local Development Fund	378	-355	-	23
Economic Development	23	-23	-	-
Farnham Royal Pump	7	-	-	7
Russo Burial Trust	1	-	-	1
Lottery Projects Reserve	3	-	-	3
Transformation Reserve	63	-63	-	-
S106 Housing Reserve	1,002	-	1,077	2,079
	1,602	-1,999	2,629	2,232

Notes to the Accounts

9. Property, Plant and Equipment

Movements in 2019/20	Land & Buildings (incl Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:							
As at 1 April 2019	11,422	2,954	9,993	5,570	350	158	30,447
Additions	37	216	7,479	153	-	-	7,885
Transfers	3,922	-	-3,922	-	-	-	-
Disposals	-	-	-	-93	-9	-	-102
Revaluation increase/(decreases) recognized in the Surplus/Deficit on the Provision of Services	-1,801	-	-	-	-	-	-1,801
As at 31 March 2020	13,580	3,170	13,550	5,630	341	158	36,429
Depreciation & Impairments:							
As at 1 April 2019	-281	-886	-326	-4,431	-350	-	-6,274
Disposal Depreciation	-	-	-	93	9	-	102
Charge for year	-98	-281	-	-544	-	-	-923
At 31 March 2019	-380	-1,167	-326	-4,881	-341	-	-7,095
Net book value at 31 March 2020	13,200	2,003	13,224	748	-	158	29,334

Comparative movements in 2018/19	Land & Buildings (incl Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Cost or valuation:							
As at 1 April 2018	11,303	2,839	1,540	5,550	350	158	21,740
Additions	119	115	4,301	63	-	-	4,598
Transfers	-	-	4,152	-	-	-	4,152
Disposals	-	-	-	-43	-	-	-43
As at 31 March 2019	11,422	2,954	9,993	5,570	350	158	30,447
Depreciation & Impairments:							
As at 1 April 2018	-186	-620	-326	-3,905	-350	-	-5,387
Disposal Depreciation	-	-	-	43	-	-	43
Charge for year	-95	-266	-	-569	-	-	-930
At 31 March 2019	-281	-886	-326	-4,431	-350	-	-6,273
Net book value at 31 March 2019	11,141	2,068	9,667	1,139	-	158	24,174

Notes to the Accounts

Major Assets Held

	Number at 31 March 2020
Council Offices - Held under Finance Lease	1
Refuse, Recycling & Street Cleaning Vehicles - Acquired under Finance Lease	4
Refuse, Recycling & Street Cleaning Vehicles – Owned	27
Off-street car parks	13
The South Bucks County Park	1
Sports centres	1
Cemeteries & memorial gardens	4
Public conveniences	3

Impairment Losses

During 2019/20, the Authority has recognised an impairment loss of £1.8m (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	– depends on individual property, up to a maximum of 100 years
Fixtures & Fittings	– 10 years
Equipment	– 4 years.

Contractual Commitments

SBDC have two major ongoing projects, Tatling End housing development, which has a capital commitment of £553k, and is due to be completed in June 2020. The other project is the South Bucks Country Park, with a capital commitment of £1,737k, due to be completed in early 2022.

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.

All operational land and buildings were independently revalued by an external valuer as at 1 April 2016 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Certifications of valuation were issued by Wilks Head & Eve, Chartered Surveyors and Town Planners, 3rd Floor, 55 New Oxford Street, London WC1A 1BS.

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.

Notes to the Accounts

	Land & Buildings (incl Car Parks) £'000	Buildings Acquired Under Finance Leases £'000	Assets Under Construction £'000	Vehicle, Plant & Equipment £'000	Vehicles Acquired Under Finance Leases £'000	Community Assets £'000	Total £'000
Carried at Historical Cost	37	216	13,550	5,630	341	158	19,932
Valued at Fair Value as at							
1 April 2016	11,422	2,954	-	-	-	-	14,375
31 March 2020	2,121	-	-	-	-	-	2,121
Total Cost or Valuation	13,580	3,170	13,550	5,630	341	158	36,429

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 £'000	2019/20 £'000
Income	-352	-356
Expenditure	57	72
Revaluation	-23	-283
(Surplus)/Deficit in year	-318	-567

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

	2018/19 £'000	2019/20 £'000
Balance at start of year	10,834	6,705
Transfer to Property, Plant & Equipment	-4,152	-
Net gains / (losses) from fair value adjustments	23	284
Balance at end of year	6,705	6,989

Notes to the Accounts

Fair Value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy are as follows:

	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 2020 £'000
Recurring fair value measurements using:				
Offices	-	3,548	-	3,547
Community Facilities	-	-	335	335
Depot	-	14	-	14
Open Space / Land / Woodland	-	62	290	353
Health Centre Car Park	-	71	-	71
Commercial	-	2,446	-	2,446
Retail	-	223	-	223
Total	-	6,364	625	6,989

	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 2019 £'000
Recurring fair value measurements using:				
Offices	-	3,497	-	3,497
Community Facilities	-	-	138	138
Depot	-	14	-	14
Open Space / Land / Woodland	-	59	290	349
Health Centre Car Park	-	69	-	69
Commercial	-	2,420	-	2,420
Retail	-	218	-	218
Total	-	6,277	429	6,705

Notes to the Accounts

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

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.

Significant Unobservable Inputs – Level 3

The community facilities, cemetery chapel and land are measured using the Term and Reversion approach. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

These units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurement (and there is no reasonably available information that indicates the market participants would use different assumptions).

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 generally their current use. Where this is not the case, it is because there are tenants in occupation with a lease agreement in place or the asset is in use for the benefit of the community.

Reconciliation of Fair Value Measurement (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

Movements in 2019/20	Community Facilities £'000	Open Space, Land & Woodland £'000
Balance at start of year	138	290
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	197	-
Balance at end of year	335	290

Movements in 2018/19	Community Facilities £'000	Open Space, Land & Woodland £'000
Balance at start of year	135	381
Total gains/(losses) for the period included in the Surplus/Deficit on the Provision of Service resulting from changes in fair value	3	-91
Balance at end of year	138	290

Notes to the Accounts

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.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31 March 2020 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Community Centres	335	Comparative based on limited rental evidence	Rental Value	£10 - £50 /m ²	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
			Yields	7% -14%	
Open Space/ Recreational Land	290	Comparative based on limited rental evidence	Capital Value	£30,000 - £55,000/ha	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
			Rental Value	£0.25 - £7 /m ²	
			Yields	7% -12%	

Valuation Process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date. Valuations in 2019/20 were carried out by registered valuers, 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.

Notes to the Accounts

11. Intangible Assets

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

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

	2018/19 £'000	2019/20 £'000
Balance at start of year:		
Gross carrying amounts	534	591
Accumulated amortisation	-298	-377
Net carrying amount at start of year	236	214
Additions	63	235
Disposals	-6	-
Amortisation for the period	-85	-94
Reversal of amortisation on disposal	6	-
Net carrying amount at end of year		
Gross carrying amounts	591	826
Accumulated amortisation	-377	-471
Net carrying amount at end of year	214	355

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	
Amortised Cost	370	-	1,584	1,498	176	-	1,664	1,587	3,085
Total financial assets	370	-	1,584	1,498	176	-	1,664	1,587	3,085
Non-financial assets	-	-	-	-	-	-	-	-	-
Total	370	-	1,584	1,498	176	-	1,664	1,587	3,085

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	
Amortised Cost	5,478	24,878	-	-	18	37	2,756	4,244	29,159
Total financial liabilities	5,478	24,878	-	-	18	37	2,756	4,244	29,159
Non-financial liabilities	-	-	-	-	-	-	-	-	-
Total	5,478	24,878	-	-	18	37	2,756	4,244	29,159

Notes: 1. Some balance sheet categories, for example debtors, include both items that 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	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£'000				
Net (gains)/losses on financial assets measured at amortised cost	-	-	-21	-
Interest Revenue on financial assets measured at amortised cost	-219	-	-490	-
Interest Expense	19	-	253	-

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 (PWL) loans of £23,450,620 measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreement with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £24,915,000 would be valued at £23,450,620. But, if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loan including the penalty charge would be £27,774,850.

Notes to the Accounts

The fair values for 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	6,004	6,004	-	-
Short term investments	176	176	-	-
Long term investments	370	393	-	-
Short term debtors	1,664	1,664	1,587	1,587
Long term debtors	1,584	1,584	1,498	1,498
Total	9,798	9,831	3,085	3,085

Financial Liabilities	31 March 2019		31 March 2020	
	Carrying Amount £'000	Fair value £'000	Carrying Amount £'000	Fair value £'000
PWLB Debt	5,496	5,614	24,915	23,451
Short term creditors	2,756	2,756	4,244	4,244
Short term finance lease liability	321	321	342	342
Long term finance lease liability	2,641	2,641	2,371	2,371
Total	11,214	11,332	31,872	30,408

The fair value hierarchy for financial assets that 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	-	-	-	-
PWLB Debt	-	-23,451	-	-23,451
Total	-	-23,451	-	-23,451
31 March 2019				
Loans and receivables	-	176	-	176
PWLB Debt	-	-5,614	-	-5,614
Total	-	-5,438	-	-5,438

Notes to the Accounts

13. Debtors

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

Long Term Debtors	2018/19 £'000	2019/20 £'000
Car Loans	4	16
Swan Road Finance Lease	89	89
Farnham Park Charitable Trust Loan (Note 1)	1,484	1,386
Other Long Term Debt	8	7
	1,584	1,498

Short Term Debtors	2018/19 £'000	2019/20 £'000
Central Government	2,091	810
Other Local Authorities	2,597	2,999
Council Tax (net of impairments)	208	264
Business Rates (net of impairments)	-353	921
Sundry Debtors (net of impairments)	1,248	977
Farnham Park Charitable Trust Loan (Note 1)	90	95
Payments in Advance (Note 2)	684	219
	6,565	6,285

Note 1: In 2013/14 SBDC lent the Farnham Park Charitable Trust £1.98m to fund the redevelopment of the golf clubhouse. This will be repaid over 20 years. SBDC is the sole charity trustee. See related party note for further details.

Note 2: Payments in Advance include advance contribution made to the Pension Fund.

14. Short Term Creditors

	2018/19 £'000	2019/20 £'000
Central Government	-1,306	-2,634
Other Local Authorities	-3,445	-3,114
Council Tax	-346	-16
NNDR	-96	-281
Sundry Creditors	-1,978	-2,280
Receipts in Advance	-751	-4,499
	-7,922	-12,824

Notes to the Accounts

15. Provisions

	NDR Appeals £'000	Total £'000
Balance as at 31 March 2019	-1,649	-1,649
(Increase to)/release of existing provision	884	884
Balance as at 31 March 2020	-765	-765

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.

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	8,390	8,317
Difference between fair value depreciation and historical cost depreciation	-73	-73
Balance as at 31 March	8,317	8,244

Notes to the Accounts

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 require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall 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	-30,229	-28,737
Remeasurements of pension assets and liabilities	2,952	7,496
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	-2,707	-2,303
Employer's pensions contributions and direct payments to pensioners payable in the year	1,247	1,264
Balance as at 31 March	-28,737	-22,280

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

Capital Adjustments 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 and Funding Analysis) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the Accounts

	2018/19 £'000	2019/20 £'000
Balance at 1 April	19,096	21,449
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
- Charges for depreciation / amortisation	-749	-736
- Charges for Depreciation - Assets acquired under Finance leases	-266	-281
- Revaluation / Impairment of non-current assets (via CI&E)	-	-1,800
- Revenue expenditure funded from capital under statute	-672	-675
Adjustment for additional current value depreciation charges	73	73
Financing of Capital Expenditure	3,944	1,434
Movement in the market value of Investment Properties	23	283
Minimum Revenue Provision	-	35
Balance at 31 March	21,449	19,781

Collection Fund Adjustment Account

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

	2018/19 £'000	2019/20 £'000
Balance at 1 April	353	-793
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	-91	-2
Amount by which business rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory requirements	-1,055	401
Balance at 31 March	-793	-394

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	96	96
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	96	96

Notes to the Accounts

17. Members' Allowances

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

	2018/19 £'000	2019/20 £'000
Basic Allowance	134	137
Special Responsibility Allowance	67	67
Independent Persons Expenses	1	-
	3	4
Total	205	208

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 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 27/10/2019. 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 14/07/2019.

Note 4: The Head of Business Support left 31/03/2020.

Note 5: The Head of Health & Housing left 31/03/2020.

Note 6: The Head of Planning & Economic Development left 01/12/2019.

Notes to the Accounts

2018/19	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	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	93,843
Head of Business Support	CDC	80,394	-	-	1,523	81,917	12,697	94,614
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 Sustainable Development (Note 2)	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	4	-
£55,000 to £59,999	-	5
£60,000 to £64,999	1	-
£65,000 to £69,999	-	1
£70,000 to £74,999	-	-
£75,000 to £79,999	-	-
£80,000 to £84,999	2	1
£90,000 to £94,999	1	-
£95,000 to £99,999	-	-
£100,000 to £104,999	1	-
£110,000 to £114,999	-	1
£115,000 to £119,999	-	1
Total	9	9

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	47
Over £50,000	-	1	1	84
Total cost included in bandings				131
Amounts provided for in CIES not included in bandings				-
Total cost included in CIES				131

The total cost of £131,000 in the table above was charged to the Authority's Comprehensive Income and Expenditure Statement in 2019/20, of which all has been recharged to Bucks County Council as part of the unitary transformation costs.

Exit Packages 2018/19

There were no exit packages agreed in 2018/19, including compulsory or other redundancies.

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.

This note is prepared based on the fee payable for the audit work related to those years' Accounts, as opposed to what has actually been paid in the year.

	2018/19 £'000	2019/20 £'000
Fees payable to Ernst & Young LLP with regard to external audit services	33	33
Fees payable to 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	4	43
Total	47	86

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	556	429
Credited to Taxation and Non Specific Grant Income		
Small Business Rate Relief	652	580
Business Rates Retail Relief	-	452
Business Rates 2% Compensation Grant	301	559
Business Rates Reconciliation Grant	-255	-395
Business Rates Discretionary Relief	27	11
Business Rates Public House	12	-
Business Rates Small Business Support	3	2
Business Rates Transitional Protection – Incorrectly credited to general fund in 17/18	-90	-
Business Rates Relief on First Property	-	-2
Business Rates Levy Grant	17	4
New Burdens Grants	12	9
EU Brexit Preparation	17	35
LA Parks Improvement	11	-
Other Grants	2	11
	709	1,266
	1,265	1,695

Credited to Services	2018/19 £'000	2019/20 £'000
Housing and Council Tax Benefits Subsidy	14,408	12,120
Housing and Council Tax Benefits Administration	176	158
Cost of Collection Allowance	96	95
Discretionary Housing	98	88
Local Authority Data Sharing	15	14
DWP New Burdens	56	29
Individual Electoral Registration	12	26
Election Funding	-	234
Improvement Grants	660	603
Homelessness Grant	215	198
Custom Build Grant	30	15
Police Crime Scrutiny	64	36
Other Grants	12	-
	15,842	13,616

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 Chiltern District Council. Further details are given in the Narrative Report.

Members

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

Officers

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

Entities controlled or significantly influenced by the Authority.

The Authority did not provide any material assistance to any organisations that comprised more than 50% of their funding, on terms that gave the Authority effective control over their operations. This is with the exception of Farnham Park Charitable Trust, where the Council is the corporate trustee, and Consilio Property Limited which is wholly owned by the Council.

Notes to the Accounts

Farnham Park Charitable Trust Fund

The Farnham Park Sports Fields Charity is governed by the Eton Rural District Council (ERDC) Act 1971.

Prior to the ERDC Act land and buildings at Farnham Park Sport Field (FPSF), and parts of The South Buckinghamshire golf course (SBGC) were controlled by the Farnham Park Recreational Trust, which was constituted by a conveyance dated 30th December 1946 between United Commercial Association Limited and the Trustees of the Trust.

The ERDC Act transferred these assets to Eton Rural District Council. South Bucks District Council (SBDC) is the successor in title to Eton Rural District Council, under provisions contained in the Local Government Act 1972.

The ERDC Act obliges SBDC to maintain and manage the transferred land in accordance with the purposes of the original trust (as substantially re-enacted in schedule 4 of the ERDC Act). These assets therefore form a charitable trust, with SBDC being the sole charity trustee.

The objectives of the Trust are set out in the ERDC Act and are as follows:

'The maintenance and improvement of the physical well-being of persons resident in the rural district of Eton and adjoining areas by the provision of facilities for physical training and recreation and for promoting and encouraging all forms of recreational activities calculated to contribute to the health and physical well-being of such persons.'

During 2019/20 the Trust earned income of £834,000 (2018/19 £921,000) and spent £1,176,000 (2018/19 £1,073,000) giving a net deficit for the year of £342,000 (2018/19 loss of £152,000), which was funded from the Trust's accumulated reserves. The Council, as corporate trustee, is responsible for underpinning the Trust going concern status.

As at 31 March 2020 the Trust owned land and buildings valued at £4.049m.

Consilio Property Limited

Consilio Property Limited was set up in September 2017 as a property investment company with the primary aim of generating long term income by investing directly in UK property. The intended investments include selective residential markets and commercial properties within Buckinghamshire and the surrounding area.

South Bucks District Council (SBDC) is the sole shareholder of Consilio.

In September 2019 Consilio bought its second investment property which was funded solely by a loan from SBDC of £19.4m.

Interest in Companies

Colne Valley Park Community Interest Company

The aim of the Colne Valley Park Community Interest Company is to maintain and enhance the countryside of the Colne Valley through the delivery of 6 objectives: landscape, countryside, biodiversity, recreation, rural economy, community participation.

South Bucks District Council contributed £40,000 in 2013 to help establish this company. This entitles the Authority membership of the company and a seat on the board. The Company has a Board of a maximum of 15 members and the SBDC Environment Portfolio Holder is a permanent member of the Board.

The company is limited by guarantee (£1 per member)

Further details on the activities and finances of the company can be obtained from www.colnevalleypark.org.uk

Notes to the Accounts

22. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is show 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 Finance Requirement	-	1,390
<i>Capital Expenditure</i>		
IT Equipment & Systems	1	107
The South Buckinghamshire Country Park	104	60
Stoke Poges Memorial Gardens	12	22
Cemeteries	4	10
Capswood Refurbishment	114	-
Capswood Upgrade Works	-	216
Refuse Vehicles	10	-
Green Waste/Recycling	53	47
Housing development - Bath Road	2,985	760
Tatling End housing development near Gerrards Cross	981	6,553
Station Road Car Park GX (Multi Storey)	167	105
Customer Experience Strategy	63	235
Other Schemes	169	5
	4,663	8,120
<i>Revenue Expenditure Funded from Capital Under Statute</i>		
Evreham Centre	32	-4
Improvement Grants	640	679
	672	675
Total Capital Expenditure	5,335	10,185
<i>Sources of finance</i>		
Capital receipts	396	-
s106	2,984	720
Government grants and other contributions	565	715
Minimum Revenue Provision	-	35
Total Funding for Capital Expenditure	3,945	1,470
Closing Capital Finance Requirement	1,390	7,325

Notes to the Accounts

23. Leases

a. Authority as Lessee

Authority as Lessee - Finance Leases

The Authority acquired its main office building by entering into a finance lease.

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority, and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

As at 31 March 2020	Finance Lease Liabilities £'000	Future Finance Costs £'000	Minimum Lease Payments £'000
Under one year	342	154	496
In the second to fifth years	1,594	387	1,981
Over five years	705	38	743
	2,641	579	3,220

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

The Authority has sub-let some of the office accommodation held under these finance leases.

Authority as Lessee - Operating Leases

The land on which the Authority's main office building sits was acquired by entering into an operating lease. The future minimum lease payments due under this lease are:

	2018/19 £'000	2019/20 £'000
Under one year	251	251
In the second to fifth years	1,002	1,002
Over five years	684	434
	1,937	1,687

The expenditure charged to the Comprehensive Income and Expenditure Statement during to the year in relation to this lease was:

	2018/19 £'000	2019/20 £'000
Operating lease payments	251	251

Notes to the Accounts

b. Authority as Lessor

Authority as Lessor - Finance Leases

The Authority has leased out a number of its properties on long term leases.

The majority of these are accounted for as Property, Plant and Equipment disposals, as a premium was paid on the disposal and there is only a peppercorn rent due.

However, there is one piece of land (Swan Road) which has been disposed of under a 99 year finance lease. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts.

	2018/19 £'000	2019/20 £'000
Finance lease debtor	89	89
Unearned finance income	255	251
Gross investment in the lease	344	340

The annual payment due in respect of this property is £3,870.

Authority as Lessor - Operating Leases

Part of the Authority's main office building is sub-let to a tenant.

The Authority also leases out a number of its Investment Properties under operating leases.

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	348	360
Later than one year and no later than five years	1,492	1,693
Later than five years	14,212	14,480
	16,052	16,533

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 post-employment schemes:

- The Local Government Pension Scheme, administered locally 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 pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual 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		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement:				
Cost of Services				
- Service costs	1,543	1,585	-	-
- Past Service Costs, including curtailments	371	-	-	-
- Administration expenses	37	43	-	-
- Net Interest on the defined liability (asset)	716	641	40	34
Total post-employment benefits charged to the surplus or deficit on the provision of services	2,667	2,269	40	34
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
- Return on plan assets	-1,170	2,798	-	-
- Experience (gains)/losses on defined benefit obligation	-	-2,190	-	-
- Actuarial gains/(losses) arising on changes in demographic assumptions	-4,315	-1,343	-	-
- Actuarial gains/(losses) arising on changes in financial assumptions	2,533	-6,247	-	-
- Other Actuarial gains/(losses)	-	-514	-	-
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	-2,952	-7,496	-	-
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	-1,525	-1,039	65	68
Actual amount charged against General Fund Balance for pensions in the year				
- Employer's contributions payable to the scheme	1,142	1,173	-	-
- Retirement benefits payable to pensioners	-	-	105	102

Notes to the Accounts

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		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Present Value of Liabilities	72,902	64,776	1,477	1,306
Fair Value of Assets	-45,642	-43,802	-	-
Surplus/(Deficit)	27,260	20,974	1,477	1,306

Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening fair value of Fund assets 1 April	43,764	45,642	-	-
Interest on Assets	1,111	1,088	-	-
Return on Assets less Interest	1,170	-2,798	-	-
Other Actuarial Gains	-	514	-	-
Administration expenses	-37	-43	-	-
Employer Contributions including unfunded	1,247	1,264	-	-
Contributions by Scheme Participants	270	286	-	-
Benefits Paid	-1,883	-2,151	-	-
Closing fair value of Fund assets 31 March	45,642	43,802	-	-

Present Value of the Scheme Liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening Liability 1 April	72,391	72,902	1,602	1,477
Service Cost	1,543	1,585	-	-
Interest Cost	1,827	1,729	40	34
Contributions by Scheme Participants	270	286	-	-
Change in financial assumptions	2,505	-6,195	28	-52
Change in demographic assumptions	-4,227	-1,307	-88	-36
Experience loss/(gain) on defined benefit obligation	-	-2,175	-	-15
Benefits Paid	-1,778	-2,049	-	-
Past Service Costs, including Curtailments	371	371	-	-
Unfunded Pension Payments	-	-	-105	-102
Closing Liability 31 March	72,902	64,776	1,477	1,477

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.

Notes to the Accounts

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. Both the Local Government Pension Scheme and Discretionary Benefit liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full 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 years	21.8 years
Women	24.8 years	25.1 years
Longevity at 65 for future pensioners:		
Men	24.6 years	23.2 years
Women	26.6 years	26.5 years
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.

The pension scheme assets consist of the following;

	31 March 2019	31 March 2020		
	Total £'000s	Quoted £'000s	Unquoted £'000s	Total £'000s
Gilts	5,634	3,772	-	3,772
UK Equities	2,327	-	-	-
Overseas Equities	18,800	622	-	622
Private Equity	2,099	-	22,454	22,454
UK Other Bonds	6,803	8,065	-	8,065
Property	3,475	3,221	-	3,221
Cash	1,459	1,065	-	1,065
Alternative Assets	350	-	344	344
Hedge Funds	2,460	-	2,216	2,216
Absolute Return Portfolio	2,144	-	2,043	2,043
Value of Fund Assets	45,642	16,475	27,057	43,802

Notes to the Accounts

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

Contributions to the Fund are set every three years as a result of the actuarial valuation of the Fund. The next actuarial valuation will be carried out as at 31 March 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 Authority in the year to 31 March 2021 is £1,092,000.

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	+0.10%	0.00%	-0.10%
Present value of total obligation	64,866	66,082	67,322
Projected service cost	1,449	1,486	1,524
Adjustment to long term salary increase	+0.1%	0.00%	-0.10%
Present value of total obligation	66,168	66,082	65,997
Projected service cost	1,487	1,486	1,485
Adjustment to pension increases and deferred revaluation	+0.10%	0.00%	-0.10%
Present value of total obligation	67,240	66,082	64,945
Projected service cost	1,523	1,486	1,450
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	68,997	66,082	63,297
Projected service cost	1,535	1,486	1,439

25. Contingent Assets and Liabilities

Contingent Assets

The Authority has no material contingent assets.

However, the Authority has various rights over certain land and building assets, which could result in future payments being made to the Authority (eg if assets previously sold by SBDC are resold).

Contingent Liabilities

The Authority has the following contingent liabilities:

There are a few outstanding insurance claims that, if settled, will be covered by insurance, subject to the insurance excess.

The Authority acts as guarantor for loans raised by the Home Housing Association. The Authority has nomination rights on properties owned by the Association. The Association confirmed the outstanding amount as £2.3m. The likelihood of this guarantee ever being called is considered to be very low.

Notes to the Accounts

The Council is the Corporate Trustee for Farnham Park Charity. As such it is required to provide financial assistance to the Charity to ensure its Going Concern status. The Charity is operating currently at a budget deficit of £167k which will be increased by the Covid-19 effect on the Trust's income. Therefore the Council may be required to provide financial support to the Charity in the future, over and above that which it will provide in respect of the Covid-19 situation.

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 relation 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 SBDC 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 2019 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 As at 31 March 2020 £'000	Historical Experience of default %	Experience adjusted for market conditions As at 31 March 2020 %	Estimated maximum exposure to default and uncollectability As at 31 March 2020 £'000	Estimated maximum exposure as at 31 March 2019 £'000
Deposits with banks and other financial institutions					
- Long Term Investments	-	-	-	-	1
- Short Term Investments	-	-	-	-	1
- Cash & Cash Equivalents	8,520	-	-	-	-
Customers	3,304	1.32%	5.00%	165	234

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 and bonds.

The Authority does not generally allow credit, such that £2.361m 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 one year	538	1,001
One to 2 years	583	679
More than 2 years	539	681
Total	1,660	2,361

Liquidity Risk

The Authority holds a proportion of investments on demand to minimise liquidity risk.

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	Total £'000
As at 31 March 2020			
On demand	8,520	-	8,520
Total	8,520	-	8,520
As at 31 March 2019			
On demand	11,188	-	11,188
Less than three months	-	10	10
Between three months and one year	-	166	166
More than two years	-	370	370
Total	11,188	546	11,734

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.

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	-108

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, therefore has no exposure to loss arising from movements in exchange rates.

Notes to the Accounts

27. Building Regulations Chargeable and Non Chargeable Account

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

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

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

	Chargeable £'000	Non Chargeable £'000	Total £'000
Expenditure			
Employee Expenses	629	33	662
Central Support Services	220	12	232
Other Costs	93	5	98
	942	50	992
Income			
Building Regulation Charges	-829	-	-829
	-829	-	-829
(Surplus) / Deficit for Year	113	50	163

Group Accounts

Introduction

As described in the narrative report on Page 4, South Bucks District Council has consolidated the key financial statements and the audited Consilio Property Limited ("Consilio") 2019/20 accounts. The Consilio Accounts have been audited by Wilkins Kennedy Audit Services. This section of the Statement of Accounts sets out the combined South Bucks District Council ("SBDC") Group accounts.

Consilio was set up in September 2017 with the primary aim to acquire, develop and manage land and property in order to deliver a financial return to the Council. It is a wholly owned subsidiary of SBDC. In December 2018 Consilio purchased its first investment, a Travelodge hotel in the centre of Hemel Hempstead. It acquired a second property in September 2019, which was an office block near Milton Keynes.

Consilio had revenue of £816,000 in 2019/20 (2018/19: £49,000), all of which was rental income. The council provided services to Consilio totalling £2,000 in 2019/20 (2018/19: £3,340). Further details on the performance of Consilio may be found later in these group accounts.

This section presents the statutory financial statements for SBDC Group for the period from 1 April 2019 to 31 March 2020. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the statement of group accounts is to provide the reader with an overall view of the material economic activities of the Group

The statement of group accounts has been prepared using uniform accounting policies. All of the accounting policies of Consilio were considered and compared to those of SBDC. The policies adopted by Consilio were closely aligned to those of SBDC and there were no material differences to restate.

The statement of group accounts provides a summary of the group's financial position and details of material items that have impacted on the accounts during the year.

Within the notes to the Group accounts, the Council has only provided additional disclosures where the difference between the core and group totals is considered material, exceeding £500k. Other transactions and balances have insignificant differences between the core and group figures as at 31 March 2020.

Basis of Consolidation

Over the two financial years reported in these accounts, SBDC held 100% of the ordinary share capital of Consilio. The council effectively controlled and controls Consilio and as such, it is accounted for as a subsidiary undertaking.

In accordance with IAS 27 and IFRS 10, income and expenditure and assets and liabilities have been consolidated with the Council's accounts on a line-by-line basis, eliminating inter-organisational transactions over the years and balances at the year-end dates.

The council has not consolidated any other organisations as either Associated Companies or as Joint Ventures within the group accounts, as it does not consider any other investments held to have a material effect on the Statement of Accounts, nor does it consider that consolidating would better provide the reader with an improved overall view of the material economic activities of the council.

The following group financial statements consolidate the accounts of the council with those of its subsidiary undertaking, Consilio.

Group Comprehensive Income & Expenditure Statement

The Group Comprehensive Income and Expenditure Statement provides the accounting income and costs recognised by the Group, in a specific format which reconciles accountancy practice and public sector reporting requirements. This is shown in accordance with generally accepted accounting practices (GAAP). There were no acquisitions or discontinued operations in the two years. As stated earlier in this report, the Consilio business results are consolidated into the Group CIES for the two accounting periods.

2018/19					2019/20			
Net Expenditure £'000	Consilio £'000	Adjust £'000	Group Expenditure £'000		Net Expenditure £'000	Consilio £'000	Adjust £'000	Group Expenditure £'000
690	-	1	691	Leader Portfolio	724	-	1	725
2,383	-	-	2,383	Environment Portfolio	2,592	-	-	2,592
1,757	-	-	1,757	Healthy Communities Portfolio	1,136	-	-	1,136
1,625	-	-	1,625	Customer Services & Business Support Portfolio	2,118	-	-	2,118
2,566	-	2	2,568	Resources Portfolio	3,877	-	1	3,878
1,386	-	-	1,386	Planning and Economic Development Portfolio	1,266	-	-	1,266
10,407	-	3	10,410	Cost of Services	11,713	-	2	11,715
				Other Operating Expenditure				
2,463	-	-	2,463	Parish Council Precepts	2,668	-	-	2,668
-37	-	-	-37	(Gain) / loss on disposal of non-current assets	-	-	-	-
37	-	-	37	Pension Administration Expenses	43	-	-	43
				Financing and Investment Income and Expenditure				
193	-	-	193	Interest element of finance leases	114	-	-	114
756	-	-	756	Pensions net interest cost	675	-	-	675
19	50	-50	19	Loan interest cost	253	451	-451	253
-219	-	50	-169	Investment interest receivable	-490	-	451	-39
-318	8	-3	-313	(Gain) / loss on investment properties (Note 1)	-567	-918	-2	-1,487
				Taxation and Non-Specific Grant Income and Expenditure				
-7,566	-	-	-7,566	Council tax income	-8,149	-	-	-8,148
-12,539	-	-	-12,539	Non domestic rates income	-14,272	-	-	-14,271
11,080	-	-	11,080	Non domestic rates expenditure - Tariff payment	12,110	-	-	12,110
422	-	-	422	Non domestic rates (safety net grant)/levy	400	-	-	400
-	-	-	-	Revenue Support Grant	-	-	-	-
-	-	-	-	Transition Grant	-	-	-	-
-556	-	-	-556	New Homes Bonus	-429	-	-	-429
-709	-	-	-709	Non service related government grants	-1,266	-	-	-1,266
-	-	-	-	Capital Grants and Contributions	-	-	-	-
3,433	58	-	3,491	(Surplus) or Deficit on Provision of Services	2,803	-467	-	2,336
-	-	-	-	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	-	-	-	-
-	-	-	-	(Surplus) or deficit on revaluation of available for sale financial assets	-	-	-	-
-2,952	-	-	-2,952	Remeasurements of the net defined benefit liability	-7,496	-	-	-7,496
-2,952	-	-	-2,952	Other Comprehensive Income & Expenditure	-7,496	-	-	-7,496
481	58	-	539	Total Comprehensive Income & Expenditure	4,693	-467	-	-5,160

Note 1: The (Gain) / loss on investment properties shown for Consilio indicates the (Profit) / Loss made by the company in year.

Group Movement in Reserves Statement

The Group Movement in Reserves Statement provides the reconciliation of the movement in year on the different reserves held and how the resources generated or used in the year reconcile to the council's usable and unusable reserves.

General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Capital Reserves	Total Usable Reserves	Total Unusable Reserves	Total Reserves	Reserves of Subsidiary	Total Group Reserves
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Movement in Reserves 2019/20

Balance as at 31 March 2019	3,140	1,602	-	395	4,350	9,487	229	9,716	-14	9,702
Total Comprehensive Income & Expenditure	-2,803	-	-	-	-	-2,803	7,496	4,693	467	5,160
Adjustments between Group accounts and authority accounts	-724	-	-	-	-	-724	271	-453	453	-
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,203	-	-	12	166	2,381	-2,381	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-1,324	-	-	12	166	-1,146	5,386	4,240	920	5,160
Transfers to / from Earmarked Reserves (Note 8)	-630	630	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	-1,954	630	-	12	166	-1,146	5,386	4,240	920	5,160
Balance as at 31 March 2020	1,186	2,232	-	407	4,516	8,341	5,615	13,956	906	14,862

Group Movement in Reserves Statement (continued)

General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Capital Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000	Reserves of Subsidiary £'000	Total Group Reserves £'000
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Movement in Reserves 2018/19 (Restated due to an amendment in Council accounts not rolled forward to Group accounts)

Balance as at 31 March 2018	2,400	5,241	359	300	4,350	12,650	-2,340	10,310	-9	10,301
Adjustment to opening balances as a result of the adoption of IFRS9		-	-	-	-	-	-56	-56	-	-56
Total Comprehensive Income & Expenditure	-3,431	1	-	-1	-	-3,431	2,952	-479	-58	-537
Adjustments between Group accounts and authority accounts	-53	-	-	-	-	-53	-	-53	53	-
Adjustments between accounting basis & funding basis under regulations (Note 6)	584	1	-359	95	-	321	-327	-6	-	-6
Net Increase / Decrease before Transfers to Earmarked Reserves	-2,900	1	-359	95	-	-3,163	2,569	-594	-5	-599
Transfers to / from Earmarked Reserves (Note 8)	3,640	-3,640	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	740	-3,639	-359	95	0	-3,163	2,569	-594	-5	-599
Balance as at 31 March 2019	3,140	1,602	0	395	4,350	9,487	229	9,716	-14	9,702

Movement in Reserves 2018/19

Balance as at 31 March 2018	2,398	5,241	359	300	4,350	12,648	-2,340	10,308	-9	10,299
Adjustment to opening balances as a result of the adoption of IFRS9	-	-	-	-	-	-	-56	-56	-	-56
Total Comprehensive Income & Expenditure	-3,061	1	-	-1	-	-3,061	2,935	-126	-58	-184
Adjustments between Group accounts and authority accounts	-53	-	-	-	-	-53	-	-53	53	-
Adjustments between accounting basis & funding basis under regulations (Note 6)	214	1	-359	95	-	-49	49	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-2,900	1	-359	95	-	-3,163	2,928	-235	-5	-240
Transfers to / from Earmarked Reserves (Note 8)	3,640	-3,640	-	-	-	-	-	-	-	-
Increase / Decrease (movement) in Year	740	-3,639	-359	95	-	-3,163	2,928	-235	-5	-240
Balance as at 31 March 2019	3,138	1,602	-	395	4,350	9,485	588	10,073	-14	10,059

Group Balance Sheet

The Group Balance Sheet shows the assets and liabilities recognised by the Group at 31 March 2019 and the reserves the company holds which are split into usable and unusable in accordance with CIPFA requirements.

31 March 2019					31 March 2020			
Core £'000	Consilio £'000	Adjust £'000	Group £'000		Core £'000	Consilio £'000	Adjust £'000	Group £'000
24,174	-	-	24,174	Property, Plant & Equipment	29,334	-	-	29,334
63	-	-	63	Heritage Assets	63	-	-	63
6,705	-	-	6,705	Investment Property	6,989	-	-	6,989
-	5,475	-	5,475	Investment Property – Consilio (Note 1)	-	24,230	-	24,230
214	-	-	214	Intangible Assets	355	-	-	355
370	-	-	370	Long Term Investments	-	-	-	-
1,584	-	-	1,584	Long Term Debtors	1,498	-	-	1,498
5,478	-	-5,478	-	Long Term Debtors – Consilio Loan	24,878	-	-24,878	-
38,588	5,475	-5,478	38,585	Long Term Assets	63,117	24,230	-24,878	62,469
176	-	-	176	Short Term Investments	-	-	-	-
6,565	32	-112	6,485	Short Term Debtors	6,286	691	-146	6,831
11,188	26	-	11,214	Cash and Cash Equivalents	8,520	680	-	9,200
17,929	58	-112	17,875	Current Assets	14,806	1,371	-146	16,031
-7,171	-124	112	-7,183	Short Term Creditors	-8,325	-268	146	-8,447
-1,649	-	-	-1,649	Short Term Provisions	-765	-56	-	-821
-321	-	-	-321	Short Term Finance Lease Liabilities	-342	-	-	-342
-751	-	-	-751	Receipts in Advance	-4,499	-	-	-4,499
-9,892	-124	112	-9,904	Current Liabilities	-13,931	-324	146	-14,109
-5,478	-5,478	5,478	-5,478	Long Term Borrowing	-24,878	-24,878	24,878	-24,878
-2,641	-	-	-2,641	Long Term Finance lease Liabilities	-2,371	-	-	-2,371
-	-	-	-	S106 Liabilities	-	-	-	-
-28,737	-	-	-28,737	Pensions Liabilities	-22,800	-	-	-22,800
-36,856	-5,478	5,478	-36,856	Long Term Liabilities	-49,529	-24,878	24,878	-49,529
9,769	-69	-	9,700	Net Assets	14,463	399	-	14,862
9,540	-69	-	9,471	Usable reserves *	9,119	128	-	9,247
229	-	-	229	Unusable Reserves*	5,344	271	-	5,615
9,769	-69	-	9,700	Total Reserves	14,463	399	-	14,862

Note 1: Consilio investments are valued using level 1 of the fair value hierarchy - Quoted prices in active markets for identical assets

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group for the reporting period.

2018/19 Core £'000	2018/19 Consilio £'000	2018/19 Adjust £'000	2018/19 Group £'000		2019/20 Core £'000	2019/20 Consilio £'000	2019/20 Adjust £'000	2019/20 Group £'000
-3,063	-58	-	-3,121	Net surplus or (deficit) on the provision of services	-2,803	556	-	-2,247
4,409	28	-	4,437	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,604	-460	-	7,144
-37	-	-	-37	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-	-414	-	-414
-1,308	-30	-	-1,279	Net cash flows from Operating Activities	4,801	-319	-	4,482
1,474	-5,475	5,528	-1,421	Net cash flows from Investing Activities	-27,657	-18,428	19,400	-26,685
4,076	5,528	-5,528	4,076	Net cash flows from Financing Activities	20,188	19,400	-19,400	20,188
3,910	23	-	3,933	Net increase or (decrease) in cash and cash equivalents	-2,668	654	-	-2,015
7,277	3	-	7,280	Cash and cash equivalents at the beginning of the reporting period	11,187	26	-	11,215
11,187	26	-	11,213	Cash and cash equivalents at the end of the reporting period	8,520	680	-	9,200

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.

	Note	2018/19 Total £'000	2019/20 Council Tax £'000	2019/20 NDR £'000	2019/20 Total £'000
Income					
Income from Council Tax	1	-58,443	-61,947	-	-61,947
Transfers from General Fund		-5	-7	-	-7
Income Collectable from Business Ratepayers	2	-31,090	-	-33,214	-33,214
Business Rates Transitional Protection Payments		-734	-	-90	-90
Contribution to Previous Year's Estimated Deficit		-	-	-420	-420
		-90,272	-61,954	-33,724	-95,678
Expenditure					
Precepts and Demands / Shares of Business Rates					
Central Government		16,213	-	8,258	8,258
Buckinghamshire County Council		45,140	44,125	10,405	54,530
Thames Valley Police & Crime Commissioner		5,961	6,846	-	6,846
Bucks and MK Fire Authority		2,375	2,143	330	2,473
South Bucks District Council *		20,601	8,077	14,038	22,115
		90,290	61,190	33,031	94,221
Business Rates Cost of Collection		96	-	95	95
Business Rates Provision for Appeals		60	-	-1,967	-1,967
Write offs of uncollectable amounts		1,249	38	24	62
Increase / (reduction) in allowance for impairment		145	200	1,486	1,686
Payment of Previous Year's Estimated surplus		193	559	-	559
		92,033	61,987	32,669	94,655
(Surplus) / Deficit for the Year		3,310	33	-1,055	-1,022
Balance brought forward 1 April		-1,183	237	1,890	2,127
Balance carried forward 31 March		2,127	270	835	1,105
Analysis of Share of (Surplus) / Deficit					
Central Government		945	-	209	209
Buckinghamshire County Council		346	196	263	459
Thames Valley Police & Crime Commissioner		22	31	-	31
Bucks and MK Fire Authority		27	9	8	17
South Bucks District Council		787	33	355	388
		2,127	270	835	1,105

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

Notes to the Collection Fund

1. Council Tax

South Bucks District Council's requirement from the Council Tax was £163.00 (2018/19 £158.00).

The average Council Tax at band D including all precepts on the Collection Fund was £1,843.87 (2018/19 £1,769.32).

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	491	6/9	327
B	605	7/9	471
C	2,818	8/9	2,505
D	4,796	9/9	4,796
E	4,562	11/9	5,576
F	3,264	13/9	4,715
G	6,703	15/9	11,171
H	2,108	18/9	4,216
Adjust for estimated collection rate of 98.25% - Council Tax Base			33,185

2. Income from Business Ratepayers

South Bucks 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)	£81.865m	£81.828m
Rate poundage – Standard Multiplier	49.3p	50.4p
- Small Business Multiplier	48.0p	49.1p

Independent Auditor's Report to the Members of South Bucks District Council

Independent Auditor's Report to the Members of South Bucks District Council

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Annual Governance Statement

1) Scope of Responsibility

South Bucks District Council (SBDC) 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.

South Bucks 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, South Bucks 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.

South Bucks 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 South Bucks 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 South Bucks District Council for the year ended 31 March 2020.

3) The Governance Framework

South Bucks 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

South Bucks 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 SBDC 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 South Bucks 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.

The following is the main governance issue.

ISSUE	ACTION
In the transition to the Buckinghamshire Council the identification and understanding of the material service risks currently being managed by the Council	Initial risk registers in service plans for the new Council informed by legacy authorities managers. Day one key authority wide risk register in place co-ordinated by the Corporate Risk Manager and agreed by the Corporate Management Team
There needs to be an effective and sufficiently comprehensive scheme of delegations as part of the new Constitutional arrangements for the new Council to ensure any actions are properly authorised and risk of procedural challenge minimised (e.g. Env Health, Planning etc)	The Constitution for the new Council contains provision to put in place all the appropriate delegations, and these are appended to the formal document and made publicly accessible.
The business continuity arrangements for district services moving to new systems (e.g. SAP) and new operational service arrangements and management. Existing business continuity plans in many areas will no longer be effective	Review of business continuity plans, with prioritisation: <ul style="list-style-type: none"> • Services to vulnerable people • Essential organisational infrastructure elements (e.g. ICT)

In addition, as shown in the Council's Statement of Accounts, the Council has estimated its long term pension fund liability in accordance with International Accounting Standard 19 (Employee benefits). The IAS19 requirements do not impact on the Council's financial performance but do ensure that the Council's net Pension Fund liability is recognised in the balance sheet. The net liability as at 31 March 2020 is £22.3m but the financial position remains healthy because the liabilities actually arise over a long period and the deficit on the pension fund will be made good through increased contributions into the fund over the remaining working life of employees. The level of contributions required is assessed by the scheme actuary.

From 1 April 2020 the Council's pension fund assets and liabilities will be consolidated with all the other District and County ones into the Buckinghamshire Council pension fund

Rachel Shimmin
Chief Executive

Date

Councillor Martin Tett
Leader of the Council

Date

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 pension 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 Chiltern 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 Policy Authority 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.