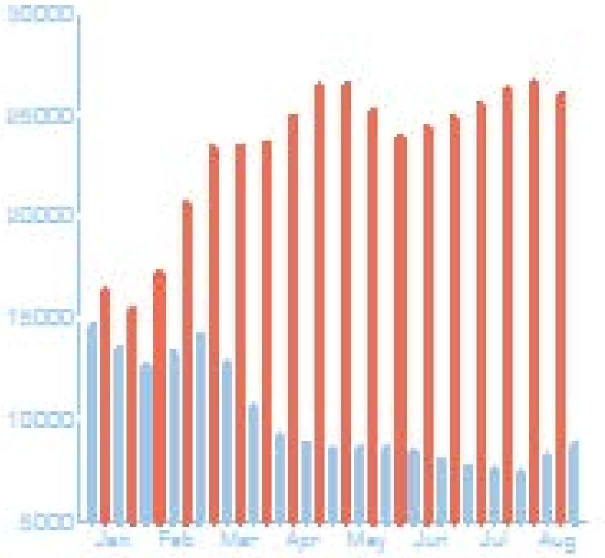
High Peak Borough Council
working for our community

Statement of Accounts



2018 - 2019

Contents

Chief Finance Officer's Narrative Report

The Council's Statement of Accounts for the year ended 31 March 2019, together with the accompanying notes, explain how the Council spent your Council Tax, Business Rates and other sources of funding on the provision of services during the year. The narrative report provides a financial summary focusing on the current financial challenges and opportunities as identified with the Council's Medium-Term Financial Plan (MTFP); details of the financial performance for 2018/19; a focus on the Council's Corporate Plan and performance framework; identification of the Council's key strategic partnerships; and an explanation of the key financial statements.

Financial Summary

The Borough of High Peak covers an area of 53,915 hectares, of which 30% is classed as rural, and serves a resident population of 91,662. There are 42,168 domestic households on the Council Tax valuation list.

The Borough has faced significant financial challenges in recent years as a consequence of austerity measures along with cost pressures within services and greater volatility in financing streams. The shift in local authority financing is increasing the focus on locally generated income streams and reducing the reliance on core Central Government funding. This increases the control and influence the Council has over income generated within the Borough but has also made it vulnerable to fluctuations within the local economy, hence increasing financial risk.

Future challenges and opportunities

The narrative below set out some of the more significant developments which have or may have a potential impact on the financial position of the Authority.

Changes to Local Government Finance

The below paragraphs detail any changes or proposed changes to Local Government financing which have had or may have a significant impact on the Council's future financial position:

Revenue Support Grant - The Secretary of State for Communities and Local Government presented the Local Government finance settlement 2016/17 to the House of Commons on 17th December 2015. This was made in the context of the Chancellor's Autumn Statement / Spending Review and included a four year settlement offer to Authorities for Revenue Support Grant (the Local Government core grant) which confirmed the phasing out of the grant by 2020. The Council accepted this and the financial impact has been included in the Council's MTFP, consequently 2018/19 would have been the final year of revenue support grant funding for the Council. However, due the Council being part of the Derbyshire Authorities pilot for 100% Business Rates retention, the RSG allocation was reduced to zero in 2018/19 – a year earlier (see below)

Business Rates – As part of the current Business Rates Retention system, authorities are able to retain a proportion of any growth in Business Rates over and above a centrally established baseline. The Council's proportion is further increased by participation in the Derbyshire Business Rates pool, which removes the growth levy payable to Government.

In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to Local Government retaining 100% of the rates that they received with an end to Revenue Support Grant (as discussed above). Following invitation from the Ministry of Housing, Communities and Local Government, Derbyshire Authorities made an application to become a pilot area for the 100% Business Rates Retention. It was announced in December 2017 that Derbyshire was successful in its application for all authorities in the area to be a pilot for the 100% Business Rates Retention scheme in 2018/19. Consequently, the authority's Revenue Support Grant allocation for 2018/19 was reduced to zero (a year earlier than anticipated), with an equivalent amount being rolled into the Business Rates Baseline Funding level for the year. The authority's overall share of retention increased from 40% to 50% and the levy rate payable on Business Rates growth was zero.

No financial assumptions were included within the 2018/19 Budget as at the time of setting the budget the pilot mechanism were yet to be finalised, plus the pilot is only confirmed for a period of one year. The Council benefited from as a result of being a 100% pilot Authority in 2018/19 – contributing to the additional £0.87million received in Business Rates income during the year.

Government have subsequently announced that a 75% Business Rates retention scheme will now be implemented, and during the year, Government invited Authorities to make an application to 'pilot' the 75% scheme in 2019/20. Derbyshire Authorities were unsuccessful in securing pilot status for a second year.

There remains uncertainly surrounding how the new system will be phased in and in what form – the approved pilots being trialled around the Country will support the Government in forming the final model. Therefore, no financial assumptions based on the new system have been included with the Council's financial plans after 2019/20 at this stage - these will be fed into the plans once we have more certainty around how the system will operate.

There is also a risk that the new system may revisit the original ‘baseline funding level’ for Authorities – which is the amount retained by Authorities based on assessment of the need taking into account a number of factors. Any review may favour Authorities with Adult Social Care and Children’s Services, where there is national recognition of financial pressures, to the detriment of Borough/District Councils.

Council Tax - The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council’s ability to increase Council Tax by more than a certain percentage is subject to referendum. The threshold was increased to 2.99% from 1st April 2018 (to better reflect CPI), and a Council Tax increase of 2.9% was applied by the Council for 2018/19. A Council Tax increase of 2.9% has also been applied in 2019/20.

New Homes Bonus - Proposals were presented to amend the current New Homes Bonus settlement which was a significant source of income to the Authority. The main changes to the scheme which came into effect from 1st April 2017 were incorporated into the MTFP, these include:-

- The reduction in the number of years for which the Bonus is paid from the current 6 years to 5 years in 2017/18; to be followed by a further reduction to four years in 2018/19;
- The removal of New Homes Bonus paid on development below a 0.4% baseline (of the overall tax base).

These changes have significantly impacted on the amount of income the Authority gains from New Homes Bonus.

The settlement announcement in December 2018 confirmed no further adjustments to the scheme in 2019/20. The announcement did, however, point out that 2019/20 represents the final year of funding agreed through the 2015 Spending Review and it is the Government’s intention to explore how to incentivise housing growth most effectively. There is, therefore, a risk that the system may change fundamentally during the life of the MTFP. There will be a period of consultation on any change prior to a new system being implemented.

Social Housing - The Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, which had significant implications for High Peak Borough Council and in particular a negative impact on the Housing Revenue Account (HRA). One of the most significant announcements was the reduction in social housing rents by 1% per annum from April 2016 for 4 years.
As a consequence, the Council undertook a full review of the HRA during 2016/17 with a view to mitigating the financial impact of the changes. A Financial Improvement Plan was

presented alongside the MTFP in February 2017 which detailed progress made to date, savings achieved, and further work to be undertaken in order to realise additional savings.
The Government has since announced that from 2020/21, Authorities will be allowed to increase rents from 2020/21 by CPI +1%.
A revised HRA 30 year Business Plan was presented alongside the MTFP in February 2019.

Impact of Brexit

On the 23rd June 2016, the United Kingdom voted to leave the European Union as a result of the referendum. Subsequently, Prime Minister Theresa May activated the official mechanism that made this a reality – Article 50 of the Lisbon Treaty – on 29th March 2017, which allowed two years to negotiate withdrawal and reach agreement before the UK was due to leave the EU by 29th March 2019.

A general election was called and took place on 8th June 2017 providing the opportunity for the general public to vote for a Government to undertake Brexit negotiations. The results of which meant that the Conservatives lost their majority after losing seats to opposition parties across the Country. The Conservatives made an agreement with Northern Ireland's DUP (Democratic Unionist Party) forming a minority Government.

Subsequently, due to the details of an EU 'exit deal' not being agreed by Parliament, the EU has granted an extension until 31st October 2019. Cross-party discussions are currently taking place led by Theresa May with the aim of finalising an exit deal which will be agreed by both UK parliament and the EU. On 24th May 2019, Theresa May announced that she would step down as Conservative Party Leader on 7th June. She will continue to serve as Prime Minister while a Conservative leadership contest takes place with the new leader likely to be in place before the end of July. The new leader will then have responsibility for delivering Brexit.

At this stage it is impossible to predict the impact of the Brexit process on the Authority's finances and financial planning. It has the potential to influence a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities (for example the Council's property portfolio and pension liability) and the demand for and funding of services.

Currently the timing and direction of Brexit's influence on these areas is a matter of debate. To give an idea of the potential financial consequences, the table below quantifies the impact on the Authority's 2018/19 budget had there been a 1% change in its key economic drivers.

Risk item	Impact on MTFP
1 % change in inflation	300,000
1 % change in interest rates	400,000

Brexit will also have implications on specific project funding bids which have in the past been submitted to European established bodies, it is unclear what/if any mechanism will replace this.
The overall wider impact and any specific changes to Local Government finance will be further assessed within the Council's Medium Term Financial Plan.

Efficiency & Rationalisation Programme

In order to offset the projected revenue budget shortfalls, a four year Efficiency & Rationalisation Programme for the General Fund and Financial Improvement Plan for the Housing Revenue Account, were presented alongside the Medium Term Financial Plan for approval to full Council on 13th February 2017. Full detail of this can be found on the Council's website.

General Fund Efficiency & Rationalisation Programme

2017-18 was the first year of the Council's new 4 year Efficiency and Rationalisation Programme, which targets £2.1m in financial savings by 31st March 2021 to offset the forecast budget shortfall and ensure the Council is financially stable.

The Efficiency and Rationalisation Strategy aims to both reduce expenditure and increase income. The need to grow income is now more of a priority as the Council moves more towards being self-financing and no longer heavily reliant on direct government funding such as revenue support grant. The strategy has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.

The Efficiency Programme is focused on five areas:-

- **Major Procurements -** there is the opportunity to focus attention on a number of large service functions which are currently provided by an external contractor / supplier. A number of significant contracts are coming to an end. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The contract commitments have sometimes restricted the opportunity to align services across the Alliance with Staffordshire

Moorlands D.C. The individual projects will focus on Waste Collection & Environmental Services, Leisure Management and Facilities Management.

- **Asset Management Plan –** continuation of the existing priority of rationalising the Council's asset base with a focus around priorities in order to allow for the necessary capital investment.

- **Growth –** development of a clear focus on housing and economic growth based upon the established Local Plan.

- **Income Generation –** focus on increasing the yield from existing sources of income and a drive towards identifying new sources of income.

- **Rationalisation –** a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, on-statutory services and channel shift (reducing the need for personal contact by providing technology to access services).

The delivery of efficiency and rationalisation projects is monitored by the Transformation Board made up of Directors, Heads of Service along with key Corporate Service Managers and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.

The efficiency target for 2018/19 was set at £581,000, however, due to slippage in the delivery of some projects, there is a small shortfall of £56,740 against target. As part of the MTFP, a review was undertaken to assess the timing and estimated value of future savings based on the current programme. The table below shows the projected reprofiled Efficiency Programme:-

	2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£
Original Programme	310,000	581,000	430,000	810,000	**2,131,000**
Amended Programme	388,000	449,000	789,000	505,000	**2,131,000**
Variance	**78,000**	**(132,000)**	**359,000**	**(305,000)**	**-**

The savings achieved in 2018/19 primarily relate to additional income, savings from procurement activity, a reduction in printing and postage costs and efficiencies achieved via the arrangement with Alliance Environment Services. Additionally, a number of vacant staff posts have been reviewed (in line with the service review process and as a result of other efficiency projects) which have contributed to the overall efficiency programme.

Continued progression against the efficiency programme is dependent on achieving significant savings as a result of the alternative delivery model for Waste, Streets and Parks via the transfer of services to trading company, Alliance Environment Services, as well as a review of leisure provision. There are also significant income generation targets focusing on housing and economic growth as a result of implementing the Local Plan.

HRA Improvement Plan

When setting the budget in February 2017, the HRA was predicted to be in a deficit position of £770,430 by the end of 2020/21 due to the consequences of the four year 1% rent reduction. Therefore, a HRA Financial Improvement Plan was approved which identified potential savings of £1.2million from a number of sources to be achieved over the period 2017/18 – 2020/21.

A HRA Review Progress report was then presented to the HRA working group in April 2017 which further developed and provided more detail on the savings programme and likely profiling for the realisation of savings. This has since been reprofiled as below:-

HRA Review Focus	Potential Annual Reduction				
	ACHIEVED 2017/18	ACHIEVED 2018/19	2019/20	2020/21	TOTAL
Total Annual Saving	625,000	245,000	-	330,000	**1,200,000**

During 2018/19, the efficiency target of £245,000 was achieved, which related to a reduction in the annual voluntary repayment of outstanding debt (reducing from £1.25m to £1m per annum).

A full stock condition survey of the Council’s portfolio of housing properties has been completed and the results have been assessed, validated and prioritised. Therefore the 30 year capital programme requirements are now understood - in terms of how much the Council is forecast to spend on major repairs and maintenance of its housing stock. This has been included within the updated HRA Business Plan.

Assuming the four-year HRA Financial Improvement Plan targets are achieved as above and updating the capital programme based on the stock condition survey information, results in a projected £105,140 surplus position by the end of 2022/23.

The revised HRA 30 year Business Plan can be found on the Council’s website.

Going Concern

The Statement of Accounts 2018/19 have been prepared on a going concern basis. Therefore the Council is viewed as continuing in operation for the foreseeable future.   This is considered appropriate on the basis there are no material uncertainties about the Council's ability to continue as a going concern.

The Council has a firmly embedded Financial Planning process, which includes a rolling four-year Medium-Term Financial Plan that is updated twice per year. This includes the Chief Finance Officers statement regarding the adequacy of reserves and balances.

All known events which could cast doubt on the Council's ability to continue as a going concern are systematically mitigated. For example, budget deficits are primarily addressed through a well developed approach towards the achievement of efficiency savings, which has a proven track record of success.

As discussed, a new four year efficiency plan was presented to coincide with the 2017/18 Budget and updated MTFP presented in February 2018 to outline plans to meet the budget deficit over the four year period. There is a well established quarterly reporting process to the Executive Committee which monitors in year financial performance and identifies any risks in achieving the Efficiency Plan. As discussed above, a review of the Efficiency Plan was undertaken when setting the Budget and MTFP in February 2019, and the opportunity was taken to revise the expected timing of savings.

In terms of the Council's cash and liquidity position, detailed forecasts of cash flows are maintained for the 12 months following the date of the audit - so up to 31st July 2019. These are compared against actual cash flows on a daily basis by the Council's Finance team. The treasury function is scrutinised by the Audit & Regulatory Committee.

2018-19 Financial Performance

General Fund Revenue Spending

Revenue spending represents the net cost of consuming supplies and providing services delivered by the Council in its day-to-day business during the year. The financial planning process for 2018/19 was driven by the need to provide effective services while satisfying the on-going economic pressure to become ever more efficient in our use of resources.

What we planned to spend

The Council set an original net Revenue budget for 2018/19 of £10,427,240 for spending on services. It was anticipated that financing available from external grants and retained Council Tax and Business Rates would be £8,616,150 leaving £1,811,090 to be funded from general reserves. These reserves are held both as a contingency and to prudently support spending over the medium term.

What we actually spent

The Authority's actual performance against budget resulted in a £1,381,988 operating surplus in 2018/19, generated as set out in the table below.

		Budget £	Actual £	Variance £
Activities		10,427,240	9,710,641	(716,599)
Funding	External	(8,616,150)	(9,487,609)	(871,459)
	Reserves	(1,811,090)	(1,605,020)	206,070
Operating deficit (surplus) in year			(1,381,988)	(1,381,988)
Adding back the actual net use of reserves in the year				1,605,020
gives the reduction in reserves generated in 2018/19				223,032

Actual spend on activities during 2018/19 was £716,599 lower than anticipated. The underspend was due to savings made across a number of Council services.

External funding levels achieved were £871,459 above expectations owing primarily to better than anticipated levels of retained Business Rates accruing to the year.

The substantial under spend together with the increased income accruing to the year meant that a significant proportion of the budgeted £1,811,090 call on reserves was not required. Adjusting the operating surplus for the nominal actual use of reserves reveals that the figure by which the Authority's usable reserves actually decreased was only £223,032.

As illustrated below this has taken the value of the Borough's usable reserves down to £6.886million.

Revenue Reserves	Brought Forward £000	2018/19 Net Change £000	2018/19 Revenue Balance £000	2018/19 Applied to Capital £000	Carried Forward £000
Capital Support	774	113	887	(1,090)	(203)
Earmarked	3,062	87	3,149		3,149
General Revenue	3,273	(423)	2,850		2,850
	7,109	(223)	6,886	(1,090)	5,796

Both the capital and earmarked reserves have been built up over time to provide funding for future projects and specific activities in line with the Authority's medium term aims and objectives. During 2018/19 £1.09 million of the Capital Support Reserve was used to support the Authority's capital programme. The General Revenue Reserve is primarily held as a contingency to provide the Council with operational funds and as a safeguard against financial risk. Current risk based assessments set the Council's need for a revenue contingency at just over £1,300,000.

At the end of 2018/19 the reserve stood at £2.85 million, which means that a surplus of £1.550 million is potentially available to support future spending plans. A review of reserves earmarked for specific purposes has resulted in net contributions from the general reserve of £0.845million. The most significant being a £0.703million contribution to the Capital Support reserve. After these re-designations the Authority's general reserves remain £0.705million above the minimum contingency level.

Revenue Reserves	Earmarked £000	General £000	Total £000
Year End	2,946	2,850	5,796
Redesignated	845	(845)	0
Minimum Contingency	0	(1,300)	(1,300)
	3,791	705	4,496

The current Medium Term Financial Plan 2019/20 – 2022/23 includes years where the Borough's Revenue Budget will either call upon or contribute to the general contingency reserves. By the end of the four year plan the general contingency reserves are expected to be some £0.48million above current levels.

How the money was spent

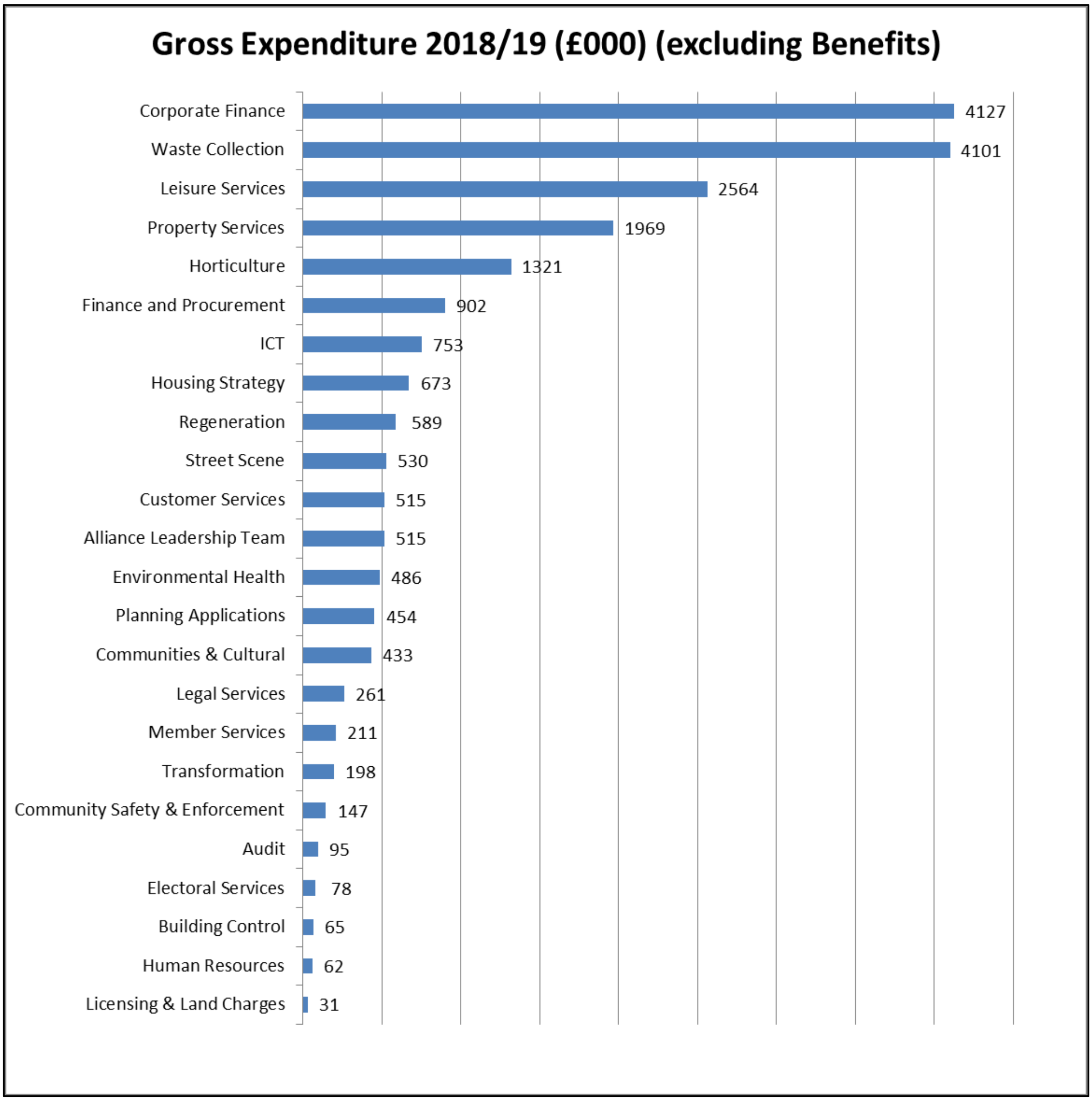
The Comprehensive Income & Expenditure Statement (CIES) (page 32) summarises the resources that have been generated and consumed in providing services and managing the Council this year. It shows that Net Expenditure for the year across the 26 service areas around which the Authority organises and budgets was actually a spend of £2.47million.

One of these service areas is concerned solely with the administration of the Borough's Social Housing function. This service is accounted for differently from other General Fund (GF) Council functions as its activities have to be reported in the Statements of Accounts as a separate Housing Revenue Account (HRA). The CIES includes nominal charges made for the use of capital assets and future pension liability. Their inclusion is a requirement to allow comparison between councils as to the true cost of providing services. Statutory provisions however require that such charges are excluded from the Council Tax and housing rentals levied.

The Expenditure and Funding Analysis (EFA) (page 36) reconciles the service outturn reported in the CIES with the £9.711million spend on activities as measured against the 2018/19 budget for GF activities and the corresponding £1.262million net income generated by the HRA. The table below summarises that reconciliation and by adding in external sources of funding and the use of reserves reveals the actual gross expenditure and income behind the £1.382million surplus generated by GF activities in the year. It also maps adjustments that are necessary to derive the gross expenditure on HRA activities. This includes recognition of a £568k contribution by the HRA to the GF for its payment of historic pension costs as well as the net impact of financing, some £1.857million paid in interest for the year. There is also an adjustment of £2.009million for those elements of the nominal accounting entries, in relation to Capital that have to be treated as actual costs under the rules governing the HRA.

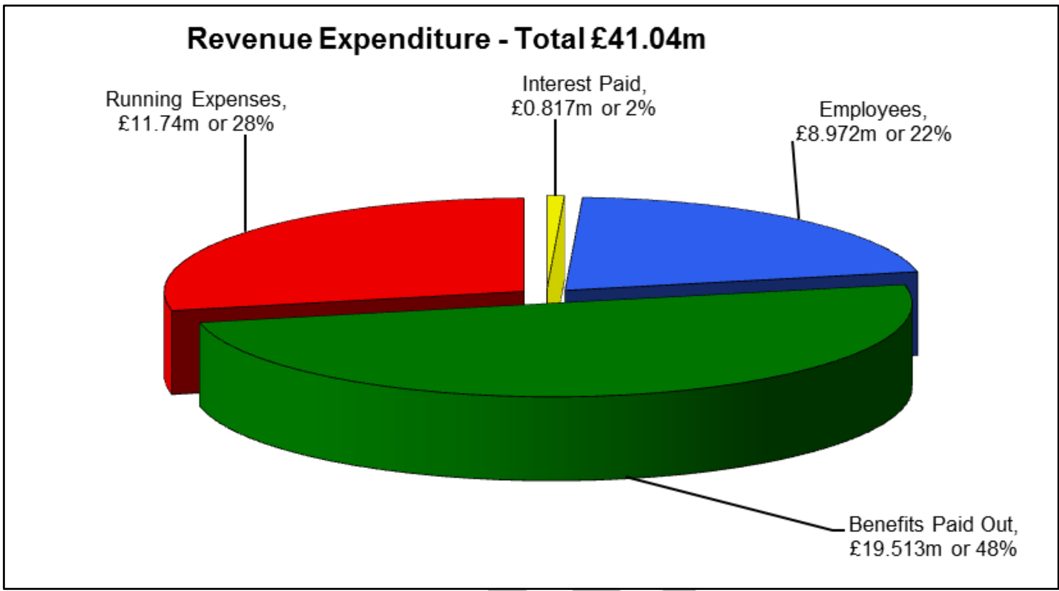
	Gross Expenditure		Gross Income		Net Expenditure	
	GF	HRA	GF	HRA	GF	HRA
	£'000	£'000	£'000	£'000	£'000	£'000
CIES	42,338	6,352	(31,253)	(14,967)	**11,085**	**(8,615)**
Nominal Adjustments	(730)	2,919	(78)	0	**(808)**	**2,919**
EFA	**41,608**	**9,271**	**(31,331)**	**(14,967)**	**10,277**	**(5,696)**
GF Funding :						
External			(9,487)		**(9,487)**	
Reserves			(1,604)		**(1,604)**	
HRA Adjustments :						
Interest payable/received		1,857				**1,857**
Pension contribution	(568)	568			**(568)**	**568**
Nominal reversal		2,009				**2,009**
	41,040	**13,705**	**(42,422)**	**(14,967)**	**(1,382)**	**(1,262)**

For General Fund activities, an analysis of the £41.04million Gross Expenditure illustrates how actual revenue resources were applied in 2018/19. At £19.96million the administration and payment of Benefits accounted for 49% of the Authority's revenue spend. The chart below profiles the remaining 51% - £21.08million - across the Authority's other service areas.



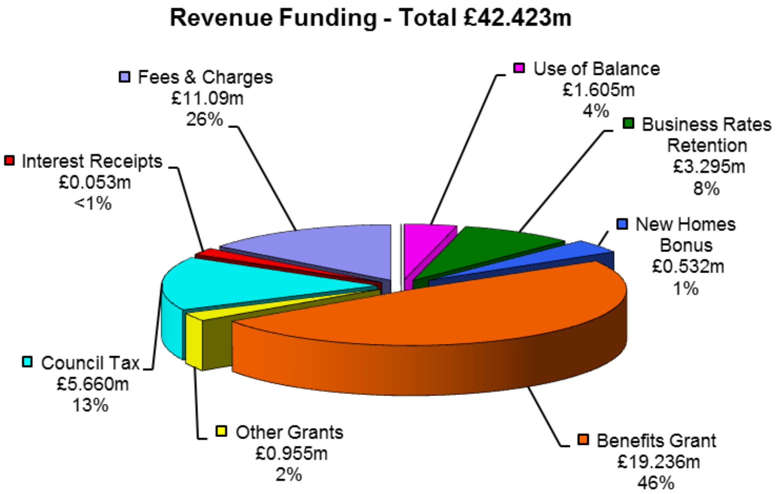
How it was spent

The four main categories of this spend are employee costs, running expenses, interest paid on borrowing and Housing Benefit payments made to residents. Running expenses include maintenance of buildings, vehicle costs and supplies and services. The chart below illustrates the proportion in which expenditure was incurred on these categories of expenditure. The largest element at £19.513million is the payment of Housing Benefits on behalf of Central Government.



How it was paid for

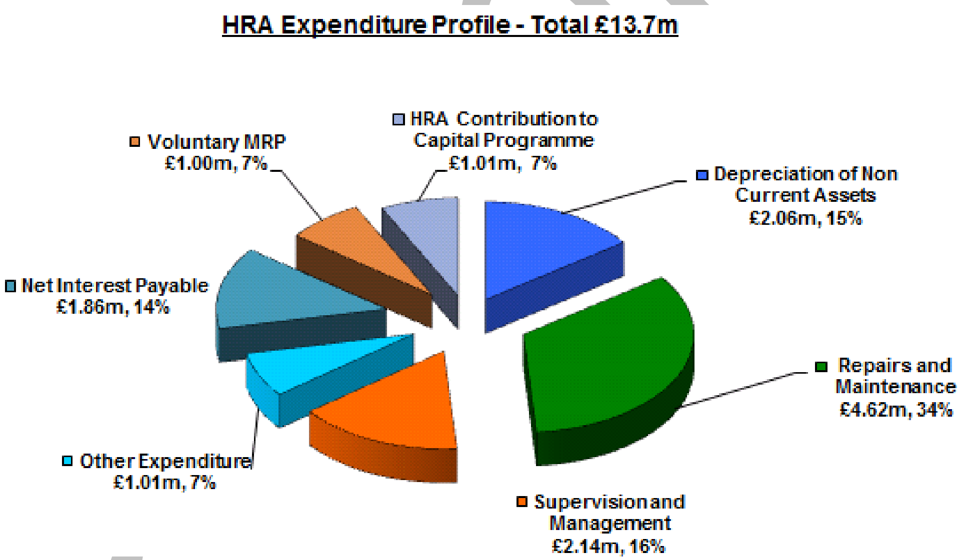
Excluding the £19.2million Housing Benefits grant from Central Government, the chart below illustrates the continuing shift in Local Government finance to generate income locally and become self financing. Of the remaining £23.2 million in funding 94% (£21.7 million) are locally generated income streams from Council Tax, Business Rates and fees and charges. The remaining £1.5 million is made up of various Government Grants including £532,000 relating to New Homes Bonus – Government grant which the Authority benefits from as a result of growth in housing within the Borough.



Housing Revenue Account

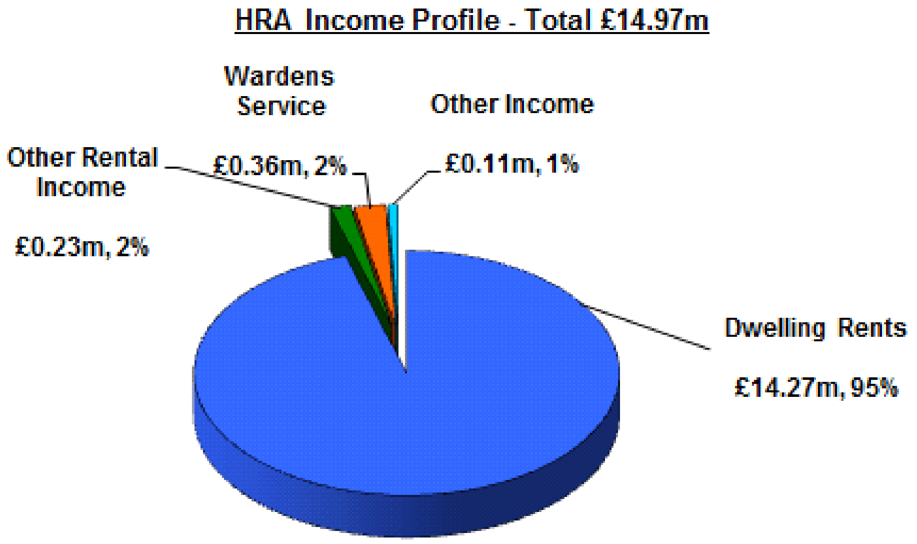
The Housing Revenue Account (HRA) is a separate account, required by law, which bears the cost of managing, maintaining and improving council houses.

Gross revenue expenditure for the year was £13.7 million and is analysed below:



The Authority's dwelling stock value increased by £7.165 million. £3.568 million of the gain was credited to the HRA Income and Expenditure Account to reverse impairments that had been charged to the HRA in previous years; the remaining £3.597 million was transferred to the revaluation reserve. There have been no revaluation losses during the year but impairments of £0.465 million have been charged to the HRA Income and Expenditure Account. The impairment charge made to the HRA Income and Expenditure Account do not impact on rent levels as they are reversed out in the Movement in Reserves Statement.

Gross revenue income for the year was £14.97 million and is analysed below:



After adjusting for notional charges such as those required by capital and pension accounting standards, the overall outturn on the Housing Revenue Account shows a surplus of £1,262,638 compared to an expected budget of £147,140. The major elements that make up this variance include:

Positive Changes:

- Reduced cost relating to supervision and corporate management - £614,000
- Efficiency programme and other savings achieved - £70,000
- Lower than expected contribution to bad debts provision - £131,000
- Lower than expected contribution to HRA capital programme - £658,000
- Higher than expected interest and general income received - £118,000
- Lower than expected depreciation charges - £36,000
- Lower than expected interest payments made - £35,000

Negative Changes:

- Increased costs relating to rent, rates and other taxes - £36,000
- Increased costs relating to repairs and maintenance - £218,000

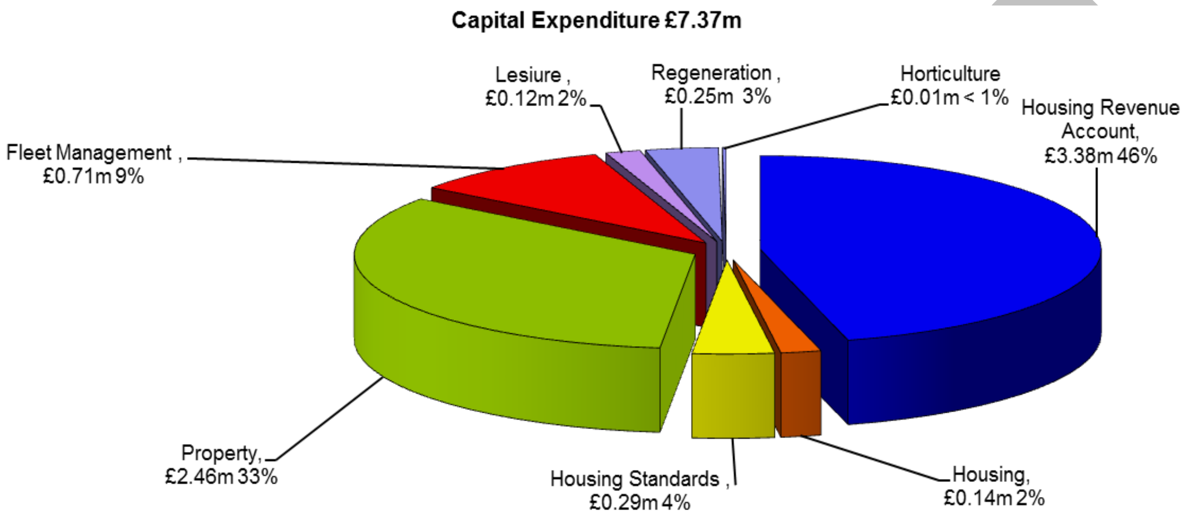
The surplus has been added to the HRA working balance. General HRA reserves therefore increased from £13.175 million to £14.437 million in 2018/19. This value of reserves is maintained to reflect the level of risk within the activities charged to the Housing Revenue Account.

The re-invigorated right to buy scheme allows the Council to retain a larger proportion of any receipts, to be used for the purpose of one for one replacement houses. During the year twenty one council dwellings were sold under the scheme and £374,000 of additional receipts were retained. Receipts of £140,000 have been utilised and £42,000 have been repaid bringing the balance in the reserve at the end of 2018/19 up to £1,638,000.

Capital Spending

Capital spending either maintains or creates new assets that will contribute to the Council's aims and objectives over more than one year. The Council therefore plans and budgets for capital expenditure by means of a rolling programme. This programme was last updated in February 2019 and covered 5 years 2018-19 to 2022-23 and included capital commitments of £39.million (including £19.4million for the Housing Revenue Account) with estimated capital spending in 2018/19 of £8.7million (including £4.1million for the HRA).

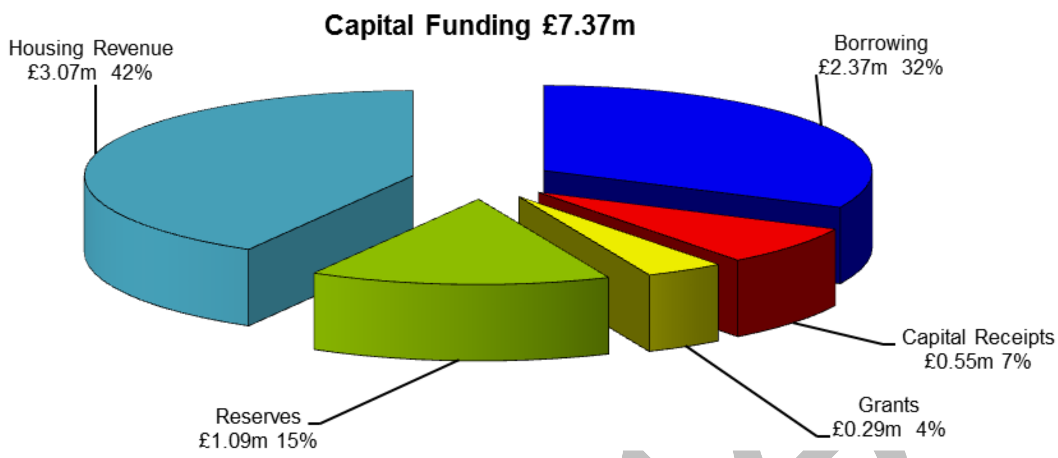
The actual spending in 2018/19 was £7.37million. The major areas of capital expenditure and significant individual projects included:



- Housing Revenue Account – general refurbishment of the Council's housing stock including kitchens and bathrooms, heating, roofing and disabled adaptations (£3.38 million).
- Housing Standards – disabled facilities and other property grants (£0.29 million)
- Property - works on a number of public buildings in accordance with the Authority's asset management plan, including Pavilion Gardens (£2.46 million)
- Fleet Management – investment in vehicles for delivery of services provided by the Council's joint operation, Alliance Environmental Services (£0.71 million)

How was it paid for?

There are a number of sources by which the Council can fund capital expenditure. The funding of the 2018/19 programme is illustrated below:



- Grants and Contributions – such as Government grants supporting housing, and Lottery Funding supporting heritage schemes
- Reserves – funds built up over time by the Borough and earmarked for capital purposes.
- Borrowing – borrowing for capital purposes externally (e.g. from Public Works Loan Board or the market) or using internal resources
- Capital Receipts – cash resources from the sale of capital assets.
- Housing Revenue – use of funds and balances generated within the Housing Revenue Account

The Balance Sheet Perspective

At the end of 2018/19 the Authority's net worth, as reported on the Balance Sheet, stood at a net asset value of £127.272million. When compared to an opening value of £124.457 million at the beginning of the year this represents an increase in net worth of £2.815million.

	31 March 2018 £000	31 March 2019 £000
Long Term Assets	227,308	235,694
Net Current Assets (debtors, inventories, cash less creditors, other liabilities)	(574)	(4,905)
Cash and Investments	14,444	14,901
Borrowing	(72,181)	(67,130)
Pensions Liability	(44,086)	(50,974)
Other Long Term Liabilities and Provisions	(454)	(314)
Net Assets	**124,457**	**127,272**
Represented by: Usable Reserves	23,837	24,811
: Unusable Reserves	100,620	102,461

How can the Authority have experienced such an increase in value when its revenue activities resulted in a £49,000 reduction in reserves? The answer is a combination of improvements in the Authority's net indebtedness coupled with increases in the carrying value of its non-current assets but offset by a worsening long term pension liability.

- Net indebtedness – movements in the overall levels of the Authority's debtor and creditor balances were sufficient to allow the Borough to reduce its overall borrowing by £5million in the year.
- Non-current Assets - all the property plant and equipment owned by the Authority are professionally valued on a five year rolling cycle to ensure that their carrying value on the Balance Sheet reflects an up-to-date position. At the end of 2018/19 the valuation process has resulted in a cumulative increase in the carrying value of the Authority's properties of some £8million.
- Pension Liability – under financial accounting regulations the Authority's Balance Sheet must show the cumulative net value of its pension scheme if all the assets and liabilities became realisable or payable on the 31st March. While in reality pension schemes continue over generations this snap shot measurement draws attention to any underlying long term strengths or weaknesses. The measurements applied to the Council's scheme at the end of 2018/19 increased the liability reported on the Balance Sheet by £6.89million to £50.97 million. The value of the pension as reported on the Balance Sheet is a significant liability for the Council. However because this liability only falls due over the long term, measures have been put in place that ensure the Authority's continuing financial viability. At a national level Government has altered future scheme benefits and entitlements while locally both Council and employee contributions have increased.

Both asset and pension valuations are performed on behalf of the Council by suitably qualified professionals guided by statute and best practice. Their valuations however represent a snapshot as at 31st March 2019 and reflect the market forces and other valuation factors relevant at that date.

The Council's Corporate Plan

Following the local elections in May 2015, the Council developed a new Corporate Plan 2015-2019 which supports the Vision of 'Delivering excellent services to High Peak residents and demonstrating value for money'. The vision is articulated by four aims which are supported by a number of objectives which provide the framework for the delivery of individual service plans. These are summarised below:

	Aim	Objectives
1	Help create a safer and healthier environment for our residents to live and work	• Effective relationship with strategic partners • Fit for purpose housing stock that meets the needs of tenants • Effective support of community safety arrangements • Provision of high quality leisure facilities
2	Meet its financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure our services are easily available to all our residents in the appropriate channels and provided 'right first time' • A high performing and highly motivated workforce • More effective use of Council assets
3	Support economic development and regeneration	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Promote tourism • High quality development and building control with an 'open for business approach'
4	Protect and improve the environment	• Effective recycling and waste management • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

Our Performance Framework, which measures our success in delivering the Corporate Plan, also reflects the three pillars of value for money: economy, efficiency and effectiveness and is fully aligned to the Council's corporate objectives. The Council publishes an Annual Report, which takes stock of the progress made in delivery of the Corporate Plan objectives and uses comparative performance and cost measures to help shape the Council's refreshed objectives. 2018/19 was the final year of the 2015-2019 Corporate Plan, and following the local elections in May 2019, a refreshed Corporate Plan will be presented during 2019.

Customer focused
Honest and open communicators
One team
Innovative
Can-do culture
Every penny counts

Following the completion of an organisation-wide service transformation process in 2016/17, the Council developed, in partnership with its workforce, a new set of core values called ‘CHOICE’. These values are reinforced and reflected in employee performance and behavioural objectives through the Council’s approach to appraisal and employee development called PEP – Plan, Enable, Perform.

Risk Management

The Council ensures that it undertakes a deliberate and systematic identification of the key risks that might prevent, degrade, delay or enhance the achievement of its objectives and priorities as well as also considering any potential ‘opportunity’ risks which may benefit the Council. The Council's Risk Management Strategy sets out the process for undertaking this on an ongoing basis. In addition to the identification of risks, managers also have to quantify them in terms of likelihood and potential impact. The risks are then recorded in the Council's Risk Registers. These have three aspects – strategic, operational and project risks. The Council’s Strategic, Operational and Project Risk Registers are reviewed on a quarterly basis and reported into the Corporate Risk Management Group and the Audit and Accounts Committee on an exception basis.

Our Performance in 2018/19

The Council used a range of financial and other indicators to measure performance in 2018/19. At the end of March, 61% of the Council’s performance targets for the year had been met. In terms of year on year trends, 62% of measures recorded the same or improved results compared to 2017/18.

The Council also exceeded its targets in a number of areas including accuracy of benefits processing; Council Tax and Business Rates collection; repeat complaint levels; Major, Minor and other planning applications processed on time; fly-tipping incidents; enforcements for anti-social behaviour; and street cleanliness standards.

The service areas which fell short of target include the speed of benefits processing, sickness absence, rent loss, planning enforcement, sports / leisure participation, households in temporary accommodation, and repairs performance.

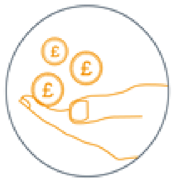
For those measures that fell below the target set for the year we have developed actions for improvement, where feasible, as part of our performance reporting to senior managers and members. As well as comparing performance over time and against target, we also compare our performance with other Councils nationally through local benchmarking clubs and through the Local Government Association’s (LGA) online benchmarking tool ‘Inform’.

Delivering against our Corporate Aims

The Council's Corporate Plan has four key aims, and below we have highlighted some of our achievements last year in relation to each of them.

Help create a safer and healthier environment for our residents to live and work - This aim covers our objectives around housing, leisure, community safety and the effectiveness of our strategic partnerships. Last year we:

- ✓ Resolved 396 of the 407 homeless applications (97%)
- ✓ Used the crime and policing powers to issue 15 Community Protection Notices for behaviour affecting quality of life
- ✓ Signed up an additional 3 landlords to our Landlord Accreditation Scheme
- ✓ Increased housing delivery in High Peak following adoption of the Local Plan and interventions - 498 completions
- ✓ Gained external funding to support local health improvement schemes such as walking for health and GP referral schemes
- ✓ Maintained a 5 Year supply of housing land in High Peak
- ✓ Ensured that 98% of all HPBC homes now have a modern boiler system fitted



Meet financial challenges and provide value for money – This aim covers our objectives around value for money, customer access, use of assets and a high performing and motivated workforce. Last year we:

- ✓ Developed 245 online forms for customers to self serve, thereby enabling a 21% reduction in contact
- ✓ Saw the number of customer portal accounts rise to 21,000
- ✓ Invested over £90,000 in employee training
- ✓ Completed major leisure-related procurement exercises with expected savings over the lifetime of the contracts
- ✓ Achieved a reduction in workplace accidents
- ✓ Exceeded our Council Tax and Business Rates collection targets

Support economic development and regeneration – This aim covers our objectives around tourism, flourishing town centres, encouraging new business and promoting an open for business approach in our development and building control functions. Last year we:

- ✓ Achieved a town centre vacancy rate of less than 8%
- ✓ Delivered approx. 2746m2 of employment space
- ✓ Continued to progress the £50 million project to transform the Crescent and adjoining buildings into a 5* hotel and spa complex
- ✓ Reopened the Octagon Hall after a £3m repair and restoration project
- ✓ Determined 100% of 'major' planning applications on time and assisted 233 customers through our Planning Surgeries

Protect and improve the environment – This aim covers our objectives around waste and recycling, clean streets, environmental health, quality parks and open spaces, and car parking. Last year we:

- ✓ Maintained our ‘green flag’ status for Whaley Bridge Memorial Park
- ✓ Carried out 100% of ‘high risk’ premises interventions to safeguard public health
- ✓ Exceeded last year’s recycling rate and met our residual waste target
- ✓ Secured £90,000 of external funding for improvements to Bench Road Play Area in Fairfield and created an outdoor physical activity area
- ✓ Achieved a street cleanliness standard of 94%
- ✓ Supported 63 community clean-up campaigns.

Key Strategic Partnerships

Strategic Alliance

In 2008 High Peak Borough Council entered into a “Strategic Alliance” (the Alliance) with our neighbours, Staffordshire Moorlands District Council. The primary aim of the Alliance is, through joint working, to drive through service improvements, whilst reducing costs in order to increase value-for-money and minimise future Council Tax increases. The arrangement – which has featured a fully integrated Joint Senior Management Team and widespread joint service delivery – crosses both county and regional boundaries. The Alliance sits at the heart of the Council’s Efficiency and Rationalisation Strategy. The ‘Alliance’ has celebrated 10 years of existence during 2018, with a reflection on what has been achieved during this time, focusing on financial savings, service improvements and the benefits of working together as partner Authorities.

Environment Services Joint Venture – Alliance Environmental Services (AES)

The Council, along with Alliance partner Staffordshire Moorlands District Council, agreed to establish a joint venture partnership with Ansa - a subsidiary of Cheshire East Council - to deliver waste collection, street cleaning, grounds maintenance and fleet management services. This project forms part of the new Efficiency and Rationalisation Programme and savings of over £1m (Alliance wide) are expected as a result of the new arrangements.

The new arrangements are being introduced in a phased approach. Phase one took place during 2017/18 with the transfer of the previously outsourced High Peak waste service to the new arrangement in August 2017. The second phase, took place in July 2018, which involved the transfer of the Staffordshire Moorlands D.C. Waste service and both High Peak B.C. and Staffordshire Moorlands D.C. Fleet arrangements. This is likely to be followed later in 2019 by the transfer of the Streetscene and Parks services.

The collaborative arrangement has been assessed to be a joint operation and therefore is consolidated into the single entity financial statements of High Peak Borough Council. The financial results of the company for the 2018/19 year and the consolidation thereof is described in note 2f 'Interests in companies & other entities and joint arrangements'.

Explanation of the Financial Statements

The Statement of Accounts for the year ended 31st March 2019 has been prepared in accordance with the Accounts and Audit Regulations 2015. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which in turn is underpinned by the International Financial Reporting Standards.
The Council's core financial statements, beginning at page 30, are listed below along with a brief explanation of their purpose:

- ***Movement in Reserves Statement (MIRS) -*** this statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus)/Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to/from earmarked reserves undertaken by the Council.
- ***Comprehensive Income & Expenditure Statement (CIES)*** – this statement is fundamental to the understanding of the Council's activities, in that it reports the net cost for the year of all the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.
- ***Balance Sheet*** - this explains the Council's financial position at the year-end. It provides details of the Council's balances and reserves and its long-term indebtedness. It also shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council; and
- ***Cash Flow Statement*** - this illustrates the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The Council is also required to produce two supplementary financial statements:-

- ***Housing Revenue Account (HRA) -*** This account reflects the statutory requirement for the Authority to maintain a separate revenue account for Council housing provision. It includes the receipt of income and the payment of expenditure associated with that service to determine a surplus or deficit for the year.
- ***Collection Fund Accounts -*** This reflects the statutory requirement for the Authority to maintain a separate account providing details of receipts of Council Tax and Business Rates and the associated payments to precepting authorities.

The 2018/19 Statement of Accounts shows that our finances remain sound. Revenue and capital spending is controlled by affordable budgets while assets and reserves exist to support services and the achievement of key priorities.

……………………………………. Date: XXth July 2019

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA

Executive Director & Chief Finance Officer

CERTIFICATE OF APPROVAL BY AUDIT & REGULATORY COMMITTEE

I confirm that these accounts were approved by the meeting of the Audit and Regulatory Committee held:

……………………………………. Date: XXth July 2019

Councillor Emily Thrane

Chair of the Audit & Regulatory Committee

High Peak Borough Council

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

High Peak Borough Council is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director & Chief Finance Officer.
- To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- To approve the Statement of Accounts.

The Executive Director & Chief Finance Officer Responsibilities

The Executive Director (CFO) is responsible for the preparation of the Authority's financial statements. These, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice'), are required to present the true and fair financial position of the Council at the accounting date and its income and expenditure for the year (ended 31st March 2019).

In preparing this Statement of Accounts the Executive Director (CFO) 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 of practice.

The Executive Director (CFO) has also:

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

Certificate of the Executive Director (CFO)

I certify that this Statement of Accounts gives a 'true and fair' view of the financial position of the Council at 31st March 2019 and its income and expenditure for the year.

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA

Executive Director & Chief Finance Officer
High Peak Borough Council

Statement of Accounting Policy

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

1. **Accounting Policies**
   The Accounting Policies set out on pages 102-112, have been applied in producing the statements. They are based on best practice and legislative requirements, including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom for 2018/19.

2. **Accounting Standards Issued, Not Adopted**
   The 2019/20 Code of Practice introduces changes to a number of the reporting standards to be applied to future Statements. The Authority is obliged to consider what, if any, the impact would have been on these Statements had they been applied in 2018/19.

Investment Property (IAS40): Amendment re transfers.
Clarified, with examples, the criteria defining an Investment Property that must be satisfied before a property can be moved in or out of that category. Specifically it is changes in actual use of a property that will dictate its inclusion not how management intends it to be classified. The Council already complies with this guidance.

Foreign Currency Transactions and Advance Consideration (IFRIC 22)
Clarified the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Council does not have and is unlikely to have any material transactions within the scope of the amendment.

Uncertainty over Income Tax Treatments (IFRIC 23)
Provides additional guidance on income tax treatment where there is uncertainty. This will have no significant impact on the Council's accounts.

Financial instruments (IFRS 9): Amendment re prepayment features with negative compensation.
Allows financial assets with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income, and confirms that most modifications of financial liabilities will result in immediate recognition of a gain or loss. The Council has no loans affected by this amendment.

[IAS = International Accounting Standards : IFRS = International Financial Reporting Standard : IFRIC = International Financial Reporting Interpretations Committee]

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in part 1 of this section, the Authority has had regard to the materiality of the transactions being reported. It has also had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- The Authority has to review certain contractual arrangements to decide if they are in the nature of a lease and if so determine whether they are classified as Operational or Finance. These decisions are often based on judgements as to where the practical control of an asset lies.

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Authority undertakes an annual assessment for indications of impairment of its assets. This assessment is performed by specialist staff with reference to external advice.

- An exercise is performed to assess whether capital spend restores or enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset.

- Alliance Environmental Services Ltd (AES) is a company created between High Peak Borough Council, Staffordshire Moorlands District Council and Ansa Environmental Services Ltd (Ansa), a wholly owned subsidiary of Cheshire East Council. Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. Phase 2 commenced on 1st July 2018 to deliver fleet management services to the Alliance as a whole.

  This collaboration has been determined to be a Joint Operation and is therefore consolidated in to High Peak Borough Council's single entity financial statements, i.e. there is no requirement for separate group accounts. The relationship, details of this assessment and financial performance and results of the company are included in note 2f 'Interests in companies & other entities and joint arrangements'.

4. Prior Year Adjustments

The statements and notes that follow include comparative figures from the previous financial year. If there have been material changes in the way that the financial information is collated and presented in the current year, the prior year must be manipulated to allow a like for like comparison and marked as 'Restated'.

- During the course of 2018/19 the Council's Visitor Services department was disbanded following the outsourcing of the Pavilion Gardens concession. The remaining functions were transferred to other Council Service areas; Car Parking to

Asset Services; Markets and Tourism to Regeneration Services; Museums and Collections to Democratic & Community Services; and Concession monitoring to Service Commissioning. This change necessitated the restatement of a number of tables as detailed in Note 18.

- Also during the year the Council's Derbyshire Pension Fund pool membership was amended to incorporate Fund members from Alliance Environmental Services – further details are to be found in Note 5 – Retirement Benefits. This increased the historic pension liability of the Authority by £637,000 necessitating the restatement of the Balance Sheet to reflect the revised 2017/18 balance on both the Pensions Liability Account and Pensions Reserve.

5. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainly

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 materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
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. (Note 5f highlights key assumptions). A 1% change in the assessed carrying value of the Authority's pension liability equates to £509,740 (total £50,974,000).
Asset Valuations	The valuations of property, plant and equipment reported in the Balance Sheet and the related depreciation charges made to the CIES are based on an estimation of their value and asset life. A firm of qualified valuers is engaged by the Authority to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment. A 1% change in the assessed carrying value of the assets equates to £2,354,570 (total £235,457,000).

Financial Statements

The core single entity financial statements applicable to all local authorities comprise:

- **Movement in Reserves Statement**
- **Comprehensive Income & Expenditure Statement**
- **Balance Sheet**
- **Cash Flow Statement**

The core financial statements are followed by supporting notes and the supplementary statements relating to:

- **Housing Revenue Account**
- **Collection Fund**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Restated	Notes	General Fund			Housing Revenue Account	Capital		Total Usable Reserves	Unusable Reserves	Total Council Reserves
		General	Earmarked Reserves	Total		Receipts Reserve	Grants Unapplied			
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017		(2,832)	(3,297)	**(6,129)**	**(11,268)**	**(2,522)**	**(217)**	**(20,136)**	**(90,253)**	**(110,389)**
(Surplus) or deficit on the provision of Services		3,139	0	**3,139**	**(4,807)**	0	0	**(1,668)**	**0**	**(1,668)**
Other Comprehensive Income and Expenditure		0	0	**0**	**0**	0	0	**0**	**(13,037)**	**(13,037)**
Total Comprehensive Income and Expenditure		3,139	0	**3,139**	**(4,807)**	0	0	**(1,668)**	**(13,037)**	**(14,705)**
Adjustment between accounting basis & funding basis under regulations	6	(4,178)	60	**(4,118)**	**2,900**	(613)	(201)	**(2,032)**	**2,032**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(1,039)**	**60**	**(979)**	**(1,907)**	**(613)**	**(201)**	**(3,700)**	**(11,005)**	**(14,705)**
Transfers to/(from) Earmarked Reserves	12	598	(598)	**0**	**0**	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2017/18		(441)	(538)	**(979)**	**(1,907)**	**(613)**	**(201)**	**(3,700)**	**(11,005)**	**(14,705)**
Balance at 31 March 2018 carried forward		(3,273)	(3,835)	**(7,108)**	**(13,175)**	**(3,135)**	**(418)**	**(23,836)**	**(101,258)**	**(125,094)**
Restatement Adjustment for Pension Reserve	**5**	0	0	**0**	**0**	**0**	**0**	**0**	**637**	**637**
Restated Balance at 31 March 2018 carried forward		(3,273)	(3,835)	**(7,108)**	**(13,175)**	**(3,135)**	**(418)**	**(23,836)**	**(100,621)**	**(124,457)**
(Surplus) or deficit on the provision of Services		4,971	0	**4,971**	**(3,669)**	0	0	**1,302**	**(4,117)**	**(2,815)**
Other Comprehensive Income and Expenditure		0	0	**0**	**0**	0	0	**0**	**0**	**0**
Total Comprehensive Income and Expenditure		4,971	0	**4,971**	**(3,669)**	**0**	**0**	**1,302**	**(4,117)**	**(2,815)**
Adjustment between accounting basis & funding basis under regulations	6	(4,749)	1,090	**(3,659)**	**2,407**	**(764)**	**(261)**	**(2,277)**	**2,277**	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**222**	**1,090**	**1,312**	**(1,262)**	**(764)**	**(261)**	**(975)**	**(1,840)**	**(2,815)**
Transfers to/ (from) Earmarked Reserves	12	1,046	(1,046)	**0**	**0**	0	0	**0**	**0**	**0**
(Increase)/Decrease in 2018/19		1,268	44	**1,312**	**(1,262)**	**(764)**	**(261)**	**(975)**	**(1,840)**	**(2,815)**
Balance at 31 March 2019 carried forward		(2,005)	(3,791)	**(5,796)**	**(14,437)**	**(3,899)**	**(679)**	**(24,811)**	**(102,461)**	**(127,272)**

Comprehensive Income & 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; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2017/18 Restated				Notes	2018/19		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
531	(1)	530	Alliance Leadership Team		549	(1)	548
107	0	107	Audit		109	0	109
853	(216)	637	ICT		865	(216)	649
53	0	53	Human Resources		62	(1)	61
215	(51)	164	Member Services		210	(50)	160
4,497	(1,575)	2,922	Property Services		3,771	(1,561)	2,210
20,761	(20,352)	409	Benefits		20,145	(19,953)	192
562	(580)	(18)	Planning Applications		572	(436)	136
40	(72)	(32)	Building Control		65	(39)	26
664	(52)	612	Customer Services		653	(45)	608
295	(28)	267	Legal Services		335	(16)	319
68	(32)	36	Electoral Services		78	(48)	30
49	(379)	(330)	Licensing and Land Charges		31	(346)	(315)
668	(151)	517	Regeneration		698	(161)	537
518	(12)	506	Communities and Cultural		488	0	488
1,036	(673)	363	Housing Strategy		873	(744)	129
267	0	267	Transformation		283	0	283
142	(37)	105	Community Safety and Enforcement		147	(40)	107
1,061	(512)	549	Finance and Performance		1,009	(490)	519
586	(1,113)	(527)	Corporate Finance		1,188	(1,242)	(54)
4,159	(1,628)	2,531	Waste Collection		4,484	(1,680)	2,804
659	(332)	327	Street Scene		650	(376)	274
2,810	(2,168)	642	Leisure Services		2,645	(2,066)	579
1,631	(1,160)	471	Horticulture		1,569	(1,089)	480
906	(607)	299	Environmental Health		859	(653)	206
5,523	(15,156)	(9,633)	Local Authority Housing (Housing Revenue Account)		6,352	(14,967)	(8,615)
48,661	**(46,887)**	**1,774**	**Cost of Services**		**48,690**	**(46,220)**	**2,470**
5,042	(1,692)	3,350	Other Operating Expenditure	3a	7,987	(1,750)	6,237
3,913	(99)	3,814	Financing and Investment Income and Expenditure	3b	3,866	(246)	3,620
0	(10,606)	(10,606)	Taxation and Non-Specific Grant Income and Expenditure	3c	0	(11,025)	(11,025)
		(1,668)	**(Surplus)or Deficit on Provision of Services**				**1,302**
		(9,891)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	13			(9,285)
		(3,146)	Remeasurement of the net defined pension benefit liability	5			5,168
		(13,037)	**Other Comprehensive Income and Expenditure**				**(4,117)**
		(14,705)	**Total Comprehensive Income and Expenditure**				**(2,815)**

Balance Sheet

The Balance Sheet provides an overall summary of the financial position of the Council as at 31st March 2019. It shows the Council's balances and reserves and its long-term indebtedness, and the value as at the Balance Sheet date of the assets and liabilities recognised by the Council:

31 March 2018 £000	Restated 31 March 2018 £000		Notes	31 March 2019 £000
225,759	225,759	Property, Plant & Equipment	7a	233,927
391	391	Heritage Assets		391
1,043	1,043	Investment Properties	7b	1,137
44	44	Intangible Assets		38
69	69	Long Term Debtors		199
227,306	**227,306**	**TOTAL LONG TERM ASSETS**		**235,692**
7,173	7,173	Short Term Investments	14a	6,182
99	99	Inventories		59
6,164	6,164	Short Term Debtors	9	3,713
7,271	7,271	Cash and Cash Equivalents	8	8,719
20,707	**20,707**	**TOTAL CURRENT ASSETS**		**18,673**
(5,050)	(5,050)	Short Term Borrowings	14a	0
(6,227)	(6,227)	Short Term Creditors	10	(7,127)
(608)	(608)	Provisions	11	(1,547)
(11,885)	**(11,885)**	**TOTAL CURRENT LIABILITIES**		**(8,674)**
(67,131)	(67,131)	Long Term Borrowing	14a	(67,131)
(43,449)	(44,086)	Pensions Liability	5c	(50,974)
(181)	(181)	Other Long Term Liabilities	14a	(47)
(273)	(273)	Grants Receipts in Advance - Capital		(267)
(111,034)	**(111,671)**	**TOTAL LONG TERM LIABILITIES**		**(118,419)**
125,094	**124,457**	**TOTAL NET ASSETS**		**127,272**
23,836	23,836	Usable Reserves	12	24,811
101,258	100,621	Unusable Reserves	13	102,461
125,094	**124,457**	**TOTAL RESERVES**		**127,272**

The unaudited accounts were issued on 31st May 2019 and the audited accounts were authorised for issue on XXth July 2019.

Andrew P Stokes BA (Hons), MBA, CPFA, CIHM, CIMSPA
Executive Director & Chief Finance Officer

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2017/18 £000		Notes	2018/19 £000
1,668	Net Surplus/(Deficit) on the Provision of Services		(1,302)
6,422	Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements		12,618
(2,287)	Adjust for Item Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities		(2,296)
5,803	**Net Cash Flows from Operating Activities**	17a	**9,020**
(6,414)	Investing Activities	17c	(3,320)
(1,644)	Financing Activities	17d	(4,252)
(2,255)	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**1,448**
9,526	Cash and Cash Equivalents at the Beginning of the Reporting Period		7,271
7,271	**Cash and Cash Equivalents at the End of the Reporting Period**		**8,719**

Notes to the Financial Statements

The notes to the core financial statements are shown below. Some are dictated by statute while others are included to add clarity.

Amounts Reported for Resource Allocation Decisions

Decisions about resource allocation are taken by the Authority's Executive on financial reports prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in year;

The following tables show the relationship between the statutory statements and the financial information reported to and used by the decision maker.

1a. Expenditure and Funding Analysis

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

2017/18 Restated				2018/19		
Net Expenditure to GF Balance	Adjustments Funding & Accounting	Net Expenditure in the CIES		Net Expenditure to GF Balance	Adjustments Funding & Accounting	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
493	37	530	Alliance Leadership Team	514	34	548
93	14	107	Audit	95	14	109
545	92	637	ICT	538	111	649
53	0	53	Human Resources	61	0	61
164	0	164	Member Services	160	0	160
448	2,474	2,922	Property Services	407	1,803	2,210
224	185	409	Revenue and Benefits	6	186	192
(130)	112	(18)	Planning Applications	18	118	136
(32)	0	(32)	Building Control	26	0	26
471	141	612	Customer Services	471	137	608
191	76	267	Legal Services	245	74	319
36	0	36	Electoral Services	30	0	30
(330)	0	(330)	Licensing and Land Charges	(315)	0	(315)
407	110	517	Regeneration	427	110	537
447	59	506	Communities and Cultural	432	56	488
41	322	363	Housing Strategy	(71)	200	129
191	76	267	Transformation	198	85	283
105	0	105	Community Safety and Enforcement	107	0	107
434	115	549	Finance and Performance	412	107	519
2,915	(3,442)	(527)	Corporate Finance	2,832	(2,886)	(54)
2,253	278	2,531	Waste Collection	2,421	383	2,804
218	109	327	Street Scene	154	120	274
558	84	642	Leisure Services	497	82	579
255	216	471	Horticulture	232	248	480
410	(111)	299	Environmental Health	380	(174)	206
(6,392)	(3,241)	(9,633)	Local Authority Housing (Housing Revenue Account)	(5,696)	(2,919)	(8,615)
4,068	**(2,294)**	**1,774**	**Cost of Services**	**4,581**	**(2,111)**	**2,470**
(6,954)	3,512	(3,442)	Other Income and Expenditure	(4,531)	3,363	(1,168)
(2,886)	**1,218**	**(1,668)**	**(Surplus) or Deficit on Provision of Services**	**50**	**1,252**	**1,302**
	General Fund	**HRA**			**General Fund**	**HRA**
(17,397)	**(6,129)**	**(11,268)**	**Opening General Fund and HRA Balance**	**(20,283)**	**(7,108)**	**(13,175)**
(2,886)	(979)	(1,907)	Less (Surplus) or Deficit in Year	50	1,312	(1,262)
(20,283)	**(7,108)**	**(13,175)**	**Closing General Fund and HRA Balance**	**(20,233)**	**(5,796)**	**(14,437)**

1b. *Note to the Expenditure and Funding Analysis*

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and the HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2017/18 Restated					2018/19			
Adjustments for Capital Purposes	Net Change of the Pension Adjustment	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change of the Pension Adjustment	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
0	37	0	37	Alliance Management	0	34	0	34
0	14	0	14	Audit	0	14	0	14
92	0	0	92	ICT	111	0	0	111
0	0	0	0	Human Resources	0	0	0	0
0	0	0	0	Member Services	0	0	0	0
2,359	115	0	2,474	Property Services	1,716	87	0	1,803
0	185	0	185	Benefits	0	186	0	186
0	112	0	112	Planning Applications	0	118	0	118
0	0	0	0	Building Control	0	0	0	0
0	141	0	141	Customer Services	0	137	0	137
0	76	0	76	Legal Services	0	74	0	74
0	0	0	0	Electoral Services	0	0	0	0
0	0	0	0	Licensing and Land Charges	0	0	0	0
13	97	0	110	Regeneration	17	93	0	110
0	59	0	59	Communities and Cultural	0	56	0	56
252	70	0	322	Housing Strategy	141	59	0	200
0	76	0	76	Transformation	0	85	0	85
0	0	0	0	Community Safety and Enforcement	0	0	0	0
0	115	0	115	Finance and Performance	0	107	0	107
(836)	(1,927)	(679)	(3,442)	Corporate Finance	(775)	(1,359)	(752)	(2,886)
77	201	0	278	Waste Collection	76	307	0	383
109	0	0	109	Street Scene	63	57	0	120
0	84	0	84	Leisure Services	0	86	(4)	82
80	136	0	216	Horticulture	102	146	0	248
(198)	87	0	(111)	Environmental Health	(257)	83	0	(174)
(3,343)	187	(85)	(3,241)	Local Authority Housing (Housing Revenue Account)	(3,103)	197	(13)	(2,919)
(1,395)	**(135)**	**(764)**	**(2,294)**	**Cost of Services**	**(1,909)**	**567**	**(769)**	**(2,111)**
717	1,137	1,657	3,511	Other Income and Expenditure from the Expenditure and Funding Analysis	2,462	1,152	(251)	3,363
(678)	**1,002**	**893**	**1,217**	**Difference between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement**	**553**	**1,719**	**(1,020)**	**1,252**

Adjustments for Capital Purposes
Adjustments to General Fund Balances to meet the requirement of generally accepted accounting practices

Within Cost of Services
- adds in depreciation and impairment on Assets used by the service, and
- adjusts for any revaluation gains and losses on those Assets

Within Other Income and Expenditure

- Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year
- Credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments
Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income

Within Cost of Services

- The removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

Within Other Income and Expenditure

- Records the net interest on the defined benefit liability charged to the CIES.

Adjustments for Other Differences
Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute

Within Cost of Services

- Statutory adjustment for a financial instrument relating to a decision to issue a soft loan (below market rates)
- Accounting for the employee accumulated absence liability

Within Other Income and Expenditure

- adjustments to the General Fund for the timing differences for premiums and discounts.
- The difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

1c. Expenditure and Income Analysed by Nature

This represents a subjective analysis of the Surplus/Deficit on the Provision of Services as reported in the CIES.

	2017/18 £000	2018/19 £000
Employee expenses	13,709	14,315
Other service expenses	34,935	34,834
Depreciation, amortisation and impairment	1,156	697
Interest Payments	2,776	2,714
Precepts & Levies	560	580
Payments to Housing Capital Receipts Pool	404	432
Derecognition and Disposal Value of Fixed Assets	4,078	6,975
Total Expenditure	**57,618**	**60,547**
Fees, charges & other service income	(25,568)	(25,407)
Income from Council Tax	(6,028)	(6,285)
Income from Business Rates	(3,191)	(4,208)
Interest and Investment Income	(99)	(152)
Government grants and contributions	(22,131)	(20,803)
Capital Grants and Contributions	(577)	(546)
Capital Receipts	(1,692)	(1,844)
Total Income	**(59,286)**	**(59,245)**
(Surplus) or Deficit on the Provision of Services	**(1,668)**	**1,302**

1d. Segmental Analysis

This table shows which services generated the Fees, Charges and Other Income reported at 1c.

2017/18 Restated £000	Fees, Charges and Other Income	2018/19 £000
(1)	Alliance Management	(1)
(200)	ICT	(204)
0	Human Resources	(1)
(51)	Member Services	(50)
(1,574)	Property Services	(1,561)
(162)	Benefits	(308)
(580)	Planning Applications	(436)
(72)	Building Control	(39)
(52)	Customer Services	(45)
(28)	Legal Services	(16)
(2)	Electoral Services	(2)
(365)	Licensing and Land Charges	(346)
(109)	Regeneration	(103)
(12)	Communities and Cultural	0
(519)	Housing Strategy	(563)
(8)	Community Safety and Enforcement	(8)
(358)	Finance and Procurement	(346)
(1,105)	Corporate Finance	(1,218)
(1,627)	Waste	(1,680)
(332)	Street Scene	(360)
(2,169)	Leisure Services	(2,066)
(1,136)	Horticulture	(1,061)
(95)	Environmental Health	(105)
(15,011)	Local Authority Housing (Housing Revenue Account)	(14,888)
(25,568)	**Total Income Analysed on a Segmental Basis**	**(25,407)**

2. Net Cost of Services

The following transactions, included in the Cost of Services in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Trading Operations
b. Member Allowances
c. Officer Remuneration
d. Related Party Transactions
e. Audit Costs
f. Interests in Companies & other entities and Joint Arrangements

2a. Trading Operations

The Council operates the following trading accounts and their financial performance is shown in the table below.

		2017/18		2018/19	
Trade Waste		**£000**	**£000**	**£000**	**£000**
The provision of commercial waste collection service	Turnover	(684)		(734)	
	Expenditure	511		473	
	Net Deficit/ (Surplus)		(173)		(261)
Markets					
The overriding objective of the Market service is to support the local economy and attract tourism	Turnover	(103)		(99)	
	Expenditure	84		94	
	Net Deficit/ (Surplus)		(19)		(5)
Pavilion Gardens *					
Includes café, bar, restaurant, and events provision. The overriding objective is to support the local economy and attract tourism	Turnover	(1,208)		(995)	
	Expenditure	1,578		1,380	
	Net Deficit/ (Surplus)		370		385

*Pavilion Gardens was operational at the Council until 31st January 2019, on 1st February 2019 it was transferred to Parkwood Leisure

2b. Members' Allowances

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

	2017/18	2018/19
	£	**£**
Allowances	171,046	170,548
Expenses	12,582	12,072
Total	**183,628**	**182,620**

2c. Officer Remuneration

Under the management arrangements for the Alliance, costs and responsibilities for senior posts are shared between High Peak Borough Council and Staffordshire Moorlands District Council based on the proportion of time allocated to the two Authorities, including Housing Revenue Account responsibilities at High Peak. In line with the Regulations, the remuneration of these officers is included in the disclosure within the Statement of Accounts of the Authority by whom they are employed and paid.

Senior Officers with salary between £50,000 and £150,000 during 2018/19**:**

2018/19	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£
Executive Director	99,497	963	100,460	12,338	112,798	50,759	62,039
Organisational Development & Transformation Manager	55,775	963	56,738	6,916	63,654	25,462	38,192
Legal & Electoral Services Manager	55,775	963	56,738	6,916	63,654	25,462	38,192
Visitor Services Manager	52,962	883	53,845	4,023	57,868	23,147	34,721
Asset Manager*	19,988	401	20,389	2,479	22,868	7,546	15,322
Operational Manager - Planning & Building Control	58,024	963	58,987	7,195	66,182	33,091	33,091
Operational Manager - Housing & Benefits	55,775	963	56,738	6,916	63,654	12,731	50,923
Operational Manager - Customer Services	58,024	963	58,987	7,195	66,182	29,782	36,400
	455,820	**7,062**	**462,882**	**53,978**	**516,860**	**207,980**	**308,880**

*Left July 2018

As can be seen from the table above, there is a recharge to Staffordshire Moorlands DC of £207,980 for the posts paid by High Peak BC. However, as the Joint Chief Executive and a number of Directors and Senior Officers are employed and paid by Staffordshire Moorlands DC, there is a recharge back to High Peak BC of £744,026 as detailed in the following table.

2018/19	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£
Senior Officer with Salary over £150,000							
Chief Executive Officer - S Baker	164,166	13,749	177,915	27,252	205,167	121,733	83,434
Senior Officers with Salary over £50,000 to £150,000							
Executive Director & Chief Financial Officer	126,357	8,910	135,267	20,975	156,242	93,745	62,497
Executive Director & Monitoring Officer	120,353	2,896	123,249	19,979	143,228	85,937	57,291
Head of Customer Services	69,771	963	70,734	11,582	82,316	57,621	24,695
Head of Operational Services*	258,231	963	259,194	8,784	267,978	160,787	107,191
Audit Services Manager	58,024	5,008	63,032	9,632	72,664	43,598	29,066
Democratic & Community Services Manager	58,024	963	58,987	9,632	68,619	34,310	34,309
Finance & Procurement Manager	58,706	963	59,669	9,745	69,414	34,707	34,707
Regeneration Manager**	15,754	321	16,075	2,615	18,690	9,345	9,345
Operations Manager Environmental Services (Regulatory)	58,257	6,181	64,438	9,671	74,109	37,055	37,054
Operations Manager Contract Management	58,024	963	58,987	9,632	68,619	37,740	30,879
Operations Manager Direct Services	58,024	963	58,987	9,632	68,619	27,448	41,171
	1,103,691	**42,843**	**1,146,534**	**149,131**	**1,295,665**	**744,026**	**551,639**

* Left December 2018
** Left July 2018

2017/18 Comparatives

Senior Officers with salary between £50,000 and £150,000 during 2017/18:

2017/18	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to SMDC	Net Charge to HPBC
	£	£	£	£	£	£	£
Executive Director	97,546	963	98,509	12,096	110,605	49,772	60,833
Organisational Development & Transformatio	51,823	811	52,634	6,426	59,060	23,685	35,375
Legal & Electoral Services Manager	52,534	727	53,261	6,507	59,768	24,002	35,766
Visitor Services Manager	60,526	811	61,337	0	61,337	24,596	36,741
Asset Manager	58,788	727	59,515	7,290	66,805	22,124	44,681
Operational Manager - Planning & Building Co	54,681	963	55,644	6,780	62,424	31,212	31,212
Operational Manager - Housing & Benefits	52,061	963	53,024	6,455	59,479	11,896	47,583
Operational Manager - Customer Services	54,681	963	55,644	6,780	62,424	28,091	34,333
	482,640	**6,928**	**489,568**	**52,334**	**541,902**	**215,378**	**326,524**

Recharge from Staffordshire Moorlands D.C:

2017/18	Salary, Fees and Allowances	Expenses Allowances	Total (excl Pension cont)	Pension Contribution	Total(inc Pension cont)	Proportion of Total charged to HPBC	Net Charge to SMDC
	£	£	£	£	£	£	£
Senior Officer with Salary over £150,000							
Chief Executive Officer - S Baker	160,947	25,486	186,433	27,629	214,062	127,409	86,653
Senior Officers with Salary over £50,000 to £150,000							
Executive Director & Chief Financial Officer	122,807	6,740	129,547	20,386	149,933	89,960	59,973
Executive Director & Monitoring Officer	117,759	3,244	121,003	19,527	140,530	84,318	56,212
Head of Customer Services	68,403	963	69,366	11,355	80,721	56,505	24,216
Head of Operational Services	68,403	963	69,366	11,355	80,721	48,433	32,288
Audit Services Manager	56,886	4,774	61,660	9,443	71,103	42,662	28,441
Democratic & Community Services Manager	56,886	963	57,849	9,443	67,292	33,646	33,646
Finance & Procurement Manager	56,886	963	57,849	9,443	67,292	33,646	33,646
Regeneration Manager	56,886	963	57,849	9,443	67,292	33,646	33,646
Operations Manager Environmental Services (	54,681	5,443	60,124	9,077	69,201	34,601	34,600
Operations Manager Contract Management	54,681	963	55,644	9,077	64,721	35,597	29,124
Operations Manager Direct Services	54,768	963	55,731	9,092	64,823	25,929	38,894
	929,993	**52,428**	**982,421**	**155,270**	**1,137,691**	**646,352**	**491,339**

Termination benefits paid to the Authority's non-senior employees

The Authority, in conjunction with Staffordshire Moorlands DC, entered into a joint Voluntary Redundancy process during 2010/11, whereby the contracts of a number of employees were approved for termination. No new departures were approved in 2018/19 although some additional costs were incurred on departures that took place in the year, which had been approved and charged to previous years. These costs are reflected in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0-£20,000	0	0	1	0	1	0	30	0
£20,001 - £40,000	0	0	0	0	0	0	0	13
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**1**	**0**	**1**	**0**	**30**	**13**

Pension Fund strain payments were also made in 2017/18, in respect of a departure that took place in 2016/17.

No shared, non-senior employees left High Peak in either 2017/18 or 2018/19; consequently, no recharge of cost has been made to Staffordshire Moorlands DC.

Similarly, no recharge has been made by Staffordshire Moorlands DC for shared non-senior employees as no such departures have taken place in 2018/19 (£70,938 was paid in 2017/18). High Peak BC remains liable for £173,238 in future pension fund costs associated with previous departures.

One senior manager left Staffordshire Moorlands DC under the voluntary redundancy programme in 2018/19. High Peak Borough Councils share of these costs are shown in the Senior Officer Remuneration tables above.

2d. Related Party Transactions

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

Related Parties:

Central Government - has effective control over general operations of the Council. It provides the statutory framework, provides the majority of funding and prescribes the terms of many transactions with other parties (such as housing benefit).

Local Authorities – such as Derbyshire County Council, Derbyshire Fire Authority, the Office of the Police & Crime Commissioner - Derbyshire, and local Town and Parish Councils issue precepts on the Council which are shown in the Collection Fund. The County administers the Authority's pension fund. There are other transactions with these authorities involving service provision and funding.

Subsidiary, associated companies or joint ventures.
– The Strategic Alliance with Staffordshire Moorlands District Council involves development of joint working at all levels including shared resources and staff. The two Authorities however retain their political and financial independence and accountability.
– The Strategic Alliance has joined with Ansa, which is a wholly owned subsidiary of Cheshire East Council, to create a joint operation called Alliance Environmental Services (AES) to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. As a joint operation AES transactions and balances are fully consolidated into these Statements.
Section 2f gives further detail about the Alliance and AES.

Members - have direct control over the Council's financial and operating policies. The Council also nominates Members to sit on outside bodies. Several Council Members are also Members of Derbyshire County Council, local parish councils, or various local voluntary organisations, which the Council supports financially such as High Peak Theatre Trust.
Five charitable organisations, where Members have declared an interest, received Authority funding that could be considered a material proportion of their total turnover;

Charity	Funding £000
Buxton Crescent Heritage Trust	140
High Peak Citizens Advice Bureau	25
High Peak Theatre Trust	50
Crossroads Derbyshire	20
Glossop & District Volunteer Centre	20

Council members make disclosures of relevant interests to the Council's Monitoring Officer, and also have to make declarations on individual committee decisions. The Register of Member Interests is open to public inspection, subject to prior notice, at The Glossop One Stop Shop at the Municipal Buildings, Glossop.

Officers – have scope, in some circumstances, to influence Authority policy. The Chief Executive Officer maintains a record of officer interests, which together with the Authority's standards and procedures, acts as a guard against undue influence.

Related Party Transactions:

Material transactions with Central and other Local Government organisations are separately reported throughout the Statements, including the analyses of precepts, grants and pension contributions. There are no material transactions or evidence suggesting undue influence in relation to Members or Officers.

2e. External Audit Costs

The costs set out below have been incurred in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2017/18 £000	2018/19 £000
Fees payable to the appointed auditors for external audit services carried out for the year	47	37
Fees payable to the external auditor for the certification of grants claims and returns for the year	11	12
Fees payable in respect of other services provided by the external auditors during the year	11	11
Total	**69**	**60**

2f. Interests in companies & other entities and Joint Arrangements

The Council actively pursues working in partnership with other organisations where this can improve efficiency and effectiveness in achieving key priorities. Some of the more significant joint arrangements are detailed below:

Staffordshire Moorlands District Council - Strategic Alliance

On 11th June 2008, the strategic Alliance between High Peak Borough Council and Staffordshire Moorlands District Council was formally sealed at a signing ceremony in the presence of both Council leaders. The aim of the Alliance is not only to produce savings through joint procurement and working, but to draw on the expertise of both Authorities to improve service provision.

Any costs and savings, incurred and accruing in an accounting period, are accounted for by the relevant Authority. The Alliance related expenditure of HPBC amounted to £3,539,159 in 2018/19 (£3,509,208 in 2017/18). The corresponding income received from SMDC was £3,022,712 in 2017/18 (£3,225,596 in 2017/18).

	Paid by HPBC to SMDC £000	Paid by SMDC to HPBC £000
Contribution to Employee Costs	2,168	2,442
Contribution to Other Costs	855	1,097
Total	**3,023**	**3,539**

Alliance Environmental Services Ltd - (Registered company number 10760856)

Alliance Environmental Services Ltd (AES) is a company created with a vision to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. The company has three shareholders: High Peak Borough Council, Staffordshire Moorlands District Council and Ansa, which is a wholly owned subsidiary of Cheshire East Council.

The company was incorporated under the Company Act 2006 on 9 May 2017 as a private company limited by shares. It has issued ordinary shares of £1.00 each in the volume of 150 to Ansa, 25 to High Peak Borough Council and 25 to Staffordshire Moorlands District Council. The registered office of the company is c/o Ansa Environmental Services Ltd, Brooks Lane, Middlewich, CW10 0JG.

Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. This followed the end of the previous contract with Veolia Environmental Services. Phase 2 commenced on 1st July 2018 to deliver waste services to Staffordshire Moorlands District Council and fleet management services to the Alliance as a whole.

The relationship between the shareholders has been assessed to establish the nature of the collaborative activity and how this should be presented in the Council's financial statements. There is a signed shareholders' agreement between all three parties setting out terms and conditions on which all parties have agreed to participate in the company and the rights and obligations of each of them as its members, thus the collaborative activity constitutes an arrangement. Furthermore, specific clauses in the agreement confirm that unanimous consent is implicit in the agreement, therefore the authority has joint control of the arrangement.

The agreement indicates that the authority has rights to the assets and obligations for the liabilities of the company, rather than rights to net assets, therefore the arrangement is classified as a Joint Operation. A joint operation does not require separate group accounts, instead the authority's share of the balances, income and expenditure and cash flows of the company are consolidated line by line into the authority's own Comprehensive Income and Expenditure Statement, Cash Flow Statement and Balance Sheet. This consolidation has the effect of analysing the elements of the management fee paid to AES for service delivery between employees, transport, supplies & services and 3rd party income and brings in the surplus achieved on the company's profit and loss showing the overall cost of the service.

The company has reported a profit at the balance sheet date of £109,000, which is held on the company's balance sheet in reserves.

2017/18	AES Income and Expenditure Statement	2018/19
£000		**£000**
(2,191)	Turnover	(6,073)
1,923	Cost of Sales	5,417
(268)	**Gross Profit**	**(656)**
212	Administrative Expenses	555
(56)	**Profit from Operating Activities**	**(101)**
0	Finance Costs	9
18	Corporation Tax Expense/ (refund)	(17)
(38)	**(Profit)/Loss for Year**	**(109)**

31 March 2018 £'000	AES Balance Sheet	31 March 2019 £'000
0	Non Current Assets	219
617	Current Assets	1,466
617	**TOTAL ASSETS**	**1,685**
(579)	Current Liabilities	(1,431)
0	Long Term Liabilities	(107)
(579)	**TOTAL LIABILITIES**	**(1,538)**
38	**TOTAL NET ASSETS**	**147**
	Capital and Reserves	
38	Retained Earnings	147
38	**TOTAL RESERVES**	**147**

During the year AES has provided services in proportion of 44% to High Peak Borough Council and 56% to Staffordshire Moorlands District Council. Therefore these proportions of the Income Statement and Balance Sheet are consolidated into the respective Councils' financial statements.

3. Corporate Income and Expenditure

The following transactions, included in the Comprehensive Income & Expenditure Statement, are considered in more detail:

a. Other Operating Expenditure
b. Financing & Investment Income & Expenditure
c. Taxation and non-specific grant income
d. Grant income

3a. Other Operating Expenditure –

2017/18 £'000		2018/19 £'000
560	Parish Council Precepts	580
404	Payments to the Government Housing Capital Receipts Pool	432
(1,692)	Capital Receipts	(1,750)
4,078	Derecognition and Disposal Value of Fixed Assets	6,975
3,350	**Total**	**6,237**

3b. Financing and Investment Income and Expenditure –

2017/18 £'000		2018/19 £'000
2,776	Interest payable and similar charges	2,714
1,137	Pensions interest cost and expected return on pensions assets	1,152
(99)	Interest receivable and similar income	(152)
0	Changes in the fair value of Investment Properties	(94)
3,814	**Total**	**3,620**

3c. Taxation and Non-Specific Grant income –

2017/18 £'000		2018/19 £'000
(6,028)	Council Tax income	(6,285)
(1,935)	Business Rates Retention	(2,527)
(2,597)	Non ringfenced Government Grants	(2,213)
(46)	Capital Grants and Contributions	0
(10,606)	**Total**	**(11,025)**

3d. Grant Income

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

	2017/18 £000	2018/19 £000
Credited to Taxation and Non-specific Grant Income		
Revenue Support Grant	(616)	(205)
New Homes Bonus	(725)	(532)
Business Rates Grants	(1,256)	(1,476)
Total	**(2,597)**	**(2,213)**
Capital Grants		
Other Grants & Contributions	(46)	0
Total	**(46)**	**0**
Credited to Services		
Capital Grants		
Decent Homes/Private Sector & Disabled Facilities Grant	(462)	(501)
Second Homes Grant	(50)	(45)
Total	**(512)**	**(546)**
Housing Benefit Subsidy	(19,773)	(19,236)
Housing Benefit Administration Grant	(262)	(241)
New Burdens Grant	(124)	(212)
Shared Amenities	(81)	(81)
Homelessness	0	(85)
Local Council Tax Reduction Scheme Admin Grant	(154)	(136)
IER Section 31 Grant	(30)	(46)
Second Homes Grant	(15)	0
Other Third Party Funds	(370)	(220)
Total	**(21,321)**	**(20,803)**

4. Termination Benefits

Now included within Note 2c (Officer Remuneration) above.

5. Retirement Benefits

The impact of accounting for retirement benefits on the Council's Statement of Accounts is considered in the following sections;

a. Participation in Pension Schemes
b. Transactions relating to retirement benefits
c. Assets and Liabilities in relation to retirement benefits
d. Scheme history
e. Basis for estimating assets and liabilities
f. Sensitivity to changes in actuarial assumptions
g. Impact of the McCloud judgment and guaranteed minimum pension (GMP) equalisation

5a. Participation in Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlements. Employees of High Peak Borough Council are admitted to the Derbyshire County Council Pension Fund, which is administered by Derbyshire County Council under the Regulations governing the Local Government Pension Scheme (LGPS). Decisions relating to the administration of the Fund are delegated to the Pensions Committee, a body made up of elected members. Further information can be found in the Pension Fund section of the County Council's website (www.derbyshire.gov.uk)

The LGPS is a funded as well as a Defined Benefit Scheme. This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employer contribution rates are set by Hymans Robertson LLP, the Pension Fund's professionally qualified and independent actuary, and are based on triennial valuations of the Fund. The Fund underwent a valuation as at 31st March 2016 which set the required employer contribution rates for the three years commencing 1st April 2017. A further actuarial valuation is to be undertaken during the course of 2019. As the Fund is effectively underwritten by the employers, any deterioration in performance can have serious long term financial consequences for the Council. Steps have been taken nationally to mitigate this risk to the local taxpayer, by reforming the LGPS and introducing a greater element of future cost sharing between the scheme employers and the scheme beneficiaries. A legal challenge to these reforms is currently on-going (see section 5g below).

During the course of 2018/19 the Council took the opportunity to re-incorporate into its portion of the Pension Fund, those employees who transferred to Alliance Environmental Services (AES) from Veolia Environmental Services in August 2017. This brings the Fund membership into line with IAS19 accounting, which includes the pension liabilities of AES pooled with the rest of the Council's post retirement benefits. This increased the Authority's historic pension liability by £637,000 necessitating a restatement of the 2017/18 Balance Sheet to reflect this change, which is further reflected in the restated previous year information in the following notes.

5b. Transactions Relating to Post-Retirement Benefits

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

Local Government Pension Scheme	**£000**	**£000**	**£000**
	2017/18	**2017/18 Restated**	**2018/19**
Cost of Services:			
Current service cost	(2,529)	(2,664)	(2,797)
Past service costs (incl curtailments)	(26)	(26)	(578)
Net Interest			
Interest cost on defined benefit obligation	(3,126)	(3,195)	(3,373)
Interest income on plan assets	1,989	2,042	2,221
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	**(3,692)**	**(3,843)**	**(4,527)**
Remeasurements of the net defined benefit comprising:			
Changes in financial assumptions	2,327	2,428	(7,781)
Other experience	42	42	(34)
Return on assets excluding amounts included in net interest	765	993	2,631
Total post employment benefit charged to the Comprehensive Income & Expenditure Statement	**(558)**	**(380)**	**(9,711)**
Movement in Reserve Statement:			
• reversal of net charges made to the surplus or deficit for the Provision of Services for post-employment benefits in accordance with the Code	3,692	3,843	4,527
Actual amount charged against the General Fund Balance for pensions in the year:			
• employers contributions payable to scheme	**2,701**	**2,755**	**2,823**

The Comprehensive Income & Expenditure Statement shows the net cost of the defined pension benefit liability as being £3,847,000. This figure takes into account the actual payments made to the Fund during the year. This differs from the Pension disclosures in note 5, which include the estimated employer pension contributions used by the actuary in preparing the IAS19 report. The table below reconciles this difference and provides further detail:

Difference on remeasurement of net defined benefit liability compared with CIES	**2018/19 £000**	**2018/19 £000**
CIES Remeasurement of net defined benefit liability		5,168
Pensions - Total post employment benefit charged to services (above)	(4,527)	
Pensions - Total post employment benefit charged to CIES (above)	(9,711)	
		(5,184)
Difference on CIES compared with Note 5		**(16)**
Employer Contributions to Fund:		
Actuarial estimate for IAS19 purposes	2,823	
Actual contributions accounted for in 2018/19	2,807	
Difference on Estimation		**16**

5c. Assets and Liabilities in Relation to Retirement Benefits

The pension liability reported on the Balance Sheet shows the Council's projected liability on its share of the Derbyshire Pension Fund. This represents the underlying commitment to pay retirement benefits in the long run. It is actually a net figure comprising the following overall assets and liabilities for the Council's share of the Scheme.

High Peak Borough Council share of Pension Fund assets and liabilities:

Year Ended	**31-Mar-18 £'000**	**Restated 31-Mar-18 £'000**	**31-Mar-19 £'000**
Estimated Liabilities in the Scheme	(125,606)	(129,678)	(141,161)
Estimated Assets in the Scheme	82,157	85,592	90,187
Net Asset / (Liability) arising from Defined Benefit Obligation	**(43,449)**	**(44,086)**	**(50,974)**

The £6.89 million increase in the net liability between years is mainly as a result of a fall in the discount rate used to forecast future asset and obligation values as well as the impacts of the McCloud judgement and GMP equalisations referred to in 5g below. The relative movement in individual asset and liability valuations are set out in the following two tables.

Reconciliation of Liabilities (Obligations):

Year Ended	31-Mar-18 £'000	Restated 31-Mar-18 £'000	31-Mar-19 £'000
Opening Defined Benefit Obligation	**125,402**	**125,402**	**129,678**
Current service cost	2,529	2,664	2,797
Interest cost on defined benefit obligation	3,126	3,195	3,373
Plan participants' contributions	402	422	451
Changes in financial assumptions	(2,327)	(2,428)	7,781
Other experience	(42)	(42)	34
Unfunded benefits paid	(124)	(124)	(122)
Benefits paid	(3,386)	(3,386)	(3,409)
Effects of business combinations and disposals	0	3,949	0
Past service cost (incl curtailments)	26	26	578
Closing Balance at 31 March	**125,606**	**129,678**	**141,161**

Reconciliation of Fair Value of Employer Assets:

Year Ended	31-Mar-18 £'000	Restated 31-Mar-18 £'000	31-Mar-19 £'000
Opening Fair Value of Scheme Assets	**79,810**	**79,810**	**85,592**
Interest on plan assets	1,989	2,042	2,221
Plan participants' contributions	402	422	451
Contributions by the employer	2,577	2,631	2,701
Contributions in respect of unfunded benefits	124	124	122
Return on assets (excl amounts included in net interest)	765	993	2,631
Unfunded benefits paid	(124)	(124)	(122)
Effects of business combinations and disposals	0	3,080	0
Benefits paid	(3,386)	(3,386)	(3,409)
Closing balance at 31 March	**82,157**	**85,592**	**90,187**

The profile of the scheme's liabilities is summarised in the table below:

Profile of Liabilities	Liability split 31.3.2019	Weighted Average Duration
Active members	36.50%	23.2
Deferred members	25.30%	22.8
Pensioner members	38.20%	11.6
Total	**100.00%**	**17.0**

* The Weighted Average Duration is a reflection of the average time until payment of all expected future discounted cash flows. It is determined based on membership and the financial and demographic assumptions used in the most recent actuarial valuation. The shorter the duration, the more 'mature' the employer.

5d. Scheme History

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Restated 2017/18 £000	2018/19 £000
Present Value of Liabilities:						
Estimated Liabilities in the Scheme	(114,201)	(104,704)	(125,402)	(125,402)	(129,678)	(141,161)
Estimated Assets in the Scheme	67,262	66,802	79,810	79,810	85,592	90,187
Surplus / (Deficit)	**(46,939)**	**(37,902)**	**(45,592)**	**(45,592)**	**(44,086)**	**(50,974)**

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £50.974 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which now stands, after taking into account these pension costs, at an overall balance of £127.272 million.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit in the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

In the year ending 31 March 2020 contributions of £2,685,000 are expected to be made into the Fund

5e. 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 dependant on assumptions about salary levels, mortality rates, etc.

The scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Their estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31st March 2016.

The principal assumptions used by the actuary have been:

Financial Assumptions

Financial Assumptions as at	31st March 2018 (% per annum)	31st March 2019 (% per annum)
Salary Increase Rate	2.90%	3.00%
Pension Increase Rate	2.40%	2.50%
Discount Rate	2.60%	2.40%

Mortality Assumptions

	31st March 2018		31st March 2019	
Longevity beyond age 65	Males	Females	Males	Females
Current Pensioners	21.9 Years	24.4 Years	21.9 Years	24.4 Years
Future Pensioners	23.9 Years	26.5 Years	23.9 Years	26.5 Years

Commutation Assumptions

An allowance is included for 50% (50% in 2017/18) of future retirements to elect to take additional tax-free cash up to HMRC limits and 75% of the maximum tax-free cash for post- April 2008 service.

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

Asset category	31st March 2018 Fund Value £'000	31st March 2018 Asset Distribution %	31st March 2019 Fund Value £'000	31st March 2019 Asset Distribution %
Equity Securities				
Consumer	5,281	6	5,479	6
Manufacturing	7,215	9	5,692	6
Energy & Utilities	4,496	5	3,987	4
Financial Instruments	5,688	7	4,392	5
Health & Care	2,834	3	2,857	3
Information Technology	2,442	3	2,154	2
Other	9,361	11	9,639	11
Debt Securities				
Corporate Bonds (investment grade)*	6,472	8	9,512	11
UK Government	7,767	9	8,402	9
Other	1,280	2	1,756	2
Private Equity				
All	1,117	1	1,257	1
All*	545	1	1,205	1
Real Estate				
UK Property*	5,405	7	7,194	8
Investment Funds and Unit Trusts				
Equities	15,635	19	15,886	18
Infrastructure	1,261	2	1,422	2
Infrastructure *	1,412	2	2,189	3
Cash and Cash Equivalents				
All	3,946	5	7,164	8
Total	**82,157**	**100**	**90,187**	**100**

* denotes asset prices not quoted in an active market

5f. Sensitivity to Changes in Actuarial Assumptions

The assumptions made by the actuary are subject to change between valuation dates as a result of variations in such factors as longevity, investment return and inflation. The table below illustrates the sensitivity to such changes and the consequent impact on the employer liability:

Sensitivity Analysis -change in assumptions at 31/3/2019	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	10.00%	14,182
0.5% increase in the Salary Increase Rate	1.00%	1,594
0.5% Increase in the Pension Increase Rate	9.00%	12,374

5g. Impact of McCloud Judgment and Guaranteed Minimum Pension Equalisation

The McCloud judgement relates to a legal challenge by members of the New Judicial Pension Scheme against the age-based transitional provisions put into place when new pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. A Tribunal ruled against the Government, deeming that the transitional provisions were not a proportionate means of achieving a legitimate aim. Leave to appeal this ruling to the Supreme Court was denied in late June 2019 and the implications of this ruling are now expected to apply to the LGPS. Benefits accrued from 2014 may need to be enhanced to extend the transitional underpin arrangements to all members. The Actuary has reflected the estimated costs of this in the IAS19 report, on which the pension aspects of these statements are prepared. The McCloud Judgement impacts for High Peak BC are included in the figures above as a £360,000 (0.3%) adjustment to total liabilities.

Guaranteed minimum pension (GMP) was accrued by members of the LGPS between 6 April 1978 and 5 April 1997. The introduction of the new Single State Pension in April 2016 brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits. The responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes with the effect of increasing costs for LGPS employers. The actuary has estimated the impact on High Peak BC as being a £220,000 (0.2%) increase to total liabilities. This is included in the figures above.

6. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the 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.

2018/19	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(2,087)	0	0	0	0	2,087
Charges for depreciation - HRA	0	(2,062)	0	0	0	2,062
Impairment / Revaluation losses charged to CIES	0	(465)	0	0	0	465
Impairment Written Back - Revaluation Gain	29	3,568	0	0	0	(3,597)
Movements in the fair value of Investment Properties	94	0	0	0	0	(94)
Amortisation of intangible assets	(5)	0	0	0	0	5
Capital Grants and contributions applied to capital	279	0	0	0	0	(279)
Revenue expenditure funded from capital under statute	(449)	0	0	0	0	449
Amounts of non-current assets written off on disposal or sale	(320)	(1,094)	0	0	0	1,414
Derecognition of non-current assets written off on disposal or sale	(2,844)	(2,717)	0	0	0	5,561
Transfer to MRR	0	2,062	0	(2,062)	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	2,062	0	(2,062)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	775	0	0	0	0	(775)
Voluntary provision for the financing of capital investment	0	1,000	0	0	0	(1,000)
Capital Grants and contributions unapplied credited to the CIES	0	0	0	0	0	0
Employers Contribution to pension schemes	3,004	(197)	0	0	0	(2,807)
Adjustments primarily involving the Capital Grants unapplied Account						
Applications of grants to capital financing from the Capital Grant Unapplied Account	0	0	0	0	6	(6)
Capital Expenditure from the unapplied capital grants account	267	0	0	0	(267)	0
Use of Earmarked Capital Reserve to fund capital expenditure	1,090	1,009	0	0	0	(2,099)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	460	1,317	(1,777)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	555	0	0	(555)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals	0	(27)	27	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(432)	0	432	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	0	0	(1)	0	0	1
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	46	13	0	0	0	(59)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(4,527)	0	0	0	0	4,527
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax and business rates income calculated for the year in accordance with statutory requirements	957	0	0	0	0	(957)
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	4	0	0	0	0	(4)
Total Adjustments	**(3,659)**	**2,407**	**(764)**	**0**	**(261)**	**2,277**

2017/18 Comparative Figures	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repair Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation - GF	(2,221)	0	0	0	0	2,221
Charges for depreciation - HRA	0	(2,019)	0	0	0	2,019
Impairment / Revaluation losses charged to CIES	(702)	(419)	0	0	0	1,121
Impairment Written Back - Revaluation Gain	203	3,762	0	0	0	(3,965)
Movements in the fair value of Investment Properties	0	0	0	0	0	0
Amortisation of intangible assets	(11)	0	0	0	0	11
Capital Grants and contributions applied to capital	372	0	0	0	0	(372)
Revenue expenditure funded from capital under statute	(584)	0	0	0	0	584
Amounts of non-current assets written off on disposal or sale	0	(1,243)	0	0	0	1,243
Derecognition of non-current assets written off on disposal or sale	(130)	(2,722)	0	0	0	2,852
Transfer to MRR	0	2,019	0	(2,019)	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	2,019	0	(2,019)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	835	0	0	0	0	(835)
Voluntary provision for the financing of capital investment	0	1,249	0	0	0	(1,249)
Capital Grants and Contributions unapplied to the CIES	0	0	0	0	0	0
Employers Contribution to pension schemes	2,877	(187)	0	0	0	(2,690)
Adjustments primarily involving the Capital Grants unapplied Account						
Application of grants to capital financing, transferred to Capital Adjustment Account	0	0	0	0	4	(4)
Capital Expenditure from the unapplied capital grants account	205	0	0	0	(205)	0
Use of Earmarked Capital Reserve to fund capital expenditure	61	717	0	0	0	(778)
Adjustments primarily involving the Capital Receipts Reserve						
Transfers of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	52	1,691	(1,743)	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	693	0	0	(693)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current assets disposals	0	(33)	33	0	0	0
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(404)	0	404	0	0	0
Adjustments primarily involving the Financial Instruments Adjustment						
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(26)	85	0	0	0	(59)
Adjustments primarily involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,693)	0	0	0	0	3,693
Adjustments primarily involving the Collection Fund						
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(952)	0	0	0	0	952
Adjustments primarily involving the Accumulated Absence Account						
Amount by which officer remuneration charged to CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirement	0	0	0	0	0	0
Total Adjustments	**(4,118)**	**2,900**	**(613)**	**0**	**(201)**	**2,032**

7. Capital

This note is broken down into a number of sections covering:

a. Property, Plant & Equipment
b. Investment Properties
c. Assets Held for Sale
d. Valuation information
e. Capital expenditure & financing
f. Information on assets held
g. Commitments on capital contracts
h. Assets Held under Leases–Authority as Lessee
i. Assets Held for Leases – Authority as Lessor

7a. Property, Plant & Equipment

The table below analyses capital expenditure, disposals, revaluations and depreciation charged on the property, plant and equipment assets of the Council.

Movements in 2018/19	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At April 2018	**167,101**	**44,712**	**3,729**	**98**	**2,259**	**5,416**	**5,146**	**228,461**
Additions	3,182	1,700	1,029	0	13	0	855	**6,779**
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	3,597	3,455	0	0	0	600	0	**7,652**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,153	(70)	0	0	0	0	0	**1,083**
Derecognition - Disposals	(1,107)	(320)	(69)	0	0	0	0	**(1,496)**
Derecognition - Other *	(2,717)	(2,843)	(22)	0	0	0	0	**(5,582)**
Other movements in Cost or Valuation	0	2,577	96	0	65	(365)	(2,277)	**96**
At 31 March 2019	**171,209**	**49,211**	**4,763**	**98**	**2,337**	**5,651**	**3,724**	**236,993**
Accumulated Depreciation & Impairment								
At April 2018	**0**	**(592)**	**(2,103)**	**0**	**(7)**	**0**	**0**	**(2,702)**
Depreciation Charge	(1,963)	(1,856)	(330)	0	0	0	0	**(4,149)**
Depreciation written out to the Revaluation Reserve	0	1,633	0	0	0	0	0	**1,633**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,950	99	0	0	0	0	0	**2,049**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	13	0	69	0	0	0	0	**82**
Derecognition - Other	0	0	21	0	0	0	0	**21**
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	**0**
At 31 March 2019	**0**	**(716)**	**(2,343)**	**0**	**(7)**	**0**	**0**	**(3,066)**
Net Book Value								
at 31st March 2019	**171,209**	**48,495**	**2,420**	**98**	**2,330**	**5,651**	**3,724**	**233,927**
at 31st March 2018	**167,101**	**44,120**	**1,626**	**98**	**2,252**	**5,416**	**5,146**	**225,759**

* *Derecognition Other* – this represents the value of capital expenditure in the year which has been written out in accordance with the Council's de-recognition accounting policy because it is deemed to have had no impact on the value of assets as reported in the balance sheet.

The Property, Plant & Equipment 2017/18 comparative figures are illustrated below:-

Movements in 2017/18	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation								
At April 2017	**164,064**	**39,949**	**3,951**	**0**	**2,259**	**6,456**	**3,552**	**220,231**
Additions	3,076	500	183	0	0	0	2,129	5,888
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	2,512	4,364	0	0	0	(340)	0	6,536
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,429	(3)	0	0	0	(702)	0	724
Derecognition - Disposals	(1,258)	0	0	0	0	0	0	(1,258)
Derecognition - Other*	(2,722)	(125)	(405)	0	0	0	0	(3,252)
Other movements in Cost or Valuation	0	27	0	98	0	2	(535)	(408)
At 31 March 2018	**167,101**	**44,712**	**3,729**	**98**	**2,259**	**5,416**	**5,146**	**228,461**
Accumulated Depreciation & Impairment								
At April 2017	**0**	**(2,187)**	**(2,156)**	**0**	**(7)**	**0**	**(410)**	**(4,760)**
Depreciation Charge	(1,928)	(1,964)	(347)	0	0	(1)	0	**(4,240)**
Depreciation written out to the Revaluation Reserve	0	3,352	0	0	0	3	0	**3,355**
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,913	207	0	0	0	0	0	**2,120**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	**0**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	15	0	0	0	0	0	0	**15**
Derecognition - Other	0	0	400	0	0	0	0	**400**
Other movements in Depreciation & Impairment	0	0	0	0	0	(2)	410	**408**
At 31 March 2018	**0**	**(592)**	**(2,103)**	**0**	**(7)**	**0**	**0**	**(2,702)**
Net Book Value								
at 31st March 2018	**167,101**	**44,120**	**1,626**	**98**	**2,252**	**5,416**	**5,146**	**225,759**
at 31st March 2017	**164,064**	**37,762**	**1,795**	**0**	**2,252**	**6,456**	**3,142**	**215,471**

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwellings - 50 to 70 years
- Buildings - Up to 50 years
- Vehicles, Plant, Furniture & Equipment - 3 to 15 years`

7b. Investment Properties

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

	2017/18 £000	2018/19 £000
Balance at start of the year	1,043	1,043
Net gain /(loss) from fair value adjustments	0	94
Balance at end of year	**1,043**	**1,137**

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 3 (unobservable inputs) for valuation purposes (see accounting policy 23 for an explanation of fair value levels). There were no transfers between levels 1, 2 and 3 during the year.

Valuation Techniques used to determine level 3 Fair Values for Investment Properties

The fair value of investment property has been measured using the Investment Method of Valuation. The valuers have used a desktop valuation relying on data sourced from the Council's property records. Valuations have taken account of the following factors: existing lease terms and rentals taken from the tenancy schedule, independent research into market evidence including Market rentals and yields, and then adjusted to reflect the nature of each business tenancy or void and the covenant strength for existing tenants.

There has been no change in the valuation techniques used during the year for investment properties. The table below sets out the basis for the level 3 unobservable inputs applied in the valuation process:-

Investment Properties	As at March 2019	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Range (weighted average used)	Sensitivity
	£'000s				
Land	253	Market & Income Approach	Adjusted market evidence of rental lettings and sales of similar properties and investment yields	Rental rangec.£7.5 to £25 per square foot. Investment Yields c.5% -12% Land £2.5k per acre	Significant changes to the individual inputs in rental growth; vacancy levels and investment yields could affect the reported value.
Building	884				

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 deemed to be their current use.

7c. Assets Held for Sale

The Council does not currently have any assets classified as 'assets held for sale'.

7d. Valuation Information

Under statute the Council carries out a rolling programme that ensures that all Property measured at current value or fair value as appropriate is revalued at least every five years. In addition to this requirement, the council now revalue all their high value assets annually; the total value of these assets in 2019 was £34.7m. The Council's de minimis policy excludes the requirement to formally revalue assets with a current carry value of below £10,000; however these assets are still subject to an internal desk top valuation. No changes were made to the value of this group of assets as a result of the internal review. All external valuations were carried out by Urban Vision Partnership Limited, the Council's valuing agents. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The effective date of each revaluation was 31st March 2019.

The significant assumptions applied in estimating the valuations are:

- that good title can be shown and all valid planning permissions and statutory approvals are in place;

- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter; and
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

The valuation report and annual assessment for “indications” of impairment have been undertaken by Stephen Gwatkin MRICS (Senior principal surveyor), Urban Vision. There was no evidence of individual assets that had been impaired due to fire or other event consequently there was no requirement for an impairment review.

Following the adoption of IFRS 13 all surplus assets were re-valued at 31st March 2016. These assets were previously valued at existing use ignoring any value attributable to alternative use of the land and/or property; assessment is now made at fair value, highest and best use at level 3 (under fair value hierarchy- see accounting policy 23 for fair value explanations). There were no transfers between levels 1, 2 and 3 during the year. In addition to the formal 5 year valuation these assets are individually reviewed by the valuer each year; his 2019 report identified valuation changes to two surplus assets.
The table below sets out the basis for the level 3 unobservable inputs applied in the valuation process:-

Surplus Assets	As at March 2019	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Range (weighted average used)	Sensitivity
	£'000s				
Land	5,636	Market & Income Approach	Adjusted market evidence of rental lettings and sale of similar properties and investment yields	Rental rate approx £11 per square foot. Investment Yields c.9% Land Values £2.88k to £500k per acre	Significant changes to the individual inputs in rental growth; vacancy levels and investment yields could affect the reported value.
Building	15				

There was one general fund capital disposal of land during the year.

Vehicles, plant, furniture and equipment are carried at depreciated historic cost as a proxy for current value.

The table below shows the profile of valuations supporting the Gross Book Value reported as at 31st March 2019.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Equipment £'000	Surplus Assets £'000	Community Assets £'000	Total £'000
Carried at Historic cost			4,763		2,337	**7,100**
Valued at Current Value as at:						
31st March 2019	171,209	38,824	0	5,651	0	**215,684**
31st March 2018	0	500	0	0	0	**500**
31st March 2017	0	1,985	0	0	0	**1,985**
31st March 2016	0	6,317	0	0	0	**6,317**
31st March 2015	0	1,585	0	0	0	**1,585**
Total Net Book Value	**171,209**	**49,211**	**4,763**	**5,651**	**2,337**	**233,171**

The value of the Authority's dwelling stock above is net of the nationally set vacant possession discount factor of 42% – see note 4 of the HRA supplementary statement (page 93).

7e. Capital Expenditure and Financing

The amount of capital expenditure incurred in the year was £7,368,000. Details are shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR) – this is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2017/18 £000	2018/19 £000
Opening Capital Financing Requirement	**78,784**	**79,305**
Capital Investment		
Property, Plant and Equipment	5,888	6,779
Revenue Expenditure Funded from Capital under Statute	584	449
Loan -Long Term Debtor	0	140
	6,472	**7,368**
Sources of Finance		
Capital Receipts	(693)	(555)
Government grant and other contributions	(376)	(285)
Sums set aside from revenue:		
Capital General Fund Reserves	(61)	(1,090)
Housing Revenue Balances	(2,736)	(3,071)
Minimum Revenue Provision	(2,085)	(1,775)
	(5,951)	**(6,776)**
Closing Capital Financing Requirement	**79,305**	**79,897**
Explanation of movements in year		
Increase in underlying need to borrow (supported by government financial assistance)	2,606	2,626
Finance Leases Repaid	0	(259)
Minimum Revenue Provision	(2,085)	(1,775)
Increase/ (Decrease) in Capital Financing Requirement	**521**	**592**
Net capital investment in year excluding finance leases added to Balance Sheet	*6,472*	*7,368*

Minimum Revenue Provision (MRP)

The Council is obliged to make an annual charge to revenue for unfinanced capital expenditure. The charge is known as Minimum Revenue Provision (MRP). The requirement is based on a simple duty for an authority to make an amount of MRP, which it considers to be "prudent". In 2018/19 the Council made MRP of £1,775,000
This is inclusive of £1m relating to housing debt liabilities taken on by the Council following the introduction in April 2012 of the new Self Financing regime; and £27,000 relating to the Council's liability to repay the principal element on vehicles acquired under finance leases. During 2018/19 the Council purchased outright vehicles held on finance leases. As a result the £259,000 balance outstanding on the finance lease relating to the vehicles has been cleared at 31st March 2019.

7f. Information on Assets Held

The main assets held by the Council are:

Non Current Asset	31-Mar 2018 (Number)	31-Mar 2019 (Number)
Council Dwellings	3,964	3,943
HRA Garages	582	582
Sports Centres and Pools	4	4
Offices and Admin Buildings	3	3
Depots	6	6
Car Parks	24	24
Public Conveniences	22	22
Principal Parks	7	7
Recreation / Play Areas	29	29
Cemeteries	4	4
Industrial / Commercial Sites	8	8
Markets	5	5
Historic Buildings	4	4
	4,662	4,641

7g. Construction Contracts & Capital Commitments

At 31 March 2019 the Council had no construction contracts in progress.

At 31 March 2019 the Council had not entered into any contracts for the construction or enhancement of Property, Plant and Equipment in 2018/19 and future years.

However, there are two significant projects committed in the capital programme with contracts yet to be agreed:

Scheme	Estimated Values £000	Period Investment will Take Place
Pavilion Gardens East and West Pavilion Refurbishment	493	2019-20
Rebuild River Supporting Wall Whaley Bridge	342	2019-20

7h. Assets Held under Leases - Authority as the Lessee:

Operating Leases

As well as some land and property held on operating lease, the Authority contract hired a number of vehicles and equipment during 2018/19. The associated Operating Lease and Contract Hire rentals paid in 2018/19 amounted to £0.997m (£0.147m in 2017/18).

The vehicles held under contract hire were subsequently returned or purchased from the contract hire company on 1st July 2019 therefore extinguishing the leases. The vehicles purchased have been added to the balance sheet as property, plant and equipment, but are no longer categorised as operating leases.

The minimum lease payments under operating leases in future years are:

	31 March 2018 £000	31 March 2019 £000
Not later than one year	119	63
Later than one year and not later than five	202	225
Later than five years	968	1,032
	1,289	**1,320**

7i. Assets Held under Leases - Authority as the Lessor:

Operating Leases

The Authority leases out assets under operating leases, acting as a lessor of commercial property, shops and market stalls. Income from these sources in 2018/19 totalled £0.227m (£0.231m in 2017/18).

The future minimum lease payments receivable under operating leases in future years are:

	31 March 2018 £000	31 March 2019 £000
Not later than one year	105	101
Later than one year and not later than five years	337	323
Later than five years	3,826	3,772
	4,268	**4,196**

The minimum lease payments receivable are at current rental levels.

8. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2018 £000	31 March 2019 £000
Cash held by the Council	5	2
Bank Current Accounts	1,456	1,443
Short-term deposits	5,810	7,274
Cash and Cash Equivalents Current Assets	**7,271**	**8,719**
Bank Overdraft	0	0
Cash and Cash Equivalents Current Liabilities	**0**	**0**
Total Cash and Cash Equivalents	**7,271**	**8,719**

9. Debtors

An analysis of the bodies and individuals owing money to the Council is as below:

	31 March 2018 £000	31 March 2019 £000
Central Government bodies	1,119	367
Other Local Authorities	2,098	425
Other entities and individuals	3,899	3,981
LESS Bad Debt Provisions	(952)	(1,060)
Total Short Term Debtors	**6,164**	**3,713**

10. Creditors

An analysis of the bodies and individuals to whom the Council owes money is as below:

	31 March 2018 £000	31 March 2019 £000
Central Government bodies	(638)	(1,076)
Other local authorities	(2,159)	(2,452)
Other entities and individuals	(3,430)	(3,599)
Total Short Term Creditors	**(6,227)**	**(7,127)**

11. Provisions

A Provision is made based on the best estimate of the potential liability arising from future backdated changes to NNDR rating list including appeals against rateable values lodged with the Valuation Office Agency.

NNDR Appeals Provision (Billing Authority Share)	31-Mar-18 £'000	31-Mar-19 £'000
Provision Brought Forward	(501)	(610)
Refunds charged to provision during the year	527	39
(Increase)/ decrease in provision	(636)	(976)
NNDR Appeals Provision Carried Forward	**(610)**	**(1,547)**

12. Usable Reserves

This note sets out the amounts included in Usable Reserves:

	Balance at 1 April 2017 £'000	Transfers out 2017/18 £'000	Transfers In 2017/18 £'000	Balance at 31 March 2018 £'000	Transfers out 2018/19 £'000	Transfers in 2018/19 £'000	Balance at 31 March 2019 £'000
General Fund Contingency Reserve	**2,832**	**(1,297)**	**1,738**	**3,273**	**(2,650)**	**1,382**	**2,005**
General Fund Earmarked Reserve:							
Capital Investment Reserve	84	(60)	750	774	(1,090)	816	500
Business Grant Incentive - Crescent Contingency	1,000	0	0	1,000	0	0	1,000
Election Reserve	161	0	40	201	0	40	241
Insurance Reserve	525	(1)	0	524	(5)	0	519
Pension Reserve	220	0	0	220	0	0	220
Efficiency and Rationalisation Reserve	100	0	0	100	0	100	200
Localising Council Tax Support	85	0	0	85	0	0	85
IT Strategy & Infrastructure	196	(96)	0	100	0	0	100
Regeneration Growth Project Support	70	(70)	0	0	0	0	0
Facilities Management Contract	97	(37)	0	60	(17)	9	52
WW1 Commemorations	9	0	0	9	(9)	0	0
Staff Conference	10	0	0	10	(10)	0	0
Street Scene	0	0	0	0	0	12	12
Property Condition Surveys	0	0	0	0	0	40	40
Other Earmarked Reserves	740	(228)	240	752	(116)	186	822
Total	**3,297**	**(492)**	**1,030**	**3,835**	**(1,247)**	**1,203**	**3,791**
HRA Reserves							
Housing Revenue Account	11,268	0	1,907	13,175	0	1,262	14,437
Major Repairs Reserve	0	(2,019)	2,019	0	(2,062)	2,062	0
Total HRA	**11,268**	**(2,019)**	**3,926**	**13,175**	**(2,062)**	**3,324**	**14,437**
Capital Reserves							
Capital Receipts Reserve	2,522	(693)	1,306	3,135	(555)	1,319	3,899
Capital Grants Unapplied	217	(4)	205	418	(6)	267	679
Total Capital Reserves	**2,739**	**(697)**	**1,511**	**3,553**	**(561)**	**1,586**	**4,578**
Total Usable Reserves	**20,136**	**(4,505)**	**8,205**	**23,836**	**(6,520)**	**7,495**	**24,811**

The Council's Revenue Reserves are either held as a contingency or are earmarked for specific purposes. A brief description of the significant reserves is given below:

Reserve	Nature of Reserve
Earmarked Reserves – Other	These are revenue reserves established on a short term basis for Council and Third Party funds to support future initiatives.
Capital Investment Fund	Earmarked to provide funding for the Council's Capital Strategy
Business Grant Incentive -Crescent Indemnity Fund	To ensure that the Council has adequate funds to support business development and meet any potential liability, such as that arising out of the works at Buxton Crescent.
Insurance Fund	To cover the cost of uninsured losses, to reduce risks, and to smooth out fluctuations in premium costs.
General Fund Contingency	Both as a contingency and to hold temporary balances to be fed back into the short term budgetary process.
Housing Revenue Account	Resources available to meet future running costs for Council houses.
IT Strategy and Infrastructure	To support the implementation of the Authority's IT Strategy
Pensions Fund	Towards future pension liabilities.
Localising Council Tax Benefits	To support the potential costs of localising Council Tax Benefit.
Street Scene	To support a Keep Britain Tidy campaign
Efficiency and Rationalisation	To support the on-going Efficiency Programme.
Property Condition Surveys	To fund a review of the condition of the Council's buildings to inform capital expenditure requirements
Facilities Management Contract	To fund costs associated with the review of the facilities management contract
Election Reserve	To spread the costs of election over a full term

13. Unusable Reserves

The total unusable reserves included on the balance sheet are shown in the table below:

31 March 2018 £000	Restated £000		31 March 2019 £000
34,412	34,412	Revaluation Reserve	42,066
113,522	113,522	Capital Adjustment Account	113,577
(2,279)	(2,279)	Financial Instruments Adjustment Account	(2,220)
2	2	Deferred Capital Receipts Reserve	2
(43,449)	(44,086)	Pensions Reserve	(50,974)
(849)	(849)	Collection Fund Adjustment Account	108
(102)	(102)	Accumulated Absences Account	(98)
101,257	**100,620**	**Total Unusable Reserves**	**102,461**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. 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.

2017/18 £000	Revaluation Reserve		2018/19 £000
25,654	**Balance at 1 April**		**34,412**
10,293	Upward revaluations of assets	9,285	
(402)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	
9,891	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		9,285
	Increase(decrease) in asset values		9,285
(1,103)	Difference between fair value depreciation and historical cost depreciation	(1,258)	
(30)	Accumulated gains on assets sold/scrapped/Other Movements	(373)	
(1,133)	Amount written off to the Capital Adjustment Account		(1,631)
34,412	**Balance at 31 March**		**42,066**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historic 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 gains recognised on donated assets that have yet to be consumed by the Authority.

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

2017/18 £000	Capital Adjustment Account	2018/19 GF	2018/19 HRA	2018/19 Total
112,525	**Balance at 1 April**			**113,522**
	Reversal of items relating to capital expenditure debited or credited to the CIES			
(4,240)	• Charges for depreciation of non-current assets	(2,087)	(2,062)	**(4,149)**
(304)	• Impairment	0	(465)	**(465)**
(817)	• Revaluation losses on Property, Plant and Equipment	0	0	**0**
3,965	• Impairment Reversal - Revaluation Gain	29	3,568	**3,597**
(11)	• Amortisation of intangible assets	(5)	0	**(5)**
(584)	• Revenue expenditure funded from capital under statute	(449)	0	**(449)**
(1,243)	• Amounts of non-current assets written off on disposal or sale	(320)	(1,094)	**(1,414)**
(2,852)	• Derecognition of non current assets	(2,844)	(2,717)	**(5,561)**
(6,086)				**(8,446)**
1,133	Adjusting amounts written out of the Revaluation Reserve	1,360	271	**1,631**
(4,953)	Net written out amount of the cost of non-current assets consumed in the year			**(6,815)**
	Capital financing applied in the year:			
693	• Use of capital Receipts Reserve to finance new capital expenditure	246	309	**555**
2,019	• Use of Major Repairs Reserve to finance new capital expenditure	0	2,062	**2,062**
372	• Capital grants and contributions credited to the CIES that have been applied to capital financing	279	0	**279**
4	• Applications of grants to capital financing from the Capital Grant Unapplied Account	6	0	**6**
61	• Use of earmarked Capital Reserve to finance new capital expenditure	1,090	0	**1,090**
835	• Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	775	0	**775**
1,249	• Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	0	1,000	**1,000**
717	• Use of HRA Balances to finance new capital	0	1,009	**1,009**
5,950				**6,776**
0	Movements in the market value of Investment Properties debited or credited to the CIES	94	0	**94**
113,522	**Balance at 31 March**			**113,577**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Authority's case, this period is the unexpired term outstanding on the new loan.

2017/18 £000	Financial Instrument Adjustment Account	2018/19 £000
(2,338)	**Balance at 1 April**	**(2,279)**
59	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	59
59	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	59
(2,279)	**Balance at 31 March**	**(2,220)**

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 service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require any benefits earned to be financed as the employer makes contributions to the pension fund (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.

The restatement of the 2017/18 balance reflects the prior year Pension Reserve adjustment referred to in note 5a above.

2017/18 £000	Restated 2017/18 £000	Pension Reserve	2018/19 £000
(45,592)	**(45,592)**	**Balance at 1 April**	**(44,086)**
3,134	3,463	Remeasurement of the net defined benefit liability	(5,184)
(3,692)	(3,843)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(4,527)
0	(869)	Effect of businesscombinations and disposals	0
2,701	2,755	Employer's pension contributions and direct payments to pensioners payable in the year	2,823
(43,449)	**(44,086)**	**Balance at 31 March**	**(50,974)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 £000	Collection Fund Adjustment Account	2018/19 £000
103	**Balance at 1 April**	**(849)**
(952)	Amount by which council tax and business rates income credited to the CIES is different from council tax and business rate income calculated for the year in accordance with statutory requirements	957
(849)	**Balance at 31 March**	**108**

14. Financial Instruments

The Council has carried out an analysis of all its financial assets and liabilities with regard to the Code and the results are set out in the following sections:

a. Categories of Financial Instruments
b. Reclassification
c. Fair Value of Assets and Liabilities
d. Income, Expense, Gains and Losses
e. Risk Analysis and Expected Credit Loss

14a. Categories of Financial Instruments

Under accounting requirements the carrying value of the financial instruments value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for stepped interest loans (measured by an effective interest rate calculation) and accrued interest. Accrued interest is separated between current and non-current assets/ liabilities where the payments/ receipts are due within or beyond one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Financial Assets	Non -Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2019 £000
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	0	0	69	199	14,444	14,901	3,756	3,457	18,557
Fair Value through comprehensive income and expenditure	0	0	0	0	0	0	0	0	0
Total Investments	**0**	**0**	**69**	**199**	**14,444**	**14,901**	**3,756**	**3,457**	**18,557**

Financial Liabilities	Non -Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2019 £000
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0
Amortised Cost	67,131	67,131	0	0	5,050	0	3,907	3,800	70,931
Total Financial Liabilities	**67,131**	**67,131**	**0**	**0**	**5,050**	**0**	**3,907**	**3,800**	**70,931**
Other Liabilities	181	47	0	0	106	56	0	0	103
Total	**67,312**	**67,178**	**0**	**0**	**5,156**	**56**	**3,907**	**3,800**	**71,034**

14b. Reclassification

Following the adoption of IFRS9 Financial Instruments by the Code of Practice on Local Authority Accounting, financial assets have been reclassified. Assets formerly known as Loans and Receivables are now all reclassified at 1 April 2018 as Investments at Amortised Cost (£14.4million Current Investments, £69,000 long-term debtors, and £3.8million short-term debtors).

	Carrying amount brought forward at 1 April	Amortised Cost	Fair Value through Comprehensive Income	Fair Value through profit and loss
Previous Clasifications				
Loans and receivables *	18,269	18,269	0	0
Available for Sale	0	0	0	0
Fair value through profit and loss	0	0	0	0
Reclassified amounts at 1 April	**18,269**	**18,269**	**0**	**0**

There has been no change in the carrying value of any of the assets following reclassification therefore there is no impact on the balance sheet or general fund balance.

14c. Fair Value of Assets and Liabilities

There are no financial assets or liabilities carried in the balance sheet at fair value on a recurring basis. Therefore, all financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair values can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB new borrowing rates from the PWLB have been applied to provide the fair value under PWLB redemption procedures.
- For other market debt and investments prevailing market rates have been used to provide the fair value, i.e. the rate available for an instrument with the same terms from a comparable lender.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- For the valuation and disclosure of fair values of financial assets and liabilities the rates quoted were obtained from Link Asset Services (the Council's Advisors) using Level 2 Valuations.
- There were no transfers between input levels 1 and 2 during the year.
- There has been no change in the valuation technique used during the year for the financial instruments.

The fair values are calculated as follows:

Financial Assets	Fair Value Hierarchy	31-Mar-18 Carrying Amount £000	31-Mar-18 Fair Value £000	31-Mar-19 Carrying Amount £000	31-Mar-19 Fair Value £000
Cash Deposit		7,271	7,271	8,719	8,719
Fixed Term deposits excluding CDs	Level 2	5,162	5,162	4,170	4,170
Fixed Term deposits CDs	Level 1	2,010	2,009	2,012	2,012
Short-Term Debtors		3,756	3,756	3,457	3,457
Long Term Debtors		69	69	199	199
Total		**18,268**	**18,267**	**18,557**	**18,557**

Financial Liabilities	Fair Value Hierarchy	31-Mar-18 Carrying Amount £000	31-Mar-18 Fair Value £000	31-Mar-19 Carrying Amount £000	31-Mar-19 Fair Value £000
PWLB - maturity	Level 2	54,134	69,677	54,134	71,114
Market Loans	Level 2	12,997	20,190	12,997	20,425
Local Authority Loans	Level 2	5,050	5,050	0	0
Short-term Creditors		3,907	3,907	3,856	3,856
Finance Lease Liability (short-term)		106	106	0	0
Long-Term Creditors		181	181	47	47
Total Liabilities		**76,375**	**99,111**	**71,034**	**95,442**

**Level 1 valuations are performed on quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date (for example tradable instruments such as certificates of deposit).*

Level 2 valuations are performed on inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly (for example fixed term/price deposits).

The fair value of the financial liabilities is £24.4m higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is more than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The fair value of the Public Works Loan Board (PWLB) loans of £71.1million 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 additional interest that the Authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing rates.

However, the Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from markets. A supplementary measure of the additional 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 £54.1million would be valued at £71.1million. But, if the Authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £84.4million.

The Market loans carrying value on the balance sheet includes an adjustment of £54,000. This is in relation to two of the market loans: both included an initial lower interest rate payable for the first two years of the loan period. The adjustment equalises the interest payable over the entire loan period.

Long-term Debtors

Long-term debtors include the loan to Buxton Crescent Heritage Trust and payments due from mortgaged properties and employee car loans. Interest is charged on the balance of the Loan at 6%. Interest on mortgaged properties is charged on the principal outstanding, this is set according to the Department of Communities and Local Government Standard National rate, consequently the fair value and carrying value are considered equal. The Authority provides loans for car purchase to 12 employees in the Authority who are in posts that require them to drive regularly on council business. No interest is charged on the loans. Car loans are carried in the balance sheet at carrying value and no adjustment to the fair value has been made in the table above due to immateriality.

Long-term Creditors

Long-term creditors relate to the future lease payments due on finance leases brought into the balance sheet through the Joint Operation with AES.

14d. Income, Expense, Gains and Losses

The total gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are illustrated below. The figures include the interest receivable and payable on investments and borrowings in 2018/19.

£000	2017/18 Surplus /Deficit on the Provision of Services	2017/18 Other Comprehensive Income & Expenditure	2018/19 Surplus /Deficit on the Provision of Services	2018/19 Other Comprehensive Income & Expenditure
Interest Revenue: Financial Assets measured at amortised cost	99	0	152	0
Total Interest Revenue	**99**	**0**	**152**	**0**
Fee expense: Financial Assets/Liabilities that are not at fair value through profit or loss	(2,776)	0	(2,714)	0
Total Fee expense	**(2,776)**	**0**	**(2,714)**	**0**

14e. Risk Analysis and Expected Credit Loss

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. Treasury Management and Risk management within the Council is overseen by the Audit & Regulatory Committee.

The Council's central treasury team implements the approved Treasury Strategy and maintains written Treasury Management Practices (TMP) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Council also has a Treasury Management Policy in place, which defines the policies and objectives of its treasury activities. The policy statement refers to the identification, monitoring and control of risk as the prime criteria by which the effectiveness of the Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.

Exposure to financial risk is discussed in more detail below:

- **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
- **Foreign Exchange risk** – the possibility of exposure to loss arising from movements in exchange rates

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.

Credit Risk Management Practices

The authority's credit risk management practices are set out throughout the Treasury Management Strategy Statement (TMSS) including the Annual Investment Strategy. With particular regard to determining whether the credit risk of the financial instruments has increased significantly since recognition:

The TMSS requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The TMSS also considers maximum amounts and time limits with a financial institution located in each category.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not solely rely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from countries with appropriate creditworthiness.

The full TMSS was approved by Full Council on 20th February 2018 and revised on 3rd May 2018 to incorporate changes to the capital programme.

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

The Authority's maximum exposure to credit risk in relation to investments in financial institutions of £14.4million cannot be assessed generally as the risk of any institution failing to make repayments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at 31 March 2019 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses (ECL)

The changes in loss allowance during the year are as follows:

Investments at Amortised Cost	ECL Test	ECL Category	ECL Value at 31 Mar 2018 £000	ECL Value at 31 Mar 2019 £000	Increase/ (Decrease) in ECL
Trade receivables/contract assets no financing					
Trade Debtors*	Simplified Model	Lifetime Expected Credit Losses - simplified approach	534	511	(23)
Deposit with banks/financial institutions					
Cash/Bank MMFs Fixed Deposit Notice Accounts CD's	Historic Risk of Default	12mth Expected Credit Losses	0	0.32	0
Loans					
Service Loans to 3rd parties (BCHT)	Assessment of credit risk	12m Expected Credit losses	0	0	0
Car Loans	Collective Assessment	n/a	0	0	0
Housing Advances	Collective Assessment	n/a	0	0	0
			534	511	(23)

** Lifetime expected credit loss on Trade Debtors relates to non-statutory Bad Debt provisions.*

Liquidity Risk

Investments

The Council manages its liquidity position through the risk management procedures including the setting and approval of prudential indicators and the approval of the TMSS, as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board (PWLB) and money markets for longer-term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. All sums owing are due to be paid in less than one year.

Refinancing & Maturity Risk

Borrowings

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure of replacing financial instruments as they mature. The risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The Council has limits in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The maturity structure of financial liabilities is as follows (original principal invested):

Loans Outstanding	31st March 2018 £000	31st March 2019 £000
Public Works Loan Board	54,025	54,025
Market Debt	12,800	12,800
Local Authority Loans	5,000	0
Total	**71,825**	**66,825**
Maturity Profile:-		
Less than 1 year	0	0
Between 1 and 5 years	8,748	4,748
Between 6 and 10 years	4,748	3,748
Between 11 and 20 years	7,496	7,496
Between 21 and 30 years	10,791	10,791
Between 31 and 40 years	23,594	27,494
Between 41 and 50 years	16,448	12,548
Greater than 50 years	0	0
Total	**71,825**	**66,825**

Market Risk

The Authority is exposed to interest rate movements on its borrowing and investments. Movements in interest rates can have a complex impact on the Authority. For example, a rise in interest rates would have the following effect:

- Investments at variable rates – the interest income credited to the Comprehensive Income & Expenditure Statement would increase
- Investment at fixed rates – the fair value of the assets will fall (no impact on the Balance Sheet as all investments carried at carrying value)
- Borrowing at variable rates – the interest payable charged to the Comprehensive Income & Expenditure Statement would increase [no variable rate borrowing at the balance sheet date].
- Borrowing at fixed rates - the fair value of fixed rate financial liabilities will fall (no impact on Balance Sheet as held at amortised cost)

The Council carries out its borrowing and investment function within the parameters set in its Treasury Management Strategy, which establishes interest rate exposure. The Council uses the services of a treasury advisor, who issue regular interest rate forecasts to aid decision making when placing investments, undertaking borrowing, and setting the annual investment income and financing costs budget for the following year. Forecasts are updated and reported to the Audit & Regulatory Committee, which allow any significant changes in interest rates to be reflected in current budget projections.

At 31st March 2019, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	(126)
Increase in interest payable on variable rate borrowings	0
Impact on Other Comprehensive Income & Expenditure	**(126)**
Decrease in Fair Value of Fixed Rate Borrowings	*15,134*
Decrease in Fair Value of Fixed Rate Investments	*5*

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

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

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

15. Contingent Assets & Liabilities

The disclosures made here are based on IAS37 definitions of contingent assets and liabilities quoted in the Code:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or
- a present obligation that arises from past events but is not recognised because:
  - o it is not probable that a transfer of economic benefits will be required to settle the obligation, or
  - o the amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities

Municipal Mutual Insurance – Scheme of Arrangement
Prior to 1992 the Council was insured by Municipal Mutual Insurance (MMI).When MMI ceased accepting new business in 1992/93 the Council was entered into a Scheme of Arrangement (SOA) under Section 425 of the Companies Act 1985. The SOA was triggered on 13 November 2012 following the conclusion of long running legal

proceedings. From that date Ernst & Young LLP became responsible for the management of the company's business, affairs and assets. An initial levy of 15% (£70,539) was paid in 2013/14. The levy was reviewed in 2015 with the result that a further payment equivalent to 10% (£48,387) was paid in 2016/17.

Annual review of the levy rate is required under the terms of the Scheme and this could lead to the rate being further amended in future, either up or down.

Under the terms of the SOA, the Council now has to meet 25% of any new insurance settlements, relating to its claims, made by MMI. To date, payments of £7,845 have been made under this part of the Scheme.

An earmarked Insurance reserve, with a balance of £518,875, is currently available to mitigate the financial pressure created by the MMI levy and any other uninsured losses, which might occur in the future.

At 31 March 2019 the Council's outstanding liability under the SOA stood at £507,086.

Buxton Crescent and Spa

The Buxton Crescent Hotel and Thermal Spa construction contracts have commenced – which involves refurbishing the Crescent, Natural Baths and Pump Room in Buxton to create a 5-star spa hotel, boutique scale shops and visitor attraction. The project is funded via a combination of public and private funds; the Authority is not liable to contribute to any additional funding requirement.

Under the terms of the scheme, most of the financial risk associated with the (remote) risk of water contamination has now passed to the developer, Buxton Crescent Hotel & Thermal Spa Co Limited. However, the Council would still be financially liable in the event of water contamination due to works undertaken outside the agreed method statements. Such risks are managed through appropriate mitigation measures.

If the scheme was jeopardised in some way and did not proceed, it is estimated that there would be a potential financial risk of £2,057,500 to the Council over a 5 year period. Estimated costs relate to mothballing costs and ongoing maintenance requirements of the building over the next 5 years (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site).

Planning – Public Inquiries / Judicial Reviews

The Council is involved in a number of planning-related legal proceedings. The modest cost involved in these to date, has been absorbed in the in-year revenue costs of the Authority. There is, however, potential for these costs to escalate in the future, as the legal process develops. It is too early to quantify the likely costs involved, which can be significantly increased if the Council is unsuccessful in defending a Public Inquiry and is held liable for the developers' costs.

Contingent Assets

Pavilion Gardens Capital Works

In recent years, significant capital works have taken place at Council owned Pavilion Gardens, the majority of which related to the Octagon part of the building.

The Contractor is required to submit a final account (during 2019/20) and based on current information, this is likely to include a claim for increased payments - which the Council has recognised in the 2018/19 accounts at this stage.

However, the Council will be disputing the final account, which may potentially result in a credit in the 2019/20 accounts.

16. Events after the Balance Sheet Date

This Statement of Accounts was authorised for issue on XXth July 2019 by Andrew Stokes, Executive Director & Chief Finance Officer. Events after the Balance Sheet date have been considered up to this date.

Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Enquiries with the Council's Senior Management Team have confirmed that there are no other outstanding legal issues, insurance claims or ombudsman complaints, which are likely to have a significant impact on these financial statements.

17. Notes Relating to the Cash Flow Statement

This note provides further analysis of certain figures used in the Cash Flow Statement;

a. Net Cash Flows from Operating Activities
b. Operating Activities (relating to Interest)
c. Investing Activities
d. Financing Activities

17a. Net cash flows from Operating Activities

2017/18 £'000		2018/19 £'000
1,668	**Net Surplus or (Deficit) on the Provision of Services**	**(1,302)**
	Adjust net surplus or deficit on the provision of services for non cash movements	
4,240	Depreciation	4,149
8	Impairment and downward valuations	2,429
11	Amortisation	5
0	Increase/(Decrease) in Interest Creditors	(51)
957	Increase/(Decrease) in Creditors	539
(17)	(Increase)/Decrease in Interest and Dividend Debtors	(10)
(1,100)	(Increase)/Decrease in Debtors	1,536
(31)	(Increase)/Decrease in Inventories	43
1,002	Pension Liability	1,720
109	Contributions to/(from) Provisions	938
1,243	Carrying amount of non-current assets sold [property plant and equipment, investment property and intangible assets]	1,414
0	Movement on Investment Properties	(94)
6,422		**12,618**
	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
(577)	Capital Grants credited to surplus or deficit on the provision of services	(546)
(1,710)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(1,750)
(2,287)		**(2,296)**
5,803	**Net Cash Flows from Operating Activities**	**9,020**

17b. Operating Activities (relating to Interest)

The cash flows for operating activities include the following items:-

2017/18 £'000		2018/19 £'000
82	Interest received	142
(2,776)	Interest paid	(2,765)

17c. Investing Activities

2017/18 £'000		2018/19 £'000
(5,888)	Purchase of property, plant and equipment, investment property and intangible assets	(6,471)
(9,000)	Purchase of short-term and long-term investments	(1,000)
(65)	Other payments for investing activities	(229)
1,712	Proceeds from the sale of property, plant and equipment, investment property and intangible asset	1,751
6,000	Proceeds from short-term and long-term investments	2,000
827	Other receipts from investing activities	629
(6,414)	**Net cash flows from investing activities**	**(3,320)**

17d. Financing Activities

2017/18 £'000		2018/19 £'000
(1,520)	Billing Authorities - Council Tax and NNDR Adjustments	1,035
0	Cash payments for the reduction of the outstanding liabilities relating to Finance leases	(287)
(124)	Repayments of short and long-term borrowing	(5,000)
(1,644)	**Net cash flows from financing activities**	**(4,252)**

18. Prior Period Restatement

A change to the structure of the Authority has given rise to the need to restate the 2017/18 primary statements. During the course of 2018/19, the Council's Visitor Services department was disbanded. The functions were transferred to other Council Service areas; Car Parking to Asset Services; Markets and Tourism to Regeneration Services; Museums; and Collections to Democratic & Community Services. This change necessitated the restatement of the 2017/18 comparative figures in a number of tables.

Comprehensive Income and Expenditure Statement (page 32)

2017/18			Movements		2017/18 Restated			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Expenditure £000	Income £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
40,686	**(42,993)**	**(2,307)**	**0**	**0**	**40,686**	**(42,993)**	**(2,307)**	**Cost of Services not affected by service restructure**
4,279	(282)	3,997	218	(1,293)	4,497	(1,575)	2,922	Property Services
564	(42)	522	104	(109)	668	(151)	517	Regeneration
1,782	(2,607)	(825)	(1,782)	2,607	0	0	0	Visitor Services
1,350	(963)	387	1,460	(1,205)	2,810	(2,168)	642	Leisure Services
48,661	**(46,887)**	**1,774**	**0**	**0**	**48,661**	**(46,887)**	**1,774**	**Cost of Services**
5,042	(1,692)	3,350			5,042	(1,692)	3,350	Other Operating Expenditure
3,913	(99)	3,814			3,913	(99)	3,814	Financing and Investment Income and Expenditure
0	(10,606)	(10,606)			0	(10,606)	(10,606)	Taxation and Non-Specific Grant Income and Expenditure
		(1,668)					**(1,668)**	**Surplus (-) or Deficit on Provision of Services**
		(9,891)					(9,891)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets
		(3,146)					(3,146)	Remeasurement of the net defined pension benefit liability
		(13,037)					**(13,037)**	**Other Comprehensive Income and Expenditure**
		(14,705)					**(14,705)**	**Total Comprehensive Income and Expenditure**

Expenditure and Funding Analysis (Note 1a. page 36)

2017/18			Movements		2017/18 Restated			
Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure in the CIES £000	Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure to GF Balance £000	Adjustments Funding & Accounting £000	Net Expenditure in the CIES £000	
2,655	**(4,962)**	**(2,307)**	**0**	**0**	**2,655**	**(4,962)**	**(2,307)**	**Cost of Services not affected by service restructure**
1,524	2,473	3,997	(1,076)	1	448	2,474	2,922	Property Services
424	98	522	(17)	12	407	110	517	Regeneration
(922)	97	(825)	922	(97)	0	0	0	Visitor Services
387	0	387	171	84	558	84	642	Leisure Services
4,068	**(2,294)**	**1,774**	**0**	**0**	**4,068**	**(2,294)**	**1,774**	**Cost of Services**
(6,954)	3,512	(3,442)			(6,954)	3,512	(3,442)	Other Income and Expenditure
(2,886)	**1,218**	**(1,668)**	**0**	**0**	**(2,886)**	**1,218**	**(1,668)**	**Surplus (-) or Deficit on Provision of Services**
	General Fund	HRA				General Fund	HRA	
(17,397)	**(6,129)**	**(11,268)**			**(17,397)**	**(6,129)**	**(11,268)**	**Opening General Fund and HRA Balance**
(2,886)	(979)	(1,907)			(2,886)	(979)	(1,907)	Less (Surplus) or Deficit in Year
(20,283)	**(7,108)**	**(13,175)**			**(20,283)**	**(7,108)**	**(13,175)**	**Closing General Fund and HRA Balance**

Note to the Expenditure and Funding Analysis (Note 1b. page 37)

2017/18				Movements			2017/18 Restated				
Adjustments for Capital Purposes £000	Net Change of the Pension Adjustment £000	Other Differences £000	Total Adjustments £000	Adjustments for Capital Purposes £000	Net Change of the Pension Adjustment £000	Other Differences £000	Adjustments for Capital Purposes £000	Net Change of the Pension Adjustment £000	Other Differences £000	Total Adjustments £000	
(1,408)	**(317)**	**(764)**	**(2,489)**	**0**	**0**	**0**	**(1,408)**	**(317)**	**(764)**	**(2,489)**	**Cost of Services not affected by service restructure**
13	85	0	98	0	12	0	13	97	0	110	Regeneration
0	97	0	97	0	(97)	0	0	0	0	0	Visitor Services
0	0	0	0	0	85	0	0	85	0	85	Leisure Services
(1,395)	**(135)**	**(764)**	**(2,294)**	**0**	**0**	**0**	**(1,395)**	**(135)**	**(764)**	**(2,294)**	**Cost of Services**
717	1,137	1,657	3,511				717	1,137	1,657	3,511	Other Income and Expenditure from the Expenditure and Funding Analysis
(678)	**1,002**	**893**	**1,217**	**0**	**0**	**0**	**(678)**	**1,002**	**893**	**1,217**	**Difference between General Fund (Surplus)/Deficit and Comprehensive Income and Expenditure Statement**

Segmental Analysis (Note 1d. page 40)

2017/18 £000	Movement	2017/18 Restated £000	Fees, Charges and Other Income
(21,716)	**0**	**(21,716)**	**Total Income Analysed on a Segmental Basis not affected by Service restructure**
(282)	(1,292)	(1,574)	Property Services
0	(109)	(109)	Regeneration
(2,607)	2,607	0	Visitor Services
(963)	(1,206)	(2,169)	Leisure Services
(25,568)	**0**	**(25,568)**	**Total Income Analysed on a Segmental Basis**

Supplementary Statements

Housing Revenue Account Income and Expenditure Statement

2017/18	HRA Income and Expenditure Statement	2018/19	
£000		£000	£000
	Expenditure		
3,830	Repairs and Maintenance	4,623	
2,567	Supervision and Management	2,341	
136	Rents, Rates, Taxes and Other Charges	141	
(1,324)	Depreciation and Impairment of Non-Current Assets	(1,041)	
54	Debt Management Costs	54	
39	Movement in the allowance for bad debts	12	
5,302	**Total Expenditure**		**6,130**
	Income		
(14,487)	Dwelling Rents	(14,271)	
(220)	Non Dwelling Rents	(228)	
(299)	Charges for Services and Facilities	(356)	
(150)	Contributions towards expenditure	(112)	
(15,156)	**Total Income**		**(14,967)**
(9,854)	**Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement**		**(8,837)**
221	HRA Services share of Corporate and Democratic Core		222
545	HRA share of other amounts included in whole authority Net Expenditure of Continuing Operations but not allocated to specific services		568
(9,088)	**Net Income/Expenditure of HRA Services**		**(8,047)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
2,308	(Gain) or loss on sale/disposal of HRA non-current assets		2,522
2,029	Interest payable and similar changes		1,956
(56)	HRA Interest and investment income		(99)
(4,807)	**(Surplus)/Deficit for the year on HRA services**		**(3,668)**

Movement on the HRA Statement

2017/18 £000	Movement on the HRA Statement	2018/19 £000	£000
11,267	**Balance on the HRA at the end of the previous reporting period**		13,175
4,807	Surplus or (Deficit) for the year on the HRA income and Expenditure Statement	3,668	
(2,899)	Adjustments between accounting basis and funding basis under the legislative framework	(2,406)	
1,908	Net increase or (Decrease) before transfers to or from reserves	1,262	
1,908	Increase or (Decrease) in year on the HRA		1,262
13,175	**Balance on the HRA at the end of the current year**		14,437

Notes to the Housing Revenue Account

1. Background

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax (or vice versa).

The ring-fence is controlled by Schedule 4 to the Local Government and Housing Act 1989, which specifies the debits and credits to be made to the HRA and excludes any other postings. The Localism Act in 2011 introduced a new Self Financing regime for the Housing Revenue Account along with a suite of self financing determinations issued in February 2012 by the Department of Communities and Local Government. This suite of self-financing determinations includes the Item 8 Determination, which sets out capital accounting and capital finance entries under the 1989 Act.

The transactions relating to the HRA have been separated into the two statements reported above:

- The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

- Movement on the HRA Statement - the overall objectives are the same as those for the Movement in Reserves Statement. The statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2. Reconciling items for the Movement on the HRA Statement

2017/18 £000	Note to Statement of Movement on HRA Balance	2018/19 £000
	Adjustments between accounting basis and funding basis under the legislative framework	
85	Difference between interest payable and similar charges including amortisation of premiums & discounts determined in accordance with the code and those determined in accordance with statute	13
3,343	Difference between any other item of income and expenditure determined in accordance with the Code and those determined in accordance with statutory HRA requirements	3,103
(2,308)	Gain/(Loss) on Disposal of Assets	(2,522)
(187)	HRA share of contributions to or from Pension Reserve	(197)
717	Capital Expenditure funded by HRA	1,009
2,019	Transfer to Major Repairs Reserve	2,062
(770)	Transfer to Capital Adjustment Account	(1,062)
2,899	**Net additional amount required by statute**	**2,406**

3. Housing Stock

Total 2017/18		Pre 1945	1945-1964	1965-1974	After 1974	Total 2018/19
	Traditional					
1,369	Houses and Bungalows	376	799	117	61	**1,353**
	Non Traditional					
1,436	Houses and Bungalows	5	329	959	139	**1,432**
	Flats					
988	Low Rise (1-2 storeys)	46	382	271	288	**987**
171	Medium Rise (3-5 storeys)	14	24	49	84	**171**
3,964	**Total**	**441**	**1,534**	**1,396**	**572**	**3,943**

4. Housing Revenue Account Assets

Movements in 2018/19	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets -HRA £000	Total HRA £000
Cost or Valuation					
At April 2018	**167,101**	**2,368**	**0**	**741**	**170,210**
Additions	3,182	0	197	0	3,379
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	3,597	221	0	0	3,818
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,153	(100)	0	0	1,053
Derecognition - Disposals	(1,107)	0	0	0	(1,107)
Derecognition - Other	(2,717)	0	0	0	(2,717)
Other movements in Cost or Valuation	0	(20)	0	(320)	(340)
At 31 March 2019	**171,209**	**2,469**	**197**	**421**	**174,296**
Accumulated Depreciation & Impairment					
At April 2018	**0**	**0**	**0**	**0**	**0**
Depreciation Charge	(1,963)	(99)	0	0	(2,062)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,950	99	0	0	2,049
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Impairment reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Derecognition- Disposals	13	0	0	0	13
Derecognition- Other	0	0	0	0	0
At 31 March 2019	**0**	**0**	**0**	**0**	**0**
Net Book Value					
at 31st March 2019	**171,209**	**2,469**	**197**	**421**	**174,296**
at 31st March 2018	**167,101**	**2,368**	**0**	**741**	**170,210**

Comparative Movements in 2017/18	Council Dwellings £000	Other Land and Buildings - HRA £000	Vehicle, Plant, Furniture & Equipment £000	Surplus Assets -HRA £000	Total HRA £000
At April 2017	**164,064**	**2,048**	**0**	**961**	**167,073**
Additions	3,076	49	0	0	3,125
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	2,512	440	0	(220)	2,732
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,429	(169)	0	0	1,260
Derecognition - Disposals	(1,258)	0	0	0	(1,258)
Derecognition - Other	(2,722)	0	0	0	(2,722)
At 31 March 2018	**167,101**	**2,368**	**0**	**741**	**170,210**
Accumulated Depreciation & Impairment					
At April 2017	**0**	**(78)**	**0**	**0**	**(78)**
Depreciation Charge	(1,928)	(91)	0	0	(2,019)
Depreciation written out to the Revaluation Reserve	0	0	0	0	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	1,913	169	0	0	2,082
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Derecognition- Disposals	15	0	0	0	15
Derecognition- Other	0	0	0	0	0
At 31 March 2018	**0**	**0**	**0**	**0**	**0**
Net Book Value					
at 31st March 2018	**167,101**	**2,368**	**0**	**741**	**170,210**
at 31st March 2017	**164,064**	**1,970**	**0**	**961**	**166,995**

The Vacant Possession Value (Open Market Value) of council dwellings as at 1st April 2018 was £397.869 million (£390.757m at 1st April 2017). In accordance with government guidance, the valuation of council dwellings have been reduced by a regional adjustment factor in recognition of their status as social housing. This reduced factor was 42% (42% in 2017/18). As a consequence the Council recognises council dwellings at a value of £167.105 million (£164.118 million at 1 April 2017) The lower figure shown in the accounts recognises the economic cost to the Government of providing council housing at less than open market rents. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value Social Housing.

The balance sheet value reflects sales of dwellings and depreciation. Council buildings, including council dwellings, are depreciated over the remaining useful life of the buildings. Depreciation of £2.062 million has been charged. This figure is made up of £1.963 million for council dwellings; £0.099 million for council garages, shops and other buildings.

2017/18 £000		2018/19 £000
1,928	Depreciation on Housing Revenue Account Dwellings	1,963
91	Depreciation on Housing Revenue Account Other Land and Property	99
0	Depreciation on Housing Revenue Account Vehicle, Plant, Furniture & Equipment	0
2,019	**Total**	**2,062**

The carrying value of the Authority's dwelling stock reduced in the year owing to an impairment charge of £0.465 million which were charged to the HRA. There were no revaluation losses charged to the Housing Revenue Account during the year. Revaluation gains of £3.568 million were credited to the HRA to reverse impairment losses that had been charged to the HRA in previous years. Under statutory requirements, so as not to impact on the surplus or deficit generated by the Authority, the charges were reversed out of the accounts through the Movement on the HRA Statement.

5. Major Repairs Reserve (MRR)

The Major Repairs Reserve is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwellings. The reserve is only available for funding major repairs to the housing stock or for repayment of debt. Any sums unspent are carried forward for use in future years.

2017/18 £000		2018/19 £000
0	**Balance as at 1 April**	**0**
2,019	Amount transferred to the Major Repairs Reserve During the year	2,062
(2,019)	Financing in respect of capital expenditure on land, houses and other property within the Authority's HRA	(2,062)
0	**Balance as at 31 March**	**0**

6. HRA Capital Expenditure and Financing

2017/18 £000		2018/19 £000
	Capital Expenditure	
3,125	Council House Repair & Modernisation	3,380
3,125		**3,380**
	HRA Capital Expenditure Financed by :	
389	Usable Capital Receipts	309
717	Revenue Contributions	1,009
2,019	Major Repairs Reserve	2,062
3,125	**Total**	**3,380**

8. Housing Capital Receipts

2017/18 £000		2018/19 £000
1,653	Right to Buy Council Sales	1,317
1	Council Mortgages	1
17	Right to Buy Council Sales - Repayment of Discount	0
20	Other Land and Building	0
1,691	**Total Receipts**	**1,318**

The Authority has to pay a portion of the receipts from the sale of council houses into a government housing pool on the basis that the original cost of the housing would have been partly paid by government grant. In 2018/19, the pooling payment made was £0.390 million. New guidance in 2012/13 enabled local authorities to retain further amounts of right to buy receipts upon agreement with Department of Communities and Local Government (DCLG). These funds must be spent on the provision of new build dwellings and repaid if not utilised. During 2018/19 £140,000 was spent; £0.042 million was repaid leaving a balance remaining at the end of 2018/19 of £1.638 million

8. HRA Revenue Funded from Capital Under Statute

Revenue Funded from Capital Under Statute is created when expenditure has been incurred on items that are not capitalised as non-current assets and have been financed from capital resources. Revenue Expenditure Funded from Capital Under Statute is written down to the Housing Revenue Account over an appropriate period, usually in the same year in which the expenditure has been incurred. There was no expenditure of this nature in 2018/19.

9. Housing Revenue Account Subsidy

In April 2012, following Government legislation (Localism Act 2011), a new self-financing regime for the Housing Revenue Account was introduced. As a result the Housing subsidy system was terminated and the Council took on £37.481 million in new loans to settle its liability to the Government. No further payments in respect of housing subsidy will therefore be made by the Council
Under the self-financing regime the Council now maintains a rolling thirty year financial plan for its social housing stock to ensure that the stock portfolio remains financially viable.

10. Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, void properties equated to 1.326% of the gross rent debit. Average rents were £70.00 (exclusive of other charges) per week in 2018/19, a decrease of £0.73 or 1.04% over the previous year.

11. Rent Arrears and Provisions for Bad Debts

During the year 2018/19, gross rent arrears as a proportion of gross debit has remained the same as in 2017/18 at 2.44% of the amount due.
Former tenants' arrears of £13,780 were written off during the year. A contribution of £11,587 to the Provision for Bad Debts was made during the year.

Balances at 31 March are as follows:

2017/18 £000		2018/19 £000
378	Rent Arrears	365
122	Provision for Bad Debt- Rents	120

Collection Fund Account

The Collection Fund Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authorities in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

2017/18 Council Tax £000	2017/18 Business Rates £000	2017/18 Total £000		2018/19 Council Tax £000	2018/19 Business Rates £000	2018/19 Total £000
			Income			
	(23,671)		Income due from Business Rates Payers		(26,364)	
	(1,571)		Transitional Protection Payments for Business Rates		(1,186)	
(50,385)			Income due from Council Tax Payers	(53,519)		
(50,385)	**(25,242)**	**(75,627)**	**Total Income**	**(53,519)**	**(27,550)**	**(81,069)**
			Expenditure			
			Preceptors			
	13,450		Central Government		0	
36,338	2,421		Derbyshire County Council	38,431	12,748	
5,416			Derbyshire Police Authority	5,819		
2,177	269		Derbyshire Fire & Rescue Authority	2,258	260	
5,991	10,760		High Peak Borough Council	6,210	13,009	
		76,822				**78,735**
			Distribution of Previous Year Surplus /(Deficit)			
	32		Central Government		(1,334)	
385	6		Derbyshire County Council	184	(240)	
58			Derbyshire Police Authority	28		
23	1		Derbyshire Fire & Rescue Authority	11	(27)	
65	25		High Peak Borough Council	30	(1,068)	
		595				**(2,416)**
			Charges to the Collection Fund			
48	107		Write Offs of uncollectable amounts	92	50	
106	75		Increase/(Decrease) in Impairment Allowance	76	87	
	(1,318)		Refunds Charged to Provision for Appeals		(77)	
	1,591		Increase/(Decrease) in Provision for Appeals		1,647	
	135		Cost of Collection Allowance		136	
		744				**2,011**
50,607	**27,554**	**78,161**	**Total Expenditure**	**53,139**	**25,191**	**78,330**
222	**2,312**	**2,534**	**Movement on Fund Balance in year**	**(380)**	**(2,359)**	**(2,739)**
(414)	(132)	(546)	(Surplus)/ Deficit on Fund Brought forward	(192)	2,180	1,988
(192)	**2,180**	**1,988**	**(Surplus)/Deficit on Fund Carried Forward**	**(572)**	**(179)**	**(751)**

Notes to the Collection Fund Accounts

1. Non-Domestic Rates (NDR)

From 1st April 2013 Central Government introduced the Business Rates Retention Scheme. Where previously Business Rates collected by local authorities were paid over to Central Government as part of a National Pool, under the retention scheme 40% of the Business Rates would be retained by the Council (50% to Central Government, 9% to the County Council, and 1% to the Fire & Rescue Authority). During 2018/19 the Council has been part of a Business Rates Pilot with all other Derbyshire Authorities to retain 100% of Business Rates locally. The Council's share during the year is 50% (49% to the County Council and 1% to the Fire & Rescue Authority).

Central Government continues to set a National Non-Domestic Rate Multiplier and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their Rateable Value by that amount, adjusted by any applicable reliefs or exemptions.

2017/18		2018/19
£69,445,431	Total Non- Domestic Rateable Value at Year End	£69,936,113
47.9p	National Non-Domestic Rate Multiplier	49.3p

2. Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties that have been classified into 8 bands, based on valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required from the Collection Fund by County Council, Police Authority, Fire & Rescue Authority and this Council, and dividing this total figure by the Council Tax base. The Council Tax base for the year was calculated as follows:

Valuation Band	Proportion of Band D Charge (ninths)	Number of Dwellings in Valuation List		Number of Band D Equivalent Dwellings	
		2017/18	2018/19	2017/18	2018/19
Band A	6	8,464	8,482	3,293	3,308
Band B	7	12,826	12,884	7,728	7,787
Band C	8	8,765	8,838	6,726	6,789
Band D	9	4,717	4,736	4,264	4,275
Band E	11	3,665	3,716	4,168	4,221
Band F	13	2,081	2,095	2,800	2,814
Band G	15	826	825	1,281	1,289
Band H	18	47	47	64	63
Total		**41,391**	**41,623**	**30,324**	**30,546**
Deduction for non-collection				(334)	(336)
Additional properties and adjustments during the year				0	0
Council Tax Base (Band D equivalent)				**29,990**	**30,210**

3. The Fund Balance

Prior to the end of each year, the year-end surplus or deficit on the Collection Fund for both Council Tax and Business Rates is estimated in order that it can be distributed amongst the billing and precepting authorities along with the precepts for the coming year. The declaration has to be made on 15th of January each year for Council Tax and 31st of January for Business Rates. The estimated surplus/deficits declared for the 2017/18 year were a £253,000 surplus for Council Tax and a deficit of £2,669,000 for Business Rates, both of which have been distributed in 2018/19.

For Council Tax, the estimated surplus was apportioned amongst the preceptors in proportion to the value of their respective demands and precepts made on the Collection Fund for 2017/18. For Business Rates, the estimated deficit was apportioned using the prescribed proportions of 50% (Central Government), 40% (Billing Authority), 9% (County Council), and 1% (Fire Authority).

2017/18 Council Tax	2017/18 Business Rates		2018/19 Precept Council Tax	2018/19 Precept Business Rates	Distribution of Estimated Surplus / (Deficit) Council Tax	Distribution of Estimated Surplus / (Deficit) Business Rates	2018/19 Total Council Tax	2018/19 Total Business Rates
£000	£000	**Precepting Authorities**	£000	£000	£000	£000	£000	£000
	13,482	Central Government				(1,334)		**(1,334)**
36,723	2,427	Derbyshire County Council	38,431	12,748	184	(240)	**38,615**	**12,508**
5,474		Derbyshire Police Authority	5,819		28		**5,847**	
2,200	270	Derbyshire Fire & Rescue Authority	2,258	260	11	(27)	**2,269**	**233**
44,397	**16,179**		**46,508**	**13,008**	**223**	**(1,601)**	**46,731**	**11,407**
		District & Town/ Parish Councils						
5,496	10,785	High Peak Borough Council	5,630	13,009	30	(1,068)	**5,660**	**11,941**
190		New Mills Town Council	190				**190**	
113		Chapel-en-le-Frith Parish Council	117				**117**	
257		Parish Councils	273				**273**	
6,056	**10,785**		**6,210**	**13,009**	**30**	**(1,068)**	**6,240**	**11,941**
50,453	**26,964**		**52,718**	**26,017**	**253**	**(2,669)**	**52,971**	**23,348**

On the 2018/19 Collection Fund, the accounts record an in-year surplus of £381,000 for Council Tax and an in-year surplus of £2,358,000 for Business Rates. The balance at 31st of March 2019 has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities' debtor and creditor accounts and those of the billing council as follows:

2017/18 Council Tax Cummulative Surplus /(Deficit)	2017/18 Business Rate Cummulative Surplus /(Deficit)		2018/19 Council Tax In Year Surplus/ (Deficit)	2018/19 Business Rate In Year Surplus/ (Deficit)	2018/19 Council Tax Cummulative Surplus /(Deficit)	2018/19 Business Rate Cummulative Surplus/
£000	£000		£000	£000	£000	£000
0	(1,089)	Central Government	**0**	1,334	0	245
139	(196)	Derbyshire County Council	278	88	417	(108)
21		Derbyshire Police Authority	42	0	63	
8	(22)	Derbyshire Fire & Rescue Authority	16	24	24	2
23	(872)	High Peak Borough Council	45	912	68	40
191	**(2,179)**	**Balance at 31 March**	**381**	**2,358**	**572**	**179**

The Council Tax cumulative surplus amounts attributable to the County Council, Police Authority and Fire & Rescue Authority above are shown as creditors in the 2018/19 Balance Sheet; the Business Rates cumulative surplus amounts attributable to Central Government, the County Council and Fire & Rescue Authority above are shown as creditors in the 2018/19 Balance Sheet.

4. Council Tax & Non-Domestic Rates Income reported on the Comprehensive Income & Expenditure Statement

The Comprehensive Income & Expenditure Statement includes income from Council Tax & Non-Domestic Rates in "Taxation and Non-Specific Grant Income & Expenditure"; this is further detailed in Note 3c in the Notes to the financial statements. A reconciliation between the income reported in the Collection Fund Statement and Notes and that shown in Note 3c follows.

2017/18			2018/19	
Council Tax	Business Rates		Council Tax	Business Rates
£000s	**£000s**	**Note 3c Taxation and Non-Specific Grant Income**	**£000s**	**£000s**
(6,028)		Council Tax Income	(6,285)	
	(1,935)	Non-Domestic Rates Retention		(2,527)
(5,991)	(10,760)	HPBC Precept	(6,210)	(13,009)
(65)	(25)	HPBC Share of (Surplus)/ Deficit Distributed in the Year	(30)	1,068
28	925	HPBC Share of actual (Surplus)/ Defict recorded at 31st March	(45)	(912)
	223	NDR Pilot Strategic Investment Fund contribution*		85
	7,702	NDR Tariff **		10,241
(6,028)	**(1,935)**	**Total**	**(6,285)**	**(2,527)**
0	**0**	**Variance**	**0**	**0**

* Under the Business Rates Retention system, the NDR levy is a charge on a proportion of growth above the Business Rates Funding Baseline in the year. This is a charge to the General Fund and as such does not feature in the Collection Fund Statement. As a member of a Business Rates Pilot in 2018/19, the Council does not have to pay this levy to Central Government, but instead pays a contribution to the Strategic Investment Fund to Derby City Council as the Lead of the Business Rates Pilot.

** The NDR Tariff is the difference between the NDR Baseline and the Funding Baseline, which are set by Central Government as part of the Budget. It is paid to Central Government during the year out of the General Fund and as such does not feature in the Collection Fund Statement.

5. Community Charge

It should be noted that outstanding arrears in respect of Community Charge are still being collected and these amounts are credited directly to the Council's General Fund.

Accounting Policies

1. General Principles
The Statement of Accounts summarise the Authority's transactions for a financial year and the position at the financial year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. Those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.
These practices primarily comprise Cipfa's Code of Practice on Local Authority Accounting in the United Kingdom, applicable to the financial year, 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.

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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.
- The resources available are concentrated on identifying and accruing individual transactions of £5,000 and above.
- An Accumulated Absences creditor balance is maintained to reflect the value of time owed to employees for accrued holidays, TOIL (time off in lieu) and flexitime. This balance is based on an historic value subject to annual review and amendment where there have been significant changes in staff numbers or working patterns.

3. Cash and Cash Equivalents
Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.
Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

5. Charges to Revenue for Non-Current Assets
Services, support services and trading accounts are debited with the following amounts to record the cost of holding assets during the year:

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.
Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [MRP], by way of an adjusting transaction with the Capital Adjustment

Account in the Movement in Reserves Statement for the difference between the two.

6. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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 or, where applicable, to a corporate 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 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 Derbyshire County Council.

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Derbyshire Pension Fund is part of the Local Government Scheme, and is accounted for as a defined benefits scheme:

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

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

- Service cost comprising:
    - o 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.
    - o past service cost – the increase 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 as part of Non Distributed Costs.
    - o net interest on the net defined benefit liability (asset) – i.e. the net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
    - o the return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - o 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 Derbyshire 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.

7. 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 events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

8. Financial Instruments
Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest. 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.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.
Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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)
- 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 costs, except for those whose contractual payments are not solely payment of principal an interest (i.e. where the cashflows do not take the form of a basic debt instrument).

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 interest rate 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.

When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition 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 of 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 and 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.

Finance Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Monies advanced as grants 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-ringfenced 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 Adjustment Account once they have been applied to fund capital expenditure.

10. 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.

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.

11. Interests in Companies and Other Entities
The authority has no material interest in any company or other entity that has the nature of a subsidiary, associate or joint venture, so has no requirement to prepare group accounts.

12. Joint Operations
Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

13. Inventories and Long Term Contracts
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.
The cost of inventories is assigned using the First In First Out [FIFO] costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

14. 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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.
Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (where applicable–may not be a finance charge e.g. leases in regard to land.)

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 on leased assets. Instead, a prudent annual contribution is made from revenue funds

towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor:

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

Where the Authority grants an operating lease over 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 at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16. Property, Plant and Equipment

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

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 (i.e. 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure

Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they 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:
- infrastructure, community assets and assets under construction –historic cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the 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).

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 that have short useful lives or low values (or both), depreciated historic cost basis 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 of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

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

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

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

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

Deprecation is calculated on the following bases:
- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. (see Componentisation below)

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

losses previously 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 disposals (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 (i.e. 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. A proportion of capital receipts relating to housing disposals is payable to the Government. The balance of receipts remains within 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.

Componentisation
A formal Componentisation policy has been adopted in accordance with the requirements of International Reporting Standards effective from 2010/11. The policy applies to all categories of Property, Plant and Equipment which meet the following criteria:

- Individual assets and groups of similar assets, whether held at historic cost or current cost, with a gross carrying value of £800,000 and above will be considered for the purposes of componentisation.
- Items below this level will be disregarded as the impact upon the total cost of service is not considered material.
- Assets that are above the £800,000 threshold will be 'componentised' where the cost of the component is significant in relation to the overall cost of the asset. A component will be deemed significant where it represents 20% of the total cost of the overall asset at the time of acquisition or construction and where the component element has a significantly different useful life and/or method of depreciation to the main asset.
- where assets comprise two or more components any change in overall valuation will not simply be applied to the overall asset but assigned to its component parts in accordance with any split provided by the Valuer

Derecognition
When a component is replaced or restored the old component should be "derecognised" (written off) to avoid double counting. Under the Code, derecognition is required to ensure the asset carrying values are not materially overstated. To this end the following principles will be applied when calculating derecognition values.

Council Dwellings
For valuation purposes the housing stock has been separated into 90 "Beacon" Groups with each having a property that has been identified as representative of the rest. An annual valuation of the housing stock is performed using the Beacon properties as representative of the entire population. The Council owns around 4,000 such dwellings, representing an average individual Carrying Value of £30,000.

As the average carrying value of housing stock is both small and not calculated by individual property, there is no practical benefit in separately identifying and valuing the components that make up each individual house. Council dwellings will therefore only be valued with Land and Buildings identified as separate components.

General Fund Assets (GF)

- The component does not need to have been separately identified under the above policy
- All spending on assets valued at over £800,000 will be considered for de-recognition
- On assets valued at under £800,000, only capital spending greater than £160,000 (20%) will be considered for de-recognition
- On all assets, capital spending lower than £160,000 will be treated as an enhancement without any de-recognition.

Council Dwellings (HRA)

- The HRA Capital Programme will be reviewed to identify any instances when all dwellings in a Beacon Group have been modified or enhanced in the year so that de-recognition can be considered.
- In all other cases, capital spending will be regarded as maintaining the average values across all Beacon Groups and will be 100% de-recognised at cost.

Determining De-Recognition Values (GF and HRA)

- Derecognition will be based on valuations of the replaced component provided by Property Services; or
- Where no valuations are readily available, replacement cost will be used, adjusted for appropriate levels of depreciation and impairment.

Note: all assets will be considered separately for an Impairment Review in accordance with the Code.

De-minimis
Where the gross value of a Property asset is £10,000 or less it is included on the Balance Sheet at its carrying value without further revaluation, depreciation or impairment. These assets are subjected to an annual internal review. Where this identifies the potential for a significant increase that would take carrying values above £10,000, a formal valuation will be triggered.

17. 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.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

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.

18. Reserves
Equate to the residual value of the Authority's assets after deducting all its liabilities. They are reported on the Balance Sheet under two categories:

Usable Reserve
The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Unusable Reserves
Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority. They are of two kinds:

a) Those that hold unrealised gains and losses. Arising from changes in Asset or Liability valuation, where gains/ losses will only be released once the Asset/ Liability is disposed of.
b) Adjustment accounts that carry a balance reflecting the timing difference between income and expenditure as recognised under accounting standards and that required under statute.

These reserves, explained in the relevant policies and Statement notes, are Revaluation Reserve [(a) *capital*]; Deferred Capital Receipts Reserve [(b) *capital*]; Capital Adjustment Account [(b) *capital*]; Pensions Reserve [(b) *employees*]; Accumulated Absences Account (b); *Financial Instrument* Adjustment Account (b); Collection Fund Adjustment Account (b).

19. Revenue Expenditure Funded from Capital under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.
Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the

amounts charged so that there is no impact on the level of Council Tax.

20. 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.

21. Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.

The Council holds a range of Heritage Assets;

- Civic Regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of Mayor (including deputies and consorts).
- Art Collection - a small collection, which has been donated from various sources over a number of years.
- Civic Memorabilia – items, commemorative in nature, that have been donated to the Council.
- Legal Documents – a number of historical legal documents.
- Monuments, Memorials, Statues and Other Assets – the Council either owns or is custodian for a range of items (e.g. fountains, wells etc.) considered significant to the heritage of the borough.

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.

Both the Civic Regalia and Art collections are held on the Balance Sheet at Insurance Value which is based on market value. It is considered that they have an indefinite life and therefore Depreciation is not charged. The Art Collection is specifically maintained and preserved in its original condition.

In addition, both collections are annually reviewed in order to establish if carrying values remain current and if impairment is required. For security reasons, the Council does not publicly reveal precise details of either its Civic Regalia or the Art Collection.

Information on cost or value is not usually held on the remaining Heritage Assets and the Council considers that the cost of obtaining valuations tend not to be commensurate with the potential benefits to the users of the Statement of Accounts. Therefore these assets are rarely included on the face of the Balance Sheet. However, an periodic review of such assets is undertaken to ensure that this assumption remains valid.

22. 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 (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally 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 income included in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet included 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.

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 Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

23. Fair Value Measurement

The Authority measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 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.

24. Presentation of Items in Other Comprehensive Income & Expenditure

The Authority does not have any transactions in Other Comprehensive Income and Expenditure which are reclassifiable to the Surplus or Deficit on the Provision of Services and has therefore not split Other Comprehensive Income and Expenditure into those items that will, or will not, be reclassified subsequently to the Surplus or Deficit on the Provision of Services when specific conditions are met.

Glossary of Financial Terms

Accounting Period
This is the length of time covered by the accounts. It is normally a period of 12 months commencing 1st April. The end of the accounting period is the reporting date.

Accounting Policies
Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statement.

Accruals
The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which they were earned or incurred, and not in the period in which any cash is received or paid.

Actuarial Gains and Losses
For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation; or
- The actuarial assumptions have changed.

Amortised cost
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Asset
An asset is something that the Council owns that has a monetary value. Assets are either 'current' or 'non-current'. A current asset will be used by the end of the next financial year, whereas a non-current asset provides benefits for a period of more than one year.

Balance Sheet
A snapshot of the overall financial position of the Council at the reporting date.

Balances
Reserves held in Council funds at the reporting date.

Capital Adjustment Account
Provides a balancing mechanism between the cost of non-current assets consumed and the capital financing set aside to pay for them. (Introduced by the 2007 SORP (Statement of Recommended Practice), it replaced the Capital Financing Account.)

Capital Charges
The depreciation charge covering non-current assets used in the provision of services.

Capital Expenditure
Spend on the acquisition of non-current assets or expenditure which adds to and does not merely maintain existing assets.

Capital Receipts
Income received from the sale of capital assets, a specified proportion of which may be used to finance new capital expenditure and the remainder is set-aside and may only be used for paying off debt.

Carrying Value
The value at which an asset or liability is held on the Balance Sheet.

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

Chartered Institute of Public Finance and Accountancy (CIPFA)
The professional accountancy body concerned with local authorities and the public sector.

Collection Fund
Fund indicating the level of Council Tax and Non-Domestic rates received by the Council and the payments which are made from these funds including precepts to Central Government, other authorities and the Council's own demand.

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

Consistency
Accounting concept applied in the preparation of the accounts, ensuring that the accounting treatment of like items within a period and from one period to the next is the same.

Contingent Assets & Liabilities
Possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Creditors *(Payables)*
Amounts owed by the Council for goods and services, where payments have not been made at the reporting date.

Current Assets
Items that can be easily converted into cash.

Current Liabilities
Items due immediately or in the short-term.

Debtors *(Receivables)*
Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Depreciated Replacement Cost (DRC)
A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all the relevant forms of obsolescence and optimisation.

Depreciation
Measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use over time or obsolescence through technological or other changes.

Earmarked Reserves
Reserves set aside for a specific purpose, a particular service, or type of expenditure.

Events after the Reporting Period
Events, both favourable and unfavourable, which occur between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Extraordinary Items
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Authority and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

Fair Value
The fair value of an asset 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.

Fees and Charges
Income earned arising from the provision of services.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amount to substantially all of the fair value of the leased asset.

Financial Instrument
These are contracts that give rise to a financial asset of one entity and a financial liability of another. Examples include trade payables and receivables, borrowings, investments, loans and bank deposits.

Financial Year
A period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

General Fund (GF)
The main revenue fund of a billing authority. Day-to-day spending on services is met from the fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account (HRA).

Going Concern
The accounting concept that assumes the Council will remain in operational existence for the foreseeable future. This means in particular that the income & expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants
Assistance by government and its agencies and similar bodies, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Heritage Asset
An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account (HRA)
Local authorities are required to maintain this separate account to record the expenditure and income arising from the provision of housing. All other services are charged to the General Fund.

Impairment
The writing down in the value of an asset, owing to a change in market value use of resource.

Income & Expenditure Account
Summarises the resources that have been generated and consumed in providing services and managing the Council during the year.

Infrastructure Assets
Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Examples of such assets are highways and footpaths.

Intangible Assets
Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the Authority through custom or legal rights. Examples of such assets are software licences.

International Financial Reporting Standards (IFRSs)
A suite of accounting standards used across the world and prepared by the International Accounting Standards Board (IASB). IFRS is the international equivalent of the Financial Reporting Standards (FRSs) formerly used in the UK. IFRSs apply to local authorities and any departure from these must be disclosed in the published accounts.

Investment Properties
Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both rather than the use in the production or supply of goods or services or for administrative purposes; or the sale in the ordinary course of operations.

Joint Operation
Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

Joint Venture
Arrangement under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint venturers have the rights to the net assets of the arrangement.

Leasing
Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for property in the asset to transfer to the Authority.

Liability
A present obligation of the Authority, settlement of which is expected to require the outflow of resources such as cash or the provision of a service.

Long-Term Debtors
Monies due to the Council which are unlikely to be recovered within a 12-month period, for example mortgage debts.

Long-Term Investments
An investment intended to be held for the medium- or long-term and will not be capable of realisation within a year of the reporting date.

Minimum Revenue Provision (MRP)
Minimum amount which must be charged to an authority's revenue account each year for the repayment of principal and set aside as a provision for credit liabilities.

Net Book Value
Amount at which non-current assets are included in the balance sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

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

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

New Homes Bonus
A reward grant paid to authorities based on the number of new homes built or brought back into occupation. A premium is paid for affordable homes included in these numbers.

Non-Current Assets
Asset that yields benefits to the Authority and the services it provides for a period of more than one year.

Non-Domestic Rates (NDR)
Amounts payable to local authorities from Non-Domestic properties: this distributed to Central Government (prior year distribution); 49% to the County Council; 1% to the Fire Authority; and 50% is retained by the Council.

Non-Operational Assets
Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases
A lease other than a finance lease.

Operational Assets
Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precept
Demands made upon the collection fund by Central Government and other authorities (Derbyshire County Council, Derbyshire Police Authority, Derbyshire Fire Authority and Town & Parish Councils) for the services they provide.

Provisions
Amounts set aside 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. The best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Prudence
An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Framework
The Prudential Framework replaced the credit approval mechanism previously used by central government to control borrowing for capital expenditure. Local authorities are now allowed to determine their own capital programmes according to prudent assessments of affordability. Authorities must set their spending plans in accordance with the CIPFA Prudential Code.

Reserves
Sums set aside to meet future expenditure on specific purposes.

Revaluation Reserve
A capital reserve that records net gains (if any) from revaluations of assets made after 1 April 2007. (Introduced by the 2007 SORP, it replaced the Fixed Asset Restatement Account).

Revenue Expenditure
Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Expenditure classified as capital which does not result in a non-current asset being carried on the Balance Sheet. This would include capital grants or renovation grants to private persons.

Revenue Support Grant (RSG)
Grant paid to local authorities by Central Government to help finance its general expenditure, becoming less significant as its level is reduced year-on-year.

Section 106 (S106)
This section of the Town and Country Planning Act 1990 enables legal agreements between planning authorities and a developer where, on being granted a planning application, the latter may be obliged to provide additional funding for specified services.

Short-Term Investments
An investment that is capable of realisation within a year of the reporting date.

Soft Loan
Loans made for policy reasons rather than as financial instruments; commonly made to local and voluntary sector bodies that undertake activities considered beneficial to the community. They may be interest free or below prevailing market rates.

Usable Capital Receipts Reserve
Distinguishes the amounts in the reserve from any capital receipts that have been posted to the Capital Adjustment Account to reduce the Authority's underlying requirement to borrow.

Useful Life
Period over which the Authority will derive benefits from the use of a non-current asset.

Independent auditor's report to the members of High Peak Borough Council (to be inserted on completion of audit)